



MARKET REPORT: INDUSTRIAL LUBRICANTS

MAY 2026



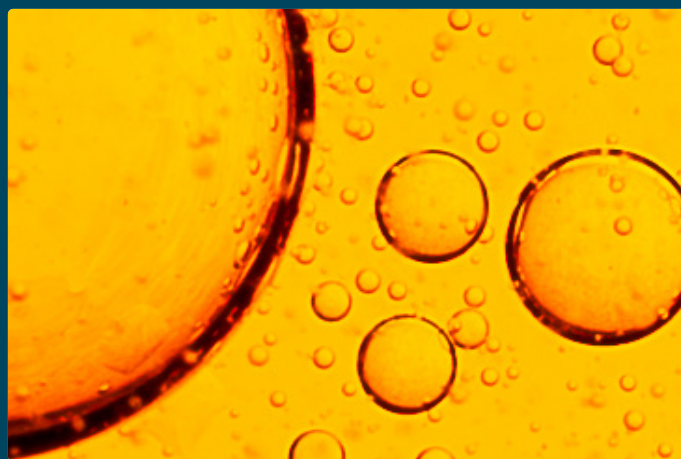


WHY LUBRICANT AVAILABILITY IS UNDER PRESSURE?

The lubricant market is facing an unprecedented situation, and you deserve a clear and complete understanding of what is happening. Since the beginning of 2026, global supply chains have been under strain in ways the industry has not experienced for years. This is not a disruption affecting a single link in the chain — it is impacting every part of it simultaneously. In 2026, the industrial lubricants market finds itself under exceptional pressure. Prices are rising sharply, lead times are increasing, and the availability of high-quality Group III base oils has become severely constrained. You are feeling the impact, and so are we. This brochure explains the key factors driving these market conditions and outlines the steps we are taking as your distribution partner to help safeguard your supply and maintain business continuity.

THE BUILDING BLOCKS OF LUBRICANT PRICING

Industrial lubricants are not commodity products. Each formulation is designed to meet specific requirements for load, temperature, and material compatibility, which directly influences its cost. The four elements below are the main building blocks of the final price: the base oil, performance-enhancing additives, packaging, and production. Their relative share varies widely depending on the application. A standard gear oil, for example, has a very different cost structure from a synthetic compressor fluid, a food-grade grease, or a metalworking fluid.



BASE OIL



Base oil is the primary component of a lubricant and typically accounts for the largest share of its volume. The quality of the base oil determines key properties such as viscosity, temperature performance, and oxidation stability.

- Group I/II (mineral base oils)
- Group III+ (highly refined base oils)
- Group IV/V (synthetic base oils, including PAOs and esters)

Typically accounts for 40–75% of the total product cost.

ADDITIVES



Additives are what differentiate an industrial lubricant from ordinary oil. They deliver critical performance characteristics and can represent a significant share of the formulation cost, especially in high-specification products.

- Anti-wear and extreme pressure (EP) additives
- Antioxidants and thermal stabilizers
- Viscosity modifiers, detergents, and corrosion inhibitors

Typically accounts for 15–40% of the total product cost.

PACKAGING



Packaging costs per unit decrease significantly at higher volumes, but the chosen format still has a direct impact on the final price, particularly for specialty products and smaller pack sizes.

- Bulk deliveries / IBCs (1,000 L)
- Drums (20–200 L)
- Cartridges and small packs (≤5 L)

Typically accounts for 3–12% of the total product cost.

PRODUCTION



Production costs cover the blending, testing, and logistical processes required to bring a lubricant to market. For smaller production runs and highly specialized formulations, these fixed costs represent a larger share of the final product price.

- Blending and manufacturing
- Quality control and approvals
- Supply chain & logistics

Typically accounts for 5–15% of the total product cost.

Refineries produce what delivers the highest returns. At current crude oil prices, gasoline and diesel generate margins up to five times higher than those of base oils. The result is inevitable: base oil production is being reduced. At the same time, damage to production facilities in the Middle East has removed approximately 30% of global Group III capacity from the market. As a result, high-performance synthetic base oils are currently in extremely short supply and difficult to secure.

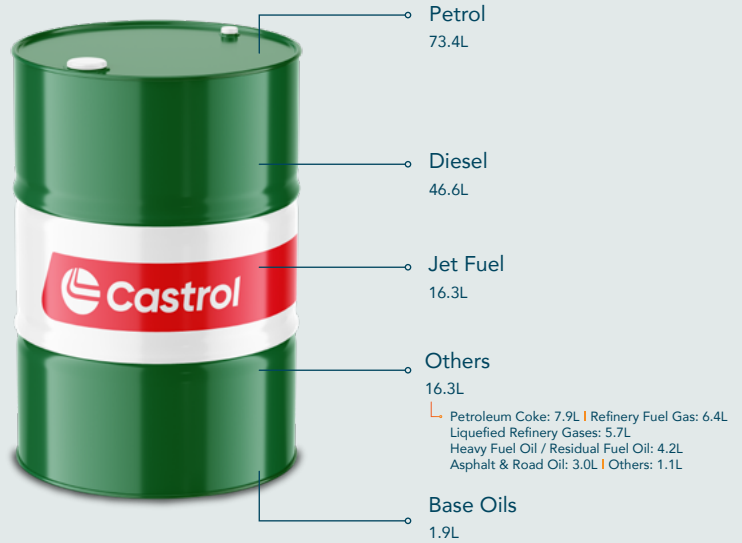


BASE OIL PER BARREL OF CRUDE OIL

1.1%

Only around 1.9 litres of base oil are refined from a single barrel of crude oil.

PRODUCT YIELD⁽¹⁾ FROM A BARREL OF CRUDE OIL.



SUPPLY DISRUPTIONS
PERSIAN GULF

90%

Reduction in shipping traffic through the Strait of Hormuz following the U.S.–Iran conflict.

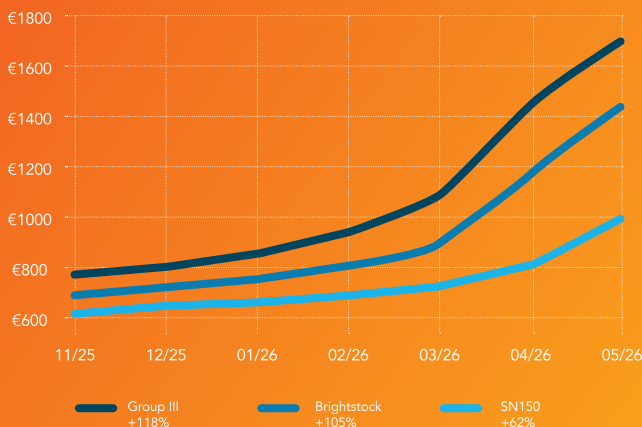


GLOBAL GROUP III
BASE OIL REDUCTION

-30%

Of global Group III synthetic base oil production capacity is currently offline.

BASE OIL PRICE DEVELOPMENT • EUR/MT



GROUP III BASE OIL
COST PRICE

February - April 2026

+118%

Group III base oil prices more than doubled in just 10 weeks.



BRENT CRUDE OIL
COST PRICE

January - April 2026

+70%

Brent crude oil prices surged from \$99 to \$118 per barrel.

⁽¹⁾Due to processing gains during refining, a 159-litre barrel of crude oil yields approximately 168.5 litres of finished products.

WHAT DOES TELKO DO?

The causes are beyond our control. How we respond is not.

We do everything possible to keep your deliveries reliable and predictable, even in a market that is anything but.



STRATEGIC INVENTORY MANAGEMENT



We anticipate potential shortages by purchasing strategically and well in advance, helping secure available volumes and ensuring a more reliable supply.

FAIR ALLOCATION



Based on established customer relationships and historical purchasing patterns. Our existing customers always come first.

PROACTIVE ALTERNATIVE SOURCING



OEM approvals and industry standards are always verified in advance to ensure compatibility with your equipment and installations.

TRANSPARENT COMMUNICATION



We communicate openly and proactively about market developments, supply risks, and delivery expectations, helping you make informed decisions with confidence.

OUR ADVICE



Availability and lead times can change quickly. Order earlier than you normally would, and if in doubt, get in touch. We're always happy to help you plan ahead and find the right solution.



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