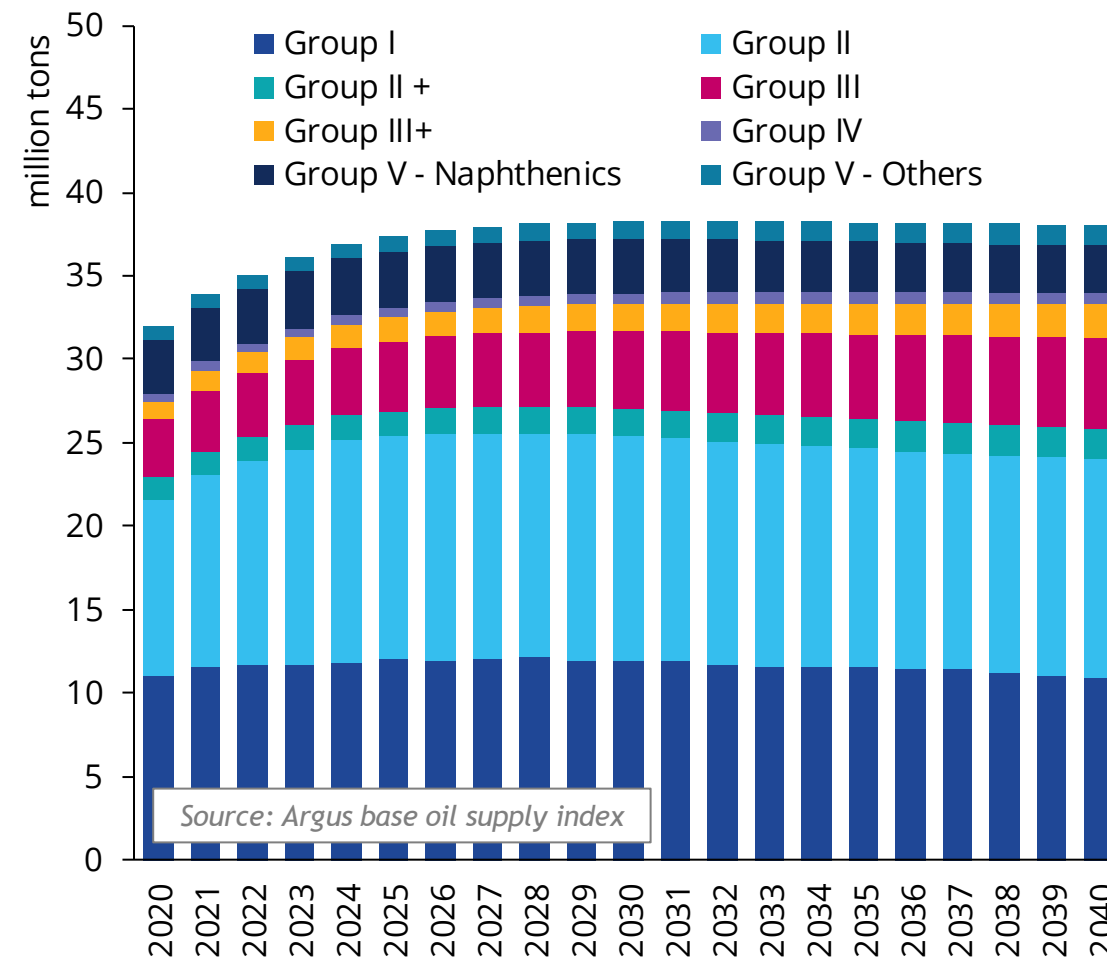
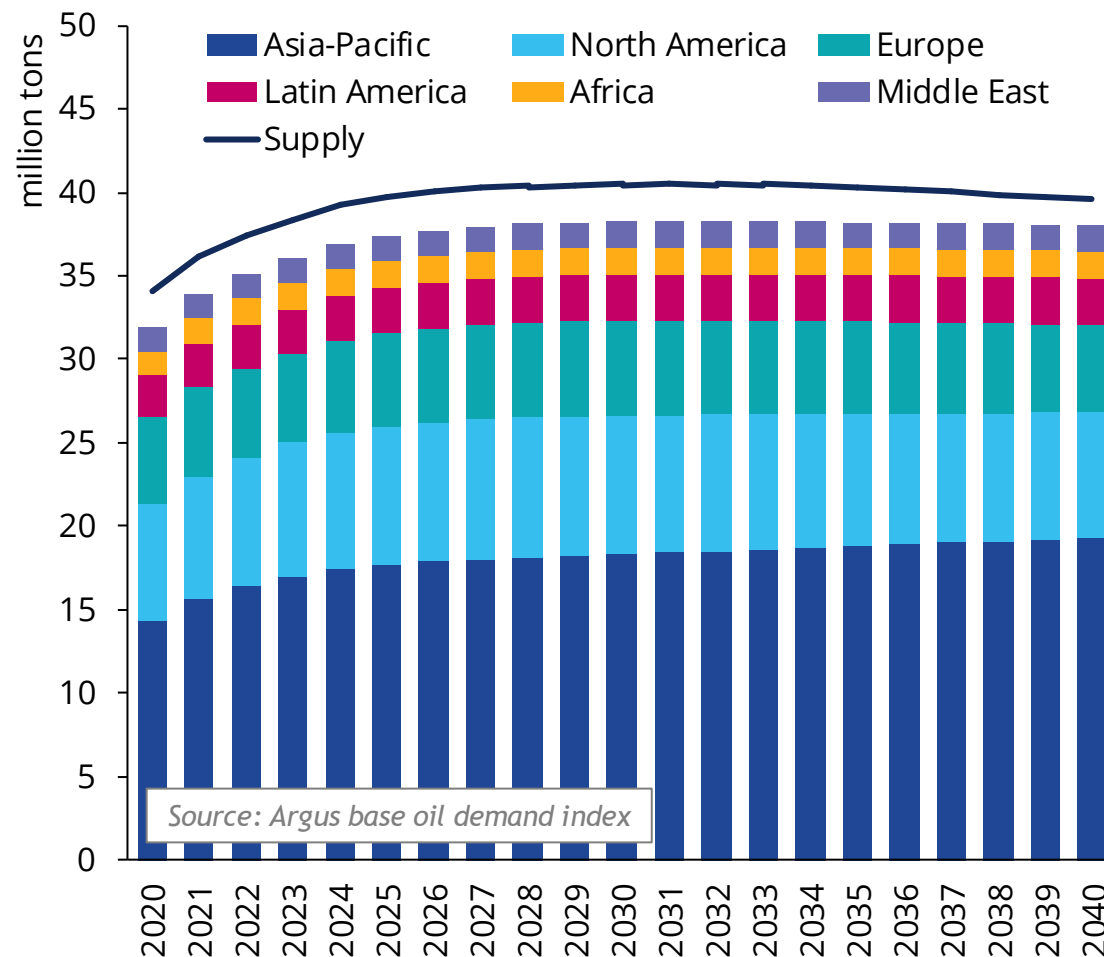


Argus Base Oils: 2025 Market Wrap & Outlook for the Year Ahead

Lubricant Expo Middle East | 22 Jan 2026

Guo Harn Hong (Marc) – Global Lead, Oil Products

Demand to plateau as base oils quality, EV adoption rises in developed countries



Investment spending, strong car sales to support growth in the Middle East

Industrial &
Infrastructure
Investments
(KSA Vision 2030, etc.)

Strong Growth in
New Car Sales

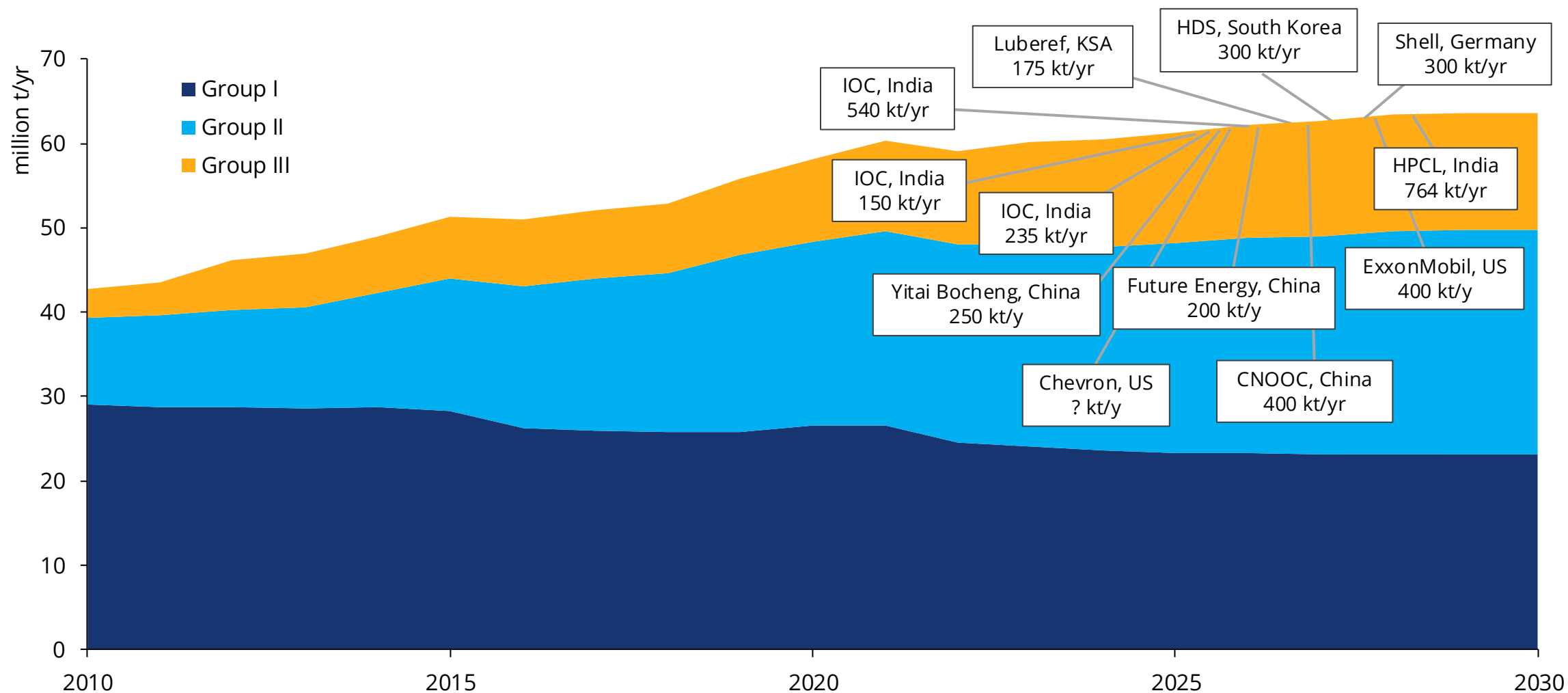
High-performance
Shift
(higher VI,
antioxidation, etc.)

Oil & Gas
Operations Demand

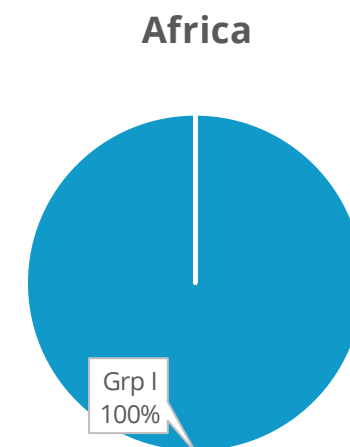
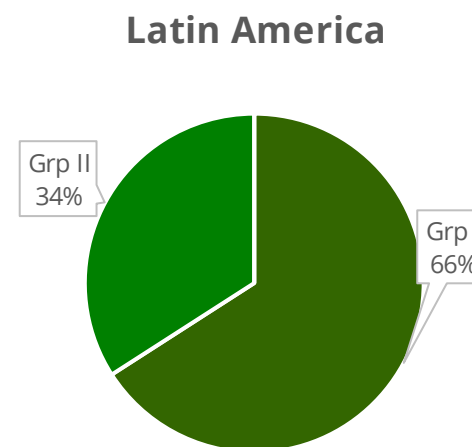
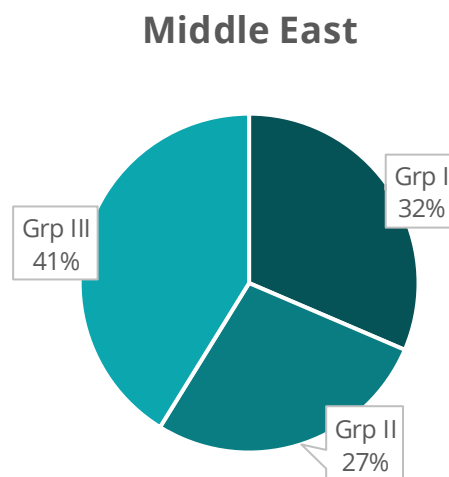
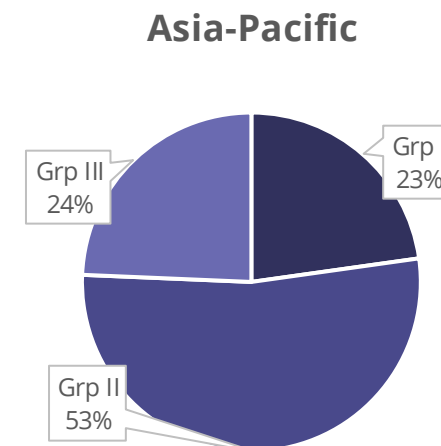
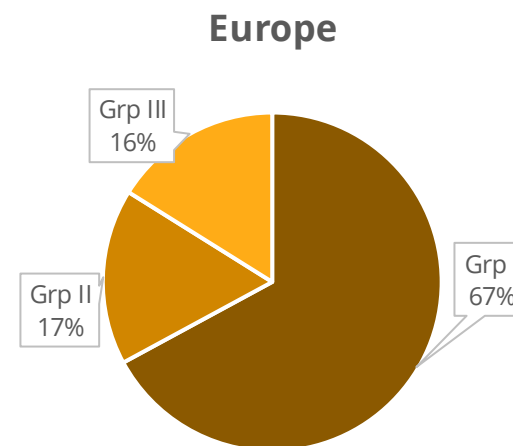
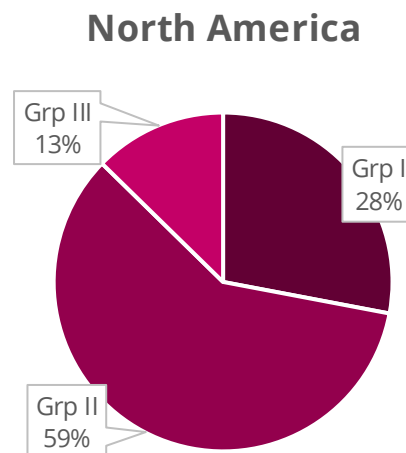
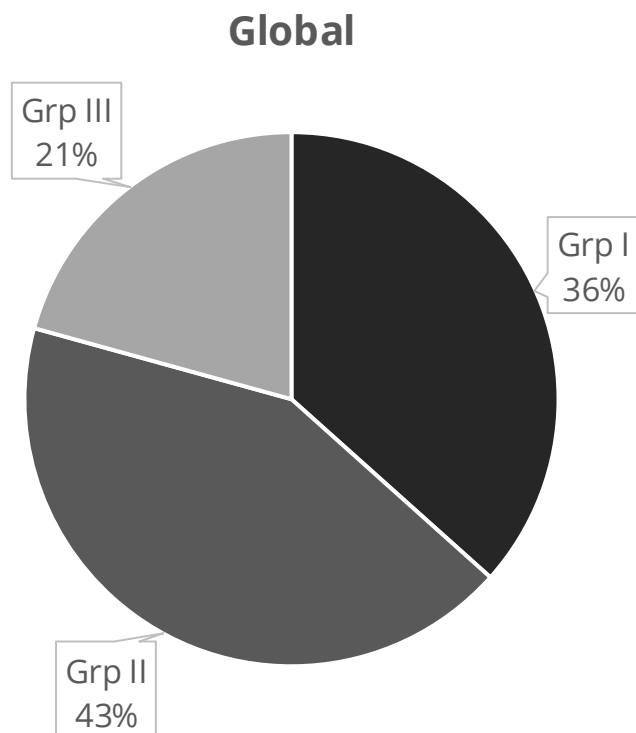
Localization &
Blending
(supply chain
responsiveness)

Sustainability Focus
(re-refined base oils,
etc.)

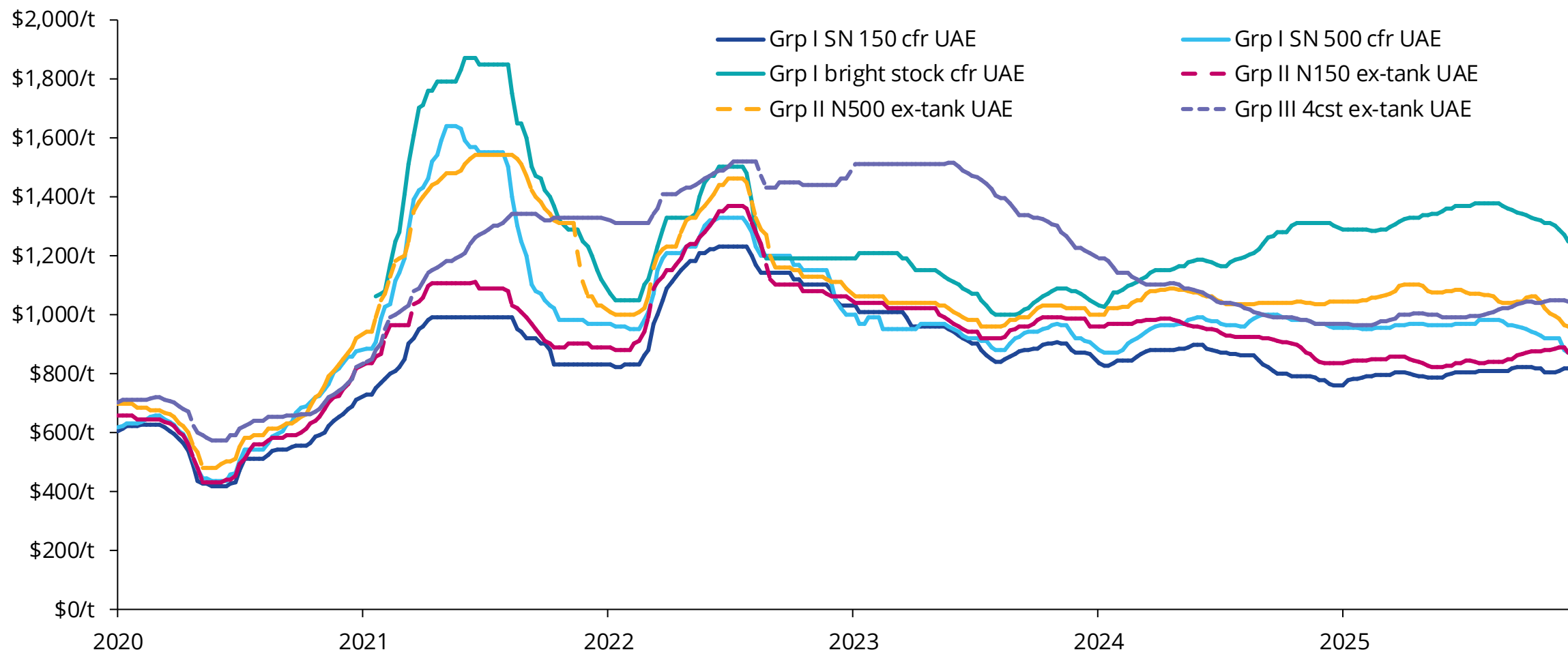
At least 3.7mn t/yr of new Grp III (~28%) to be added by 2030



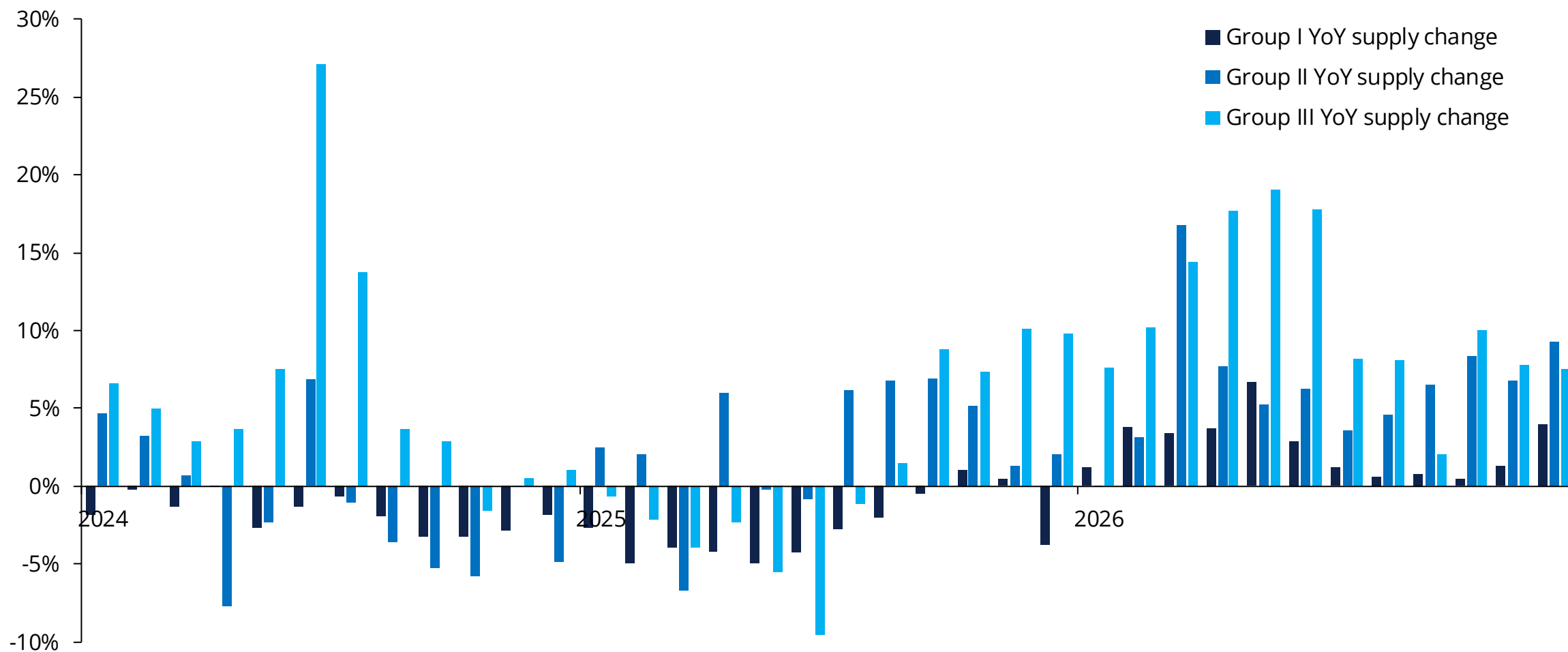
Middle East leads in share of Group III base oils production



Base oil prices in the region generally lower in 2025 as supply rises

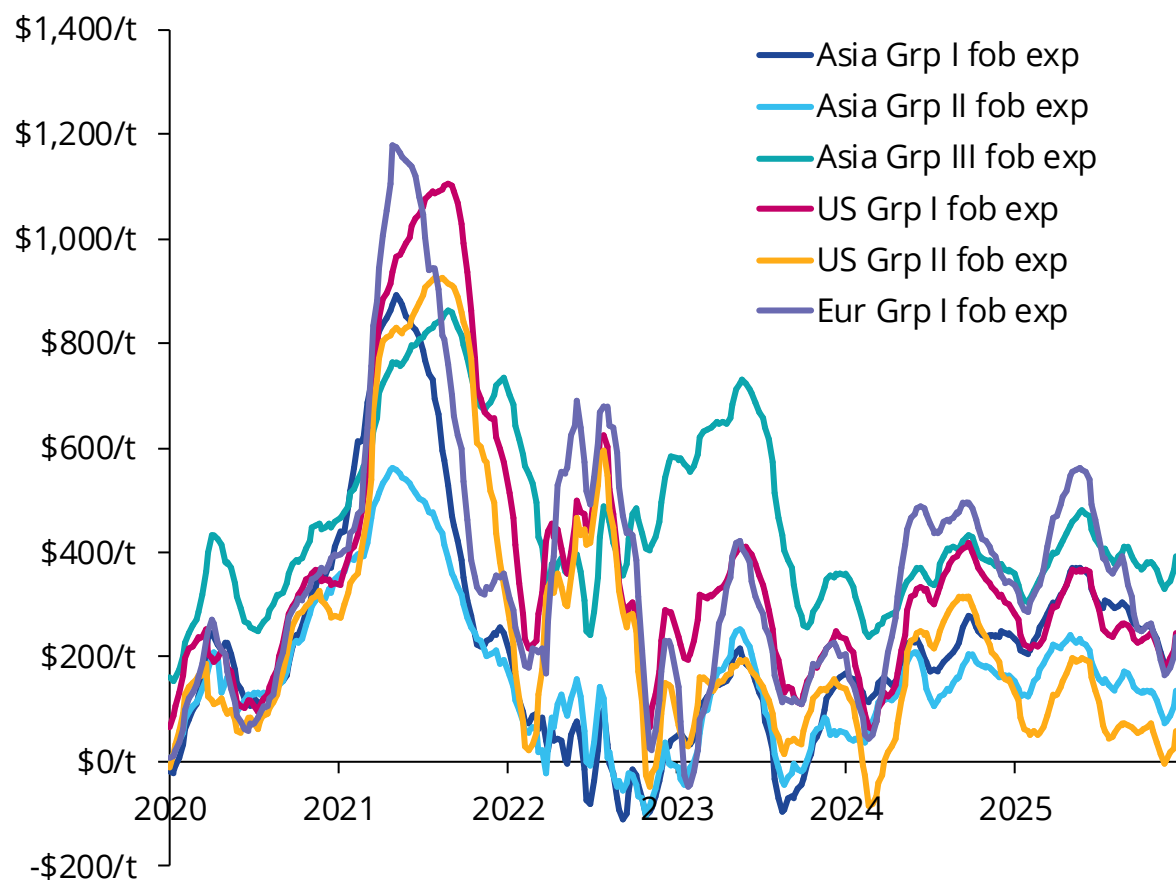


Light round of supply disruptions expected to pressure prices in 2026



Pricing relationship between base oil, crude oil largely deteriorating

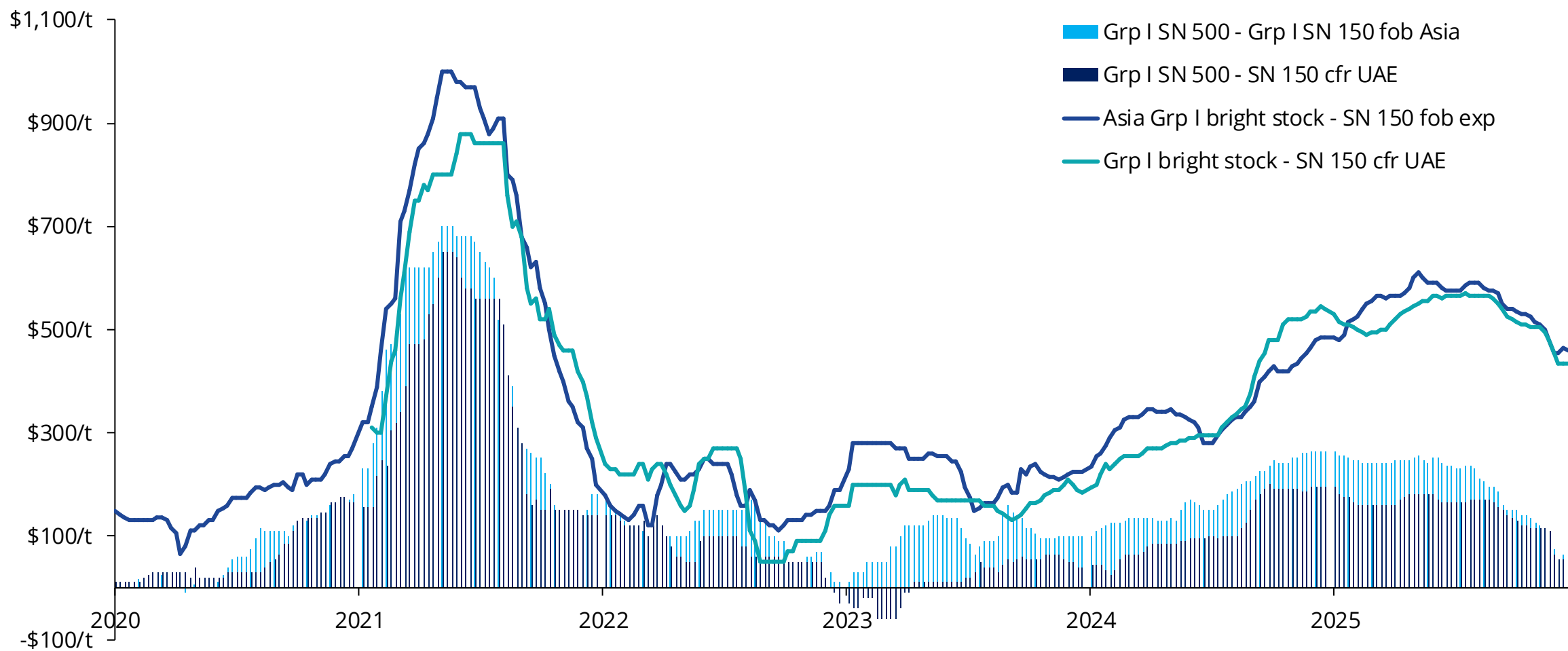
Premium to 4WA gasoil/diesel



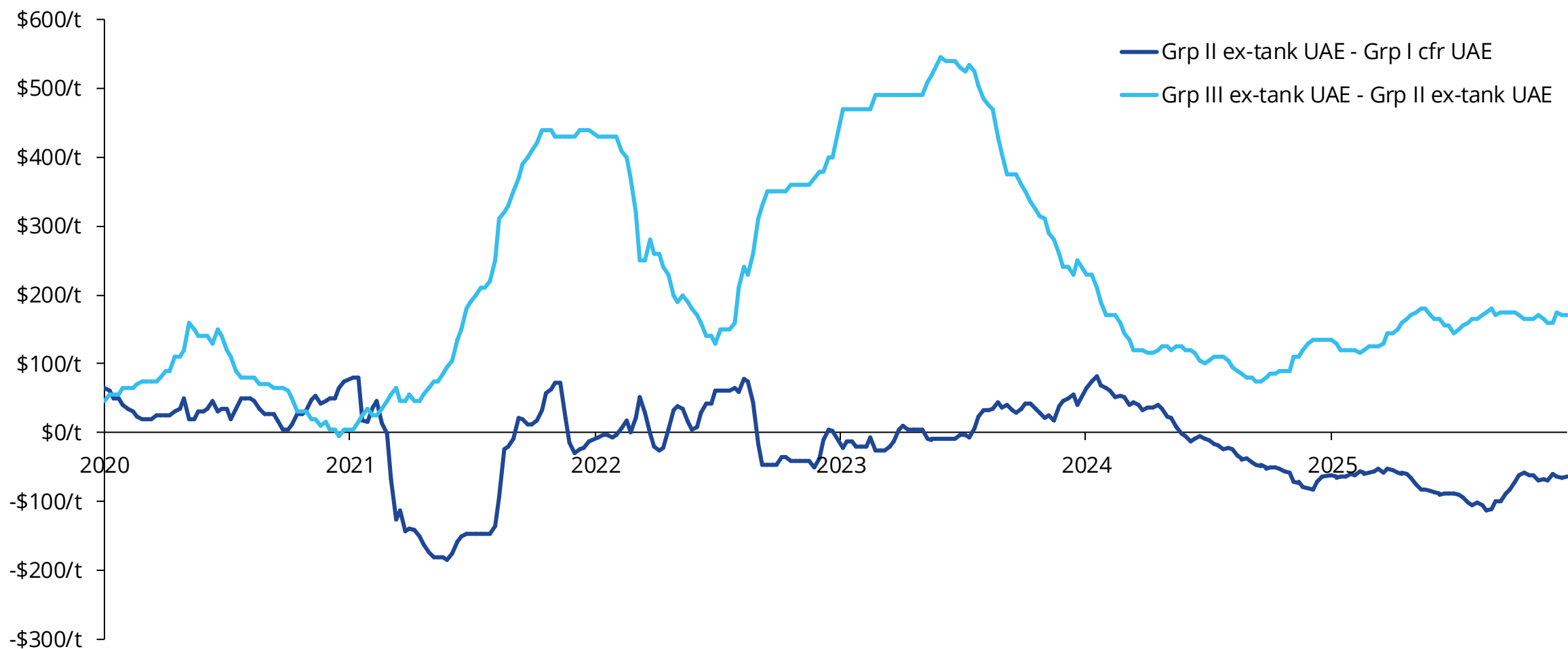
- Gasoil, diesel prices dropped while base oil prices rose or held relatively steady
- OPEC+: phased reversal of voluntary cuts from April, adding over 2.2mn b/d by end-2025, or ~2.5% of global demand

Correlation (base oil, crude oil)	Americas (LLS)	Europe (Brent)	Asia (Dubai)
2010-2025 YTD	0.74	0.72	0.82
2010-2016	0.90	0.88	0.88
After 2016	0.69	0.66	0.71
2017-2019	0.30	0.27	0.28
2025	0.61	0.04	0.03

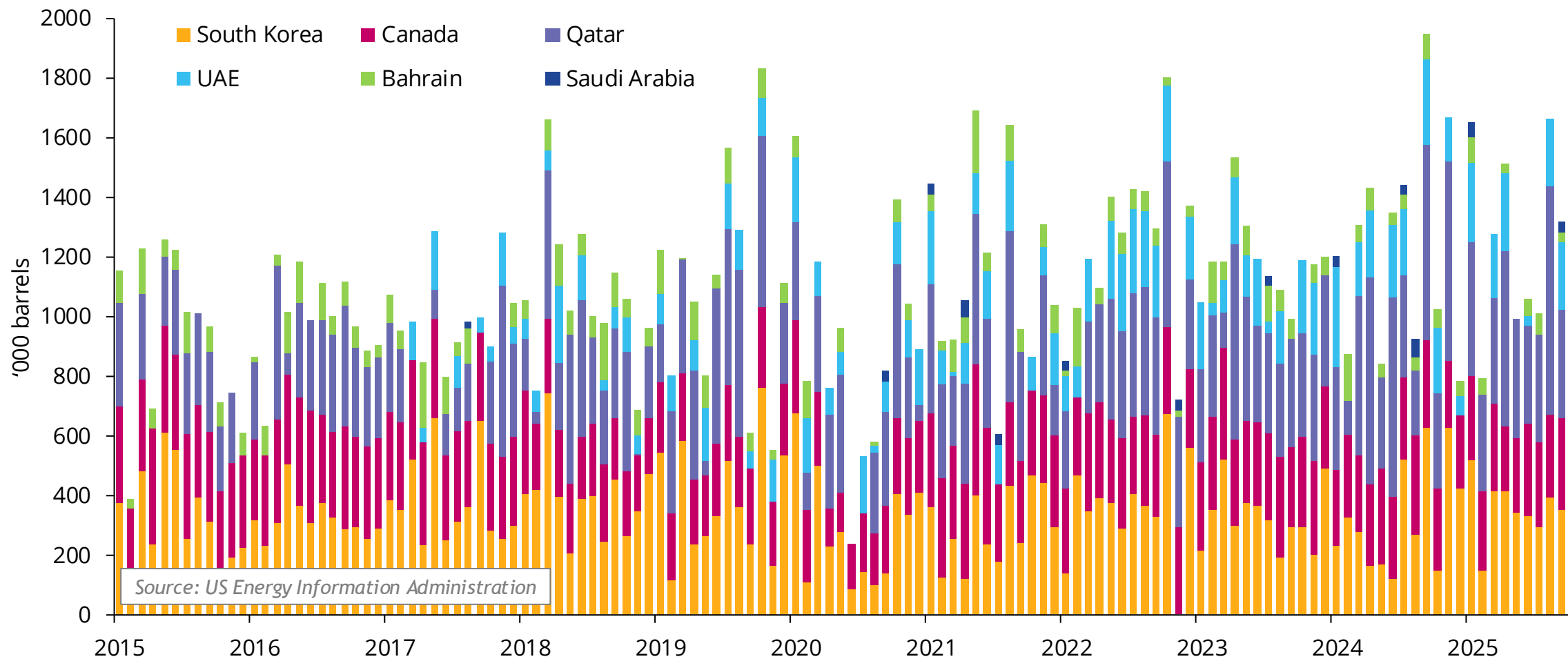
Heavy-light grade spreads narrow, bright stock prices holds firm



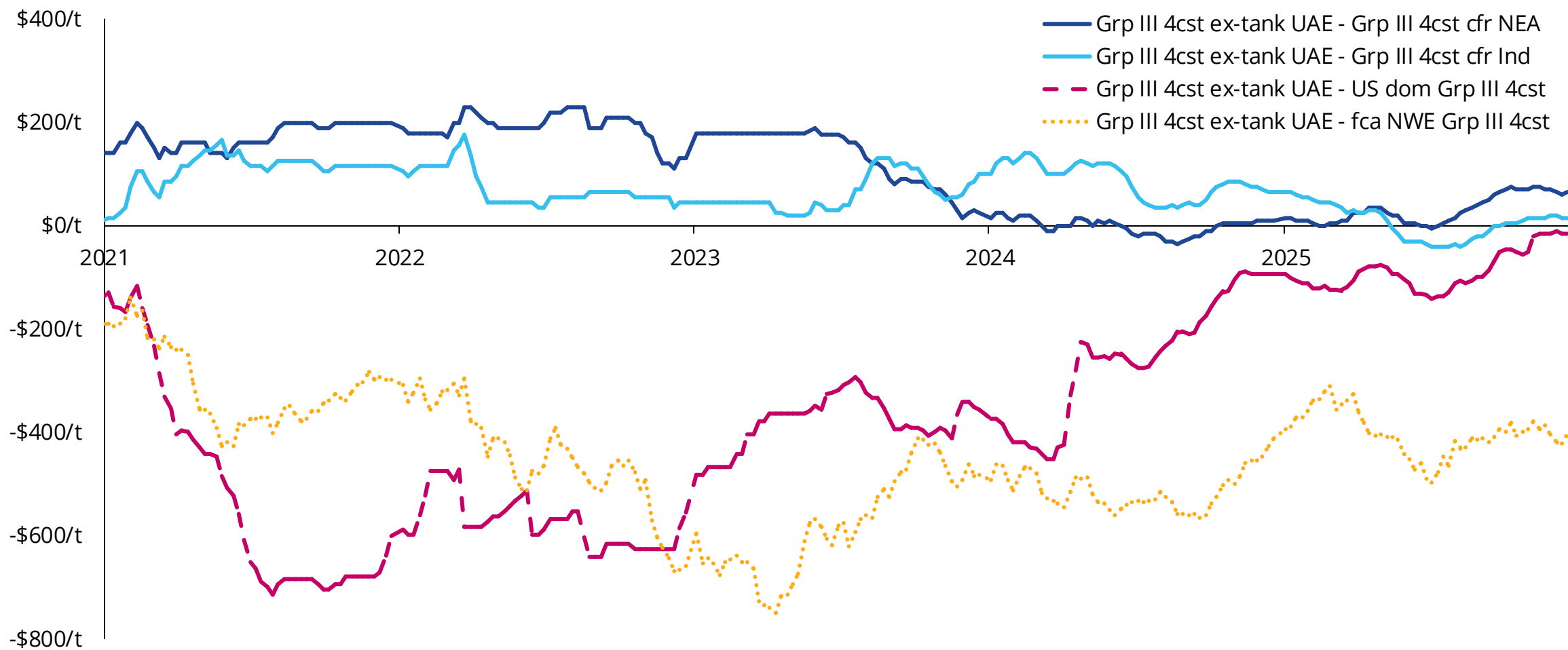
Bright stock lifts Grp I average values; Grp III premiums to Grp II rise



US a key export outlet for Group III producers in Qatar, UAE



Regional Group III spreads narrow as production, exports rise



Market outlook – what are 3 things to look out for?

Rising Chinese
Base Oil Exports

Emphasis on Regional
Markets & Rising
Production Capacity

Developments in Crude
Trade, Oil Output



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