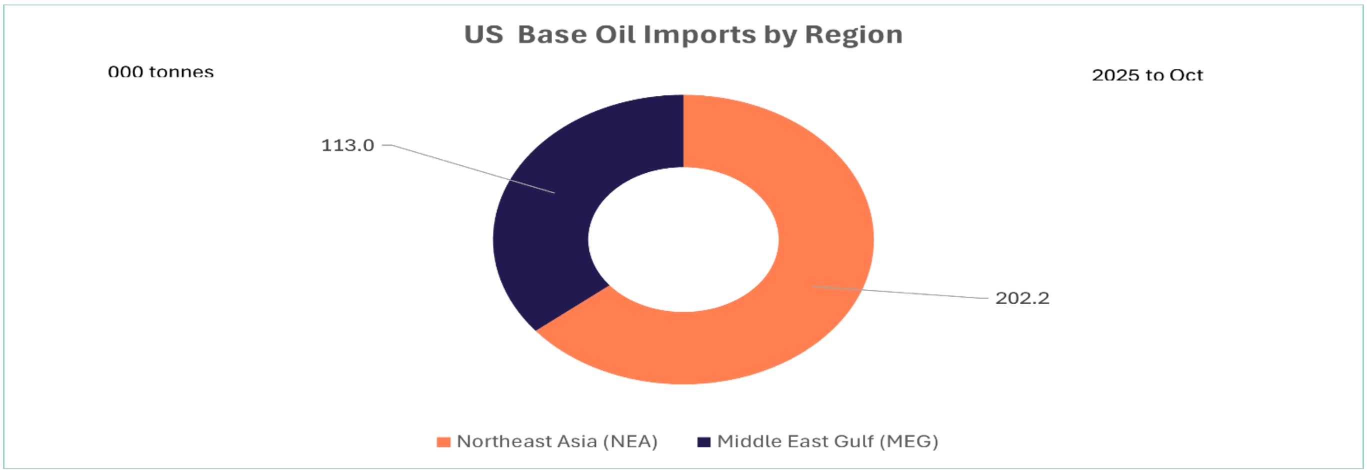
RLA Market Insights – Wednesday, 12 November 2025

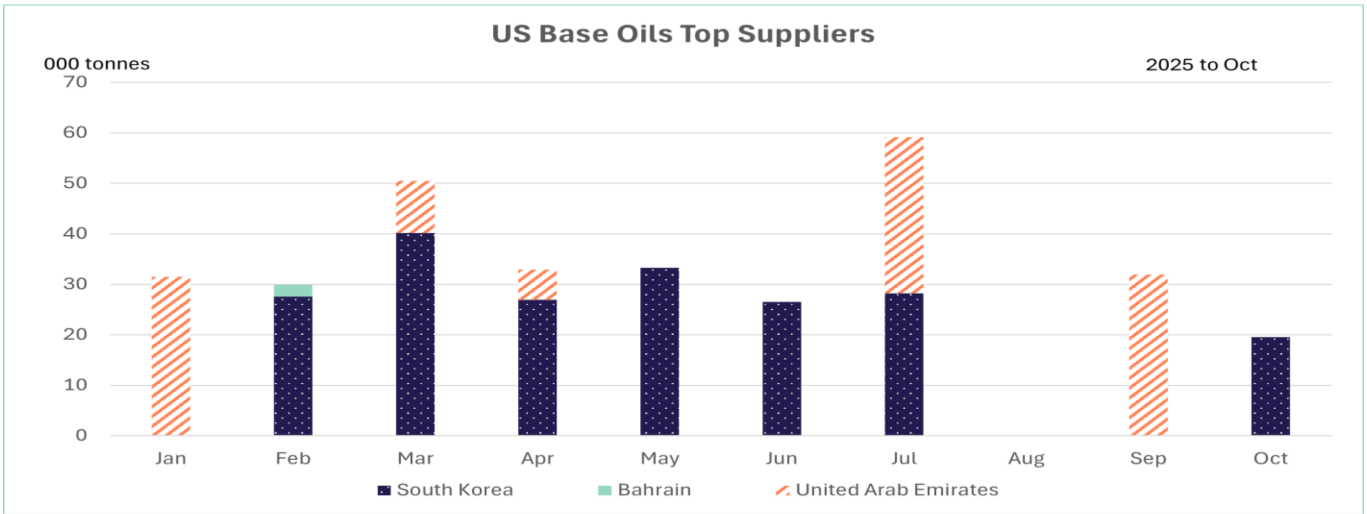
US Base Oil Market Faces Prolonged Oversupply in 2025

In 2025 so far, the global base oil market remained under pressure amid persistent oversupply and subdued demand across the lubricants value chain. US base oil producers reduced production weighed down by sluggish industrial activity and manufacturing contraction. Although short-term factors such as refinery turnarounds and seasonal demand tightened supply earlier in the year, inventories rose sharply in the second half, accelerating retail price declines for base oils, particularly for heavier grades like N220 and N600, which were more oversupplied than lighter grades such as N100 and 4cSt.

Globally, the supply outlook remains strong. New Group II and Group III capacities, such as ExxonMobil's Singapore facility, are reshaping regional flows, easing earlier tightness and promoting substitution of Group I heavy grades. Expansions across key hubs, including the US, are expected to keep the market well-supplied and prices stable despite shifting demand toward higher-quality lubricants.

In the Middle East, geopolitical instability, including the Iran-Israel conflict and renewed US sanctions, has disrupted trade flows and elevated risks. Yet Group III exports remain steady, with the US overtaking China as a major destination for Middle Eastern shipments. South Korea's base oil output fell to a three-month low in September 2025, reversing surpluses due to strong exports. However, with no major maintenance scheduled, production is expected to recover, potentially adding to regional supply pressure amid weakening demand and firm diesel margins.





SHORT TERM OUTLOOK – OIL TANKER MARKET

A monthly report covering the next four months including trends in oil supply, demand and trade, tanker demand and supply, spot, and time charter rates for MRs up to VLCCs, comparisons with FFAs plus the latest news on developments impacting the oil and tanker sectors.

MEDIUM TERM OUTLOOK – OIL TANKER MARKET

Concise analyses of topical issues, consistent market data series and views on future trends in tanker charter rates. The report covers Oil Prices; Economic Developments; Oil Demand and Supply; Trade; Tanker Demand, Supply and Rates. Sent to clients around January, April, July and October each year

SHORT TERM OUTLOOK – VLGC MARKET

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A quarterly series of regular reviews, analyses and forecasts of the LPG Carrier Market. The report covers Economic Developments; LPG production, consumption and pricing; LPG, chemical gases and ammonia trade, LPG Carrier Demand, Supply and Rates for Fully Ref, Semi-Ref and Pressurised Ships. Reports are sent to clients around January, April, July and October each year.

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An annual consultancy service currently providing Clients with an Annual Fundamentals Report, a Forecast Update, two quarterly Market Monitors, Monthly Commodity Trade Bulletins for key countries, an annual presentation on the market outlook and access to RLA's consultants and analysts to discuss issues arising from these reports.

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