



Global Lubricant Basestocks:

Market Analysis and Opportunities

Published August 2018

Base Year: 2017

Forecasts to 2027

Regional Coverage: Africa and the Middle East ■ Asia-Pacific ■ Europe ■ North America ■ South America

The global basestock industry is witnessing sea changes. The rapid new supply creation has consistently outpaced new demand creation, leading to a flood of new basestocks in the market. This has put pressure on existing plants to shut down. On the other hand, tightening emission and fuel economy regulations and original equipment manufacturers' (OEM) specifications are driving use of high quality and synthetic lubricants. The next five-year period is interesting as basestocks suppliers strive to place their surplus production, and blenders explore alternatives to make up for the short-fall in certain grades of basestocks, optimize their cost, and explore new market positioning strategies using the base-stocks available.

This Report Helps Subscribers to:

- Assess where the basestocks business is today and where it is going to be in the future
- Understand the critical supply and demand drivers
- Assess the future supply and demand for lubricant basestocks
- Quantify impact of electric vehicles on basestock demand over the next 10 years and provide an overview of impact of IMO 2020 regulations
- Conduct manufacturing cost analysis of typical Group I, Group II and Group III basestock plants located in different regions
- Conduct critical evaluation of basestock market pricing mechanism, price drivers, product premiums commanded based on key performance characteristics, and price outlook for key grades

Provides in-depth coverage of the eight basestock markets: Brazil, China, Japan, India, Russia, South Korea, Taiwan, and the United States.



Report Contents

Introduction

Overall Market Summary

Scenario Analysis*

North America Basestock Market

Profiles for each region will cover the following information:

- Market Overview
- Finished Lubricants Market (current demand by product types and viscosity grades, demand growth, and viscosity grade shifts)
- Formulation Trends
- Current and Projected Basestock Demand
- Key Basestock Supply Plants (capacity, production, viscosity grades produced by API group)
- Projected Capacity Addition, Capacity Creep, and Plant Closures
- Current and Projected Basestock Supply
- Basestock Trade

South America Basestock Market

Europe Basestock Market

Asia-Pacific Basestock Market

Africa and the Middle East Basestock Market

Basestock Pricing Analysis and Forecast

- Key grades of paraffinic basestocks (Group I, II, II+, and III) for Northeast Asia, Northwest Europe, and U.S. Gulf Coast
- Key grades of naphthenic basestocks for U.S. Gulf Coast

Manufacturing Cost Analysis of Select Basestock Plants

- Europe Group I plant
- North America Group II plant
- Asia Group III plant

Market Profiles

- Brazil
- China
- India
- Japan
- Russia
- South Korea
- Taiwan
- United States

Each market profile contains the following:

- Overview of the finished lubricant demand by end-use segment, product category, and product quality shifts: current and forecast (2017 to 2027)
- Basestock demand by segment, API groups, viscosity grades, and applications: current and forecast (2017 to 2027)
- Basestock supply by API Groups, viscosity grades and suppliers: current and forecast (2017 to 2027)
- Basestock capacity changes (2017 to 2027)
- Supply-demand balance by API Groups and viscosity grades: current and forecast
- Basestock trade

*It analyzes the impact of a hypothetical 10 KBD Group III/III+ plant in the United States.





Scope

Global Lubricant Basestocks: Market Analysis and Opportunities is an in-depth analysis of the global lubricant basestocks industry. Specifically, the report offers the following:

- Lubricant basestock demand and supply analysis at a global level and by key regions, covering Africa and the Middle East, Asia-Pacific, Europe, North America, and South America
- Supply and demand estimates for API Group I, II/II+, III/III+, and naphthenic basestocks, as well as demand estimates for Group IV and Group V basestocks
- Manufacturing cost analysis of typical Group I, II, and III basestock manufacturing plants
- Analysis of current pricing levels and price forecast for various crude oil price scenarios

Key Benefits

Subscribers to the study receive an in-depth understanding of the basestocks industry's current status in terms of basestock supply, basestock application space and demand, lubricant formulation trends, basestock pricing mechanism, inter-region trade, inter-material competition, and manufacturing costs.

- Subscribers to the study receive supply demand models for each trade region. These models are an invaluable tool for conducting "what-if" analysis based on different assumptions of lubricant formulation approach, current viscosity grades and quality levels used, viscosity grade and quality level shifts, and overall lubricant growth.
- The study is a useful tool for sales, marketing, finance, technology and strategy personnel to quickly learn the fundamentals of the basestock business, understand lubricant basestock requirements of the leading end-use markets, and make business decisions.

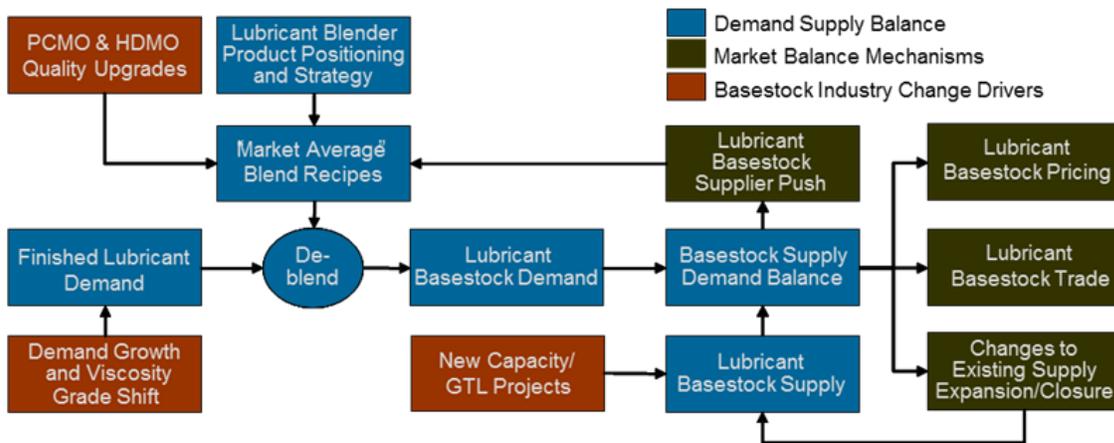


Approach

As the leading global consultancy covering lubricants and functional fluids, Kline & Company has developed an analysis approach based heavily on primary research (in-person and telephone interviews). This approach has a proven track record as the most effective and reliable in analyzing the lubricant basestocks and finished lubricant and additives businesses, as well as in identifying business opportunities and threats.

Basestock supply information is developed based on interviews with all basestock refiners located in North America, South America, Europe, Asia-Pacific, Africa, and the Middle East regions. Finished lubricant demand numbers are a result of primary research carried out in different country markets. “Market average” blend recipe sets for different regions will be developed on basis of interviews with a wide range of industry experts: formulators, additive suppliers, and basestock marketers. The “market average” blend recipe so developed is tested with a number of market participants and their feedback is incorporated where relevant. Basestock demand estimates follow from finished lubricant demand estimates and market average blend recipe.

Framework of Analysis





Methodology

Kline’s approach places principal emphasis on primary research techniques to ensure that the foundation of business intelligence and insight is accurate, current, and reliable. Building on our 50-plus years in the business and leveraging our worldwide network of offices, our teams of seasoned professionals draw upon pragmatic industrial and commercial experience to understand and interpret global impacts and local perspectives.

Primary Research

We Know Who to Talk to. We Know How to Listen.



A high number of in-depth discussions are conducted by each analyst. All interviews are done with true industry insiders.

Kline’s analysts draw upon pragmatic experience to understand global impacts and local perspectives. Our interviews engage experts across all pertinent fields and sectors including:

- Marketers/manufacturers
- Distributors
- Government agencies
- Retailers
- Suppliers
- Trade organizations

Secondary Research

We Know Where to Look – Mining the Details.



Analysis is further supplemented by secondary research, consisting of constant tracking of annual company reports, national statistics bureaus, trade/ industrial/professional associations, and the like.

Relevant developments are diligently followed and their impact closely monitored. Reports also draw upon non-confidential data from Kline’s internal database, consisting of over half a century’s syndicated research.

Comprehensive Market Intelligence

We Know How to Verify.



Data are rigorously analyzed, cross-checked, distilled, and validated. Kline’s proven methodology allows exceptionally effective, precise, and reliable market

intelligence procurement and assessment, giving subscribers a solid foundation on which to grow, refine, and expand their business with confidence.

Kline Credentials

Kline is a leading global management consulting and market research firm offering the complete spectrum of services. The firm has served the management consulting and market research needs of organizations in the chemicals, materials, energy, life sciences, and consumer products industries for over 50 years.

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