



US Market Conditions

August 2022

2022 Lubricant Price Increases

Lubricant Price Increases Announced as of June 15, 2022

Company	Announced	Increase	Effective Date	Announced	Increase	Effective Date	Announced	Increase	Effective Date	Announced	Increase	Effective Date
Advanced Lubrication Specialties	2/16/2022	up to 15%	3/18/2022	n/a	up to 15%	4/11/2022	5/13/2022	8 to 12%	6/1/2022			
AOCUSA/Amalie	2/18/2022	up to 15%	3/7/2022	3/18/2022	up to 16%	3/28/2022	n/a	-	-			
BP Lubricants USA	3/1/2022	up to 20%	4/1/2022	n/a	-	-	n/a	-	-			
Calumet Branded Products ^a	2/18/2022	up to 15%	3/14/2022	3/21/2022	up to 15%	4/25/2022	n/a	-	-			
CAM2 International	2/25/2022	up to 15%	3/21/2022	3/16/2022	up to 15%	4/11/2022	5/13/2022	8 to 10%	6/2/2022			
Chemlube International	2/17/2022	up to 15%	3/17/2022	3/24/2022	up to 15%	4/18/2022	5/13/2022	up to 8%	6/1/2022			
Chevron	2/24/2022 (Recalled)	up to 15%	3/28/2022	Revised 3/8/22	up to 25%	3/28/2022	5/18/2022 (revised on 5/26)	up to 9%	6/20/2022	5/26/2022	up to 15%	7/11/2022
ExxonMobil	2/4/2022	up to 15%	3/16/2022	3/14/2022	up to 25%	4/15/2022	5/9/2022 (revised on 6/1)	up to 10%	6/15/2022	6/1/2022	up to 20%	7/5/2022
Highline Warren	2/11/2022	up to 15%	3/7/2022	3/14/2022	up to 15%	4/4/2022	5/9/2022 ^c	up to 12% ^c	6/8/2022 ^c			
Nu-Tier Brands/Gulf	2/14/2022	15% to 18%	3/14/2022	n/a	-	-	5/11/2022	8 to 12%	5/27/2022			
Old World Industries	2/11/2022	up to 15%	3/14/2022	3/21/2022	up to 20%	4/21/2022	n/a	-	-			
Omni Industries	2/22/2022	up to 15%-b	3/15/2022	n/a	-	-	n/a	-	-			
PennStar Lubricants	2/18/2022	up to 15%	3/14/2022	3/11/2022	up to 18%	3/28/2022	5/5/2022 ^d	up to 14% ^d	6/1/2022 ^d			
HF Sinclair	2/10/2022	up to 15%	3/14/2022	3/30/2022	up to 25%	5/2/2022	n/a	-	-			
Phillips 66	2/7/2022	up to 15%	3/7/2022	3/21/2022	up to 25%	4/18/2022	n/a	-	-			
Pinnacle Oil Holdings	2/17/2022	up to 15%	3/17/2022	n/a	up to 15%	4/15/2022	5/11/2022	up to 8%	6/11/2022			
Reliance Fluid Technologies	2/11/2022	up to 15%	3/14/2022	3/11/2022	up to 15%	4/11/2022	5/11/2022	8 to 12%	6/13/2022			
Safety-Kleen	2/23/2022	up to 15%	3/1/2022	3/14/2022	up to 20%	4/1/2022	5/19/2022	up to 15%	6/1/2022			
Sinclair Lubricants	2/7/2022	up to 15%	3/1/2022	3/10/2022	up to 15%	4/1/2022	5/16/2022	up to 12%	6/3/2022			
Smitty's Supply	2/25/2022	up to 15%	3/21/2022	3/16/2022	up to 15%	4/11/2022	5/13/2022	8 to 10%	6/2/2022			
SOPUS (Shell)	2/1/2022	up to 15%	3/1/2022	3/11/2022	up to 25%	4/15/2022	5/16/2022 ^e	up to 15% ^e	6/15/2022 ^e			
Valvoline	1/4/2022	8% on average	2/1/2022	3/3/2022	up to 20%	4/4/2022	4/29/2022	TBA	7/1/2022			
Warren Oil	2/16/2022	up to 15%	3/16/2022	3/8/2022	up to 16%	4/8/2022	5/2/2022	up to 8%	5/27/2022			

n/a - Not available. Not known by JW if price increase occurred at this time.

^a Excludes TruFuel®, Royal Purple® and Bel-Ray® Specialty branded products

^b Brake fluid and chemicals to increase up to 10%.

^c Revised. Originally announced on May 9 an increase of up to 8%, effective June 1, revised on 5/12/2022.

^d Revised on May 16, 2022. Previously announced on May 5th an increase of up to 8%, effective 5/27/2022.

^e To reduce complexity for customers, SOPUS combined this increase with the previous adjustment announced on April 29th (up to 10%, effective 6/1/2022). The combination of the two adjustments increases prices by up to 15%, effective 6/15/2022.

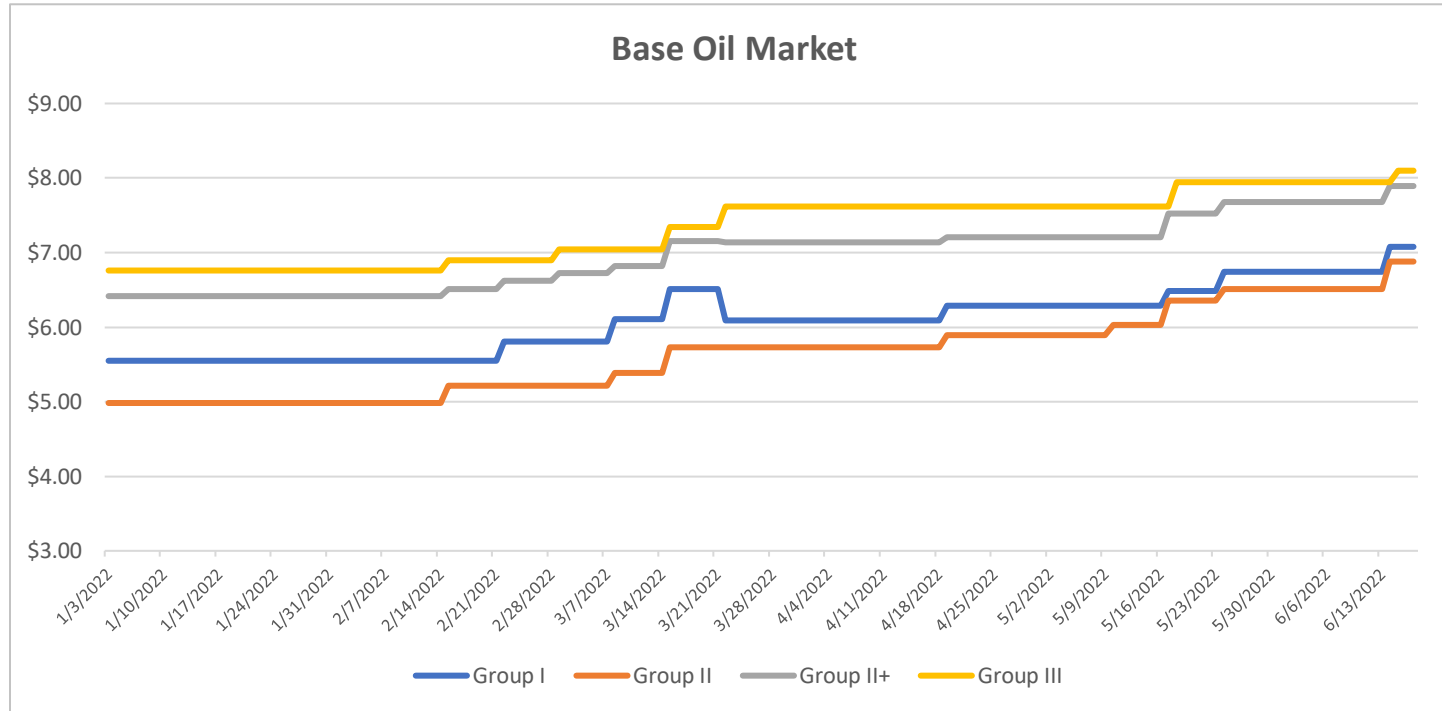
www.jobbersworld.com

MARKET COMMENTARY

- Majority of suppliers continue to push price increases driven largely by increases in raw materials, packaging, and freight
- Many continue to experience extended lead times due to product shortages
- Due to frequency and scale of increases the industry has also seen many increase recalls and revisions, adding to uncertainty in the market

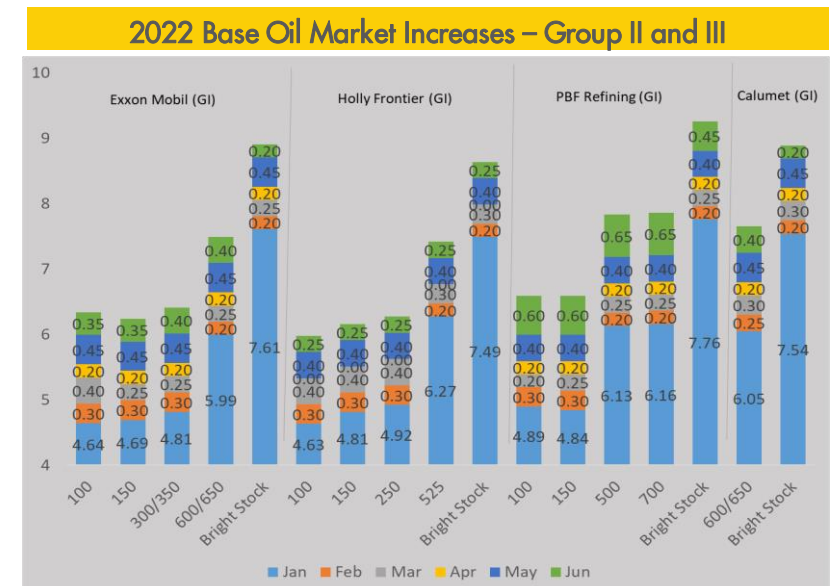
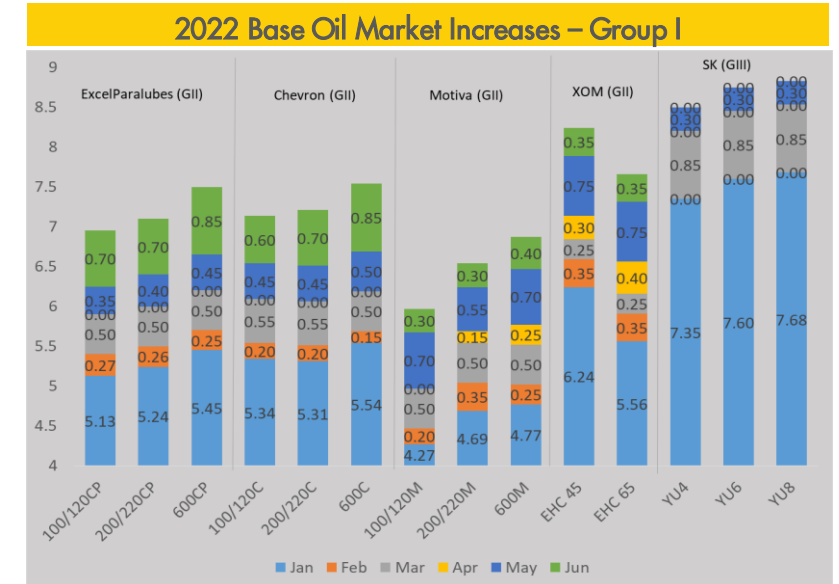
Sources: jobbersworld

Increases in Base Oil Cost



Recent base oil movements resulted from soaring crude oil and feedstock values (VGO specific), continuous increases in transportation and production costs, strong demand from USA and increased demand from Europe.

- GI and GII light and mid grades are balanced while 600N is tight – suppliers preferring to sell in Europe as opposed to domestic spot market
- GIII supply is balanced and imports are pressured by high fuel prices pushing up freight costs
- Refiners continue to prefer diesel over base oil and have been limiting production to only meet BO contractual obligations as diesel margins continue to be record high



Increases in Lubricant Additives Cost

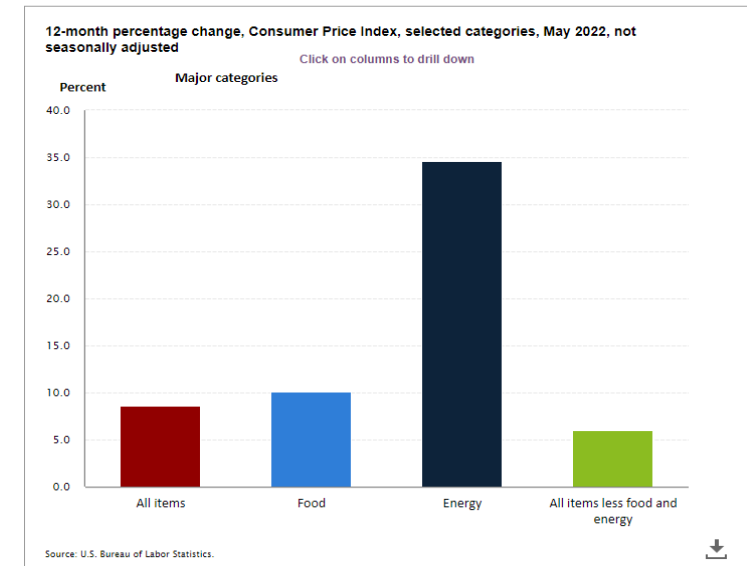
Lubricant Additives Price Increases

Supplier	Effective Date	Increase	Effective Date	Increase	Effective Date	Increase
Infineum	1/31/2022	up to 15%	3/31/2022	up to 15%	06/27/2022	up to 12%
Afton	2/21/2022	up to 15%	4/15/2022	up to 15%		
Lubrizol	4/18/2022	12% (varies in select cases)	7/18/2022	14% or higher		

Sources: jobbersworld

Rising costs continue to impact the additives market

- Additive prices are expected to continue to rise in the next three months due to projected increases of input materials
 - Market shortness has led to additional costs to secure raw materials
- Energy costs continues to affect the cost of manufacturing
- No change in freight costs directly impacting additives, though these costs remain high
- HDEO products continue to see largest impact from rising costs although PCMO is seeing increases as well

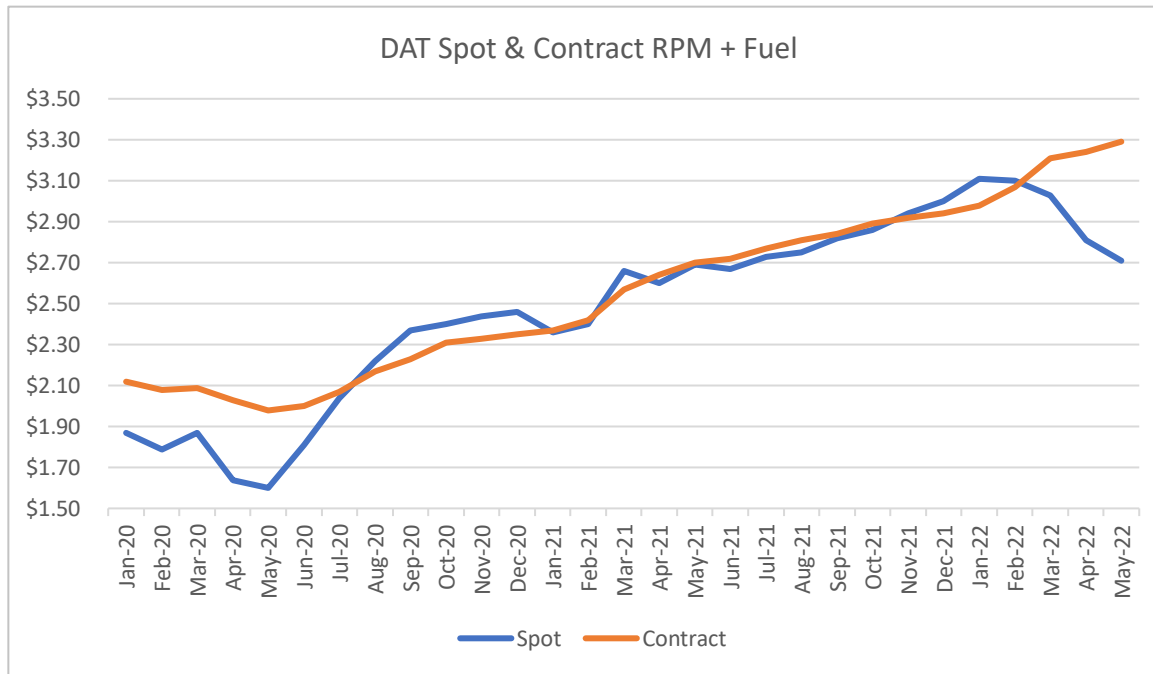


Energy costs are likely to continue to be high due to ongoing geopolitical tensions, impacting additives

Logistics Freight Update

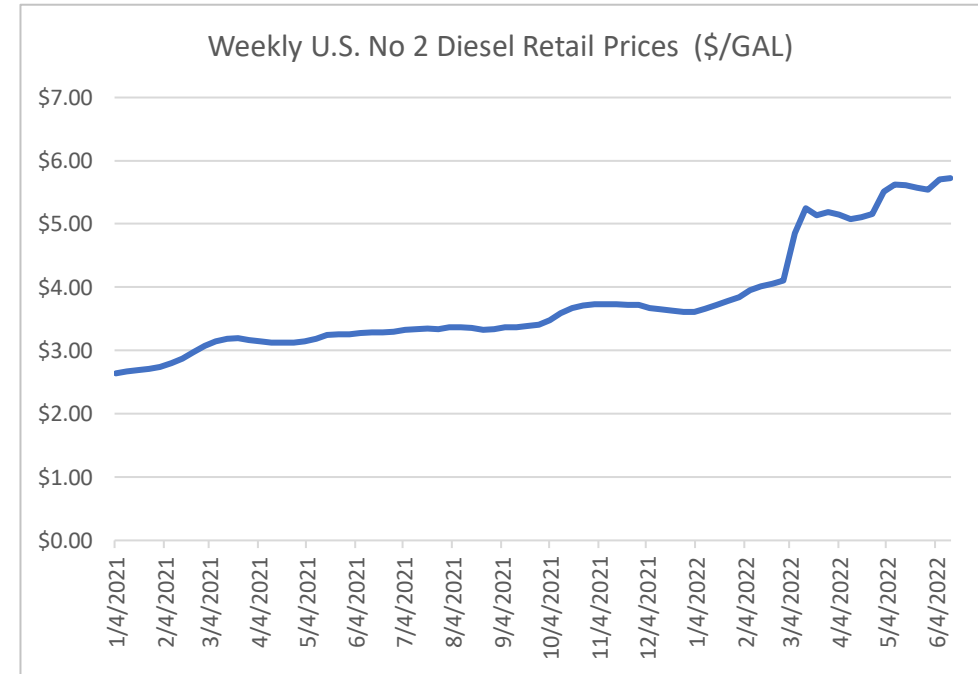
DAT Spot & Contract Rate Per Mile (LH + Fuel, \$USD) Pack TL

- Starting to see slight softening market conditions for Pack freight in specific US geographies due to several macro-economic factors such as softening consumer demand, inflation, and higher interest rates. This downward pressure on spot pricing has not yet materially impacted contract rates, which typically lag spot rates by 3-6 months in most cycles. While the market is loosening nationally, the gulf coast region remains tight
 - National Avg. Spot RPM decreased 12.9% since Jan 2022
 - National Avg. Contract RPM increased 10.7% since Jan 2022



FUEL UPDATE

- Diesel prices reached an all-time high of \$5.72 on June 13. One culprit appears to be low distillate stocks, especially on the East Coast. Meanwhile, crude prices continue to move higher and have been trading at around \$118 a barrel recently.
 - Up 58% YTD
 - Up 74% from June '21

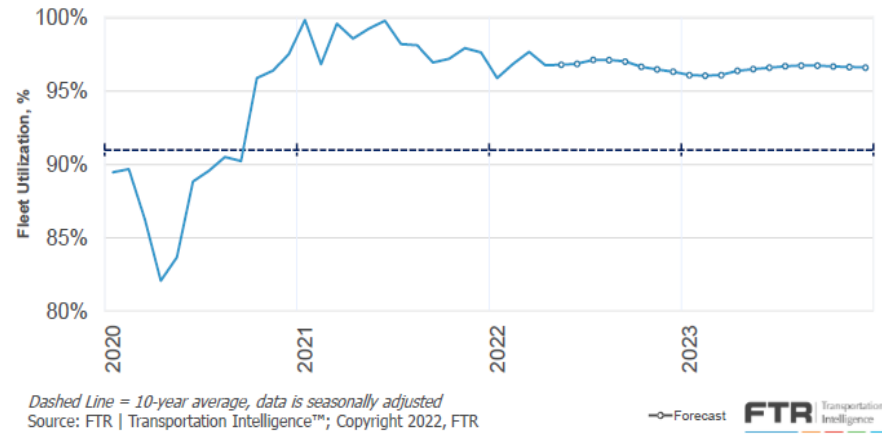


Logistics Freight Signposts

Active Truck Utilization is still expected to hold near or at 97% through 2022, with slight expected relief in 2023, but this should not affect market conditions in trucking significantly

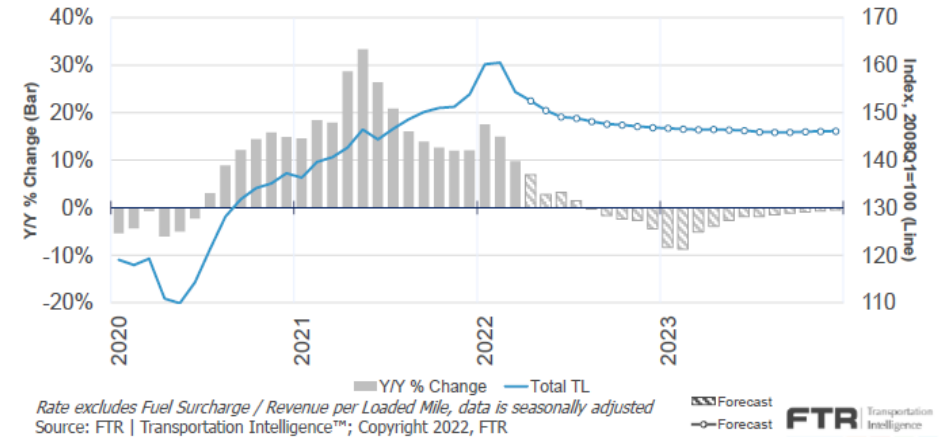
Active Truck Utilization Outlook

Share of seated trucks actively engaged in freight hauling



Latest estimate on TL rates (LH only) expected to be 3.5% higher y/y in 2022

Rate Outlook: Total TL



Inflation

- The Fed announced a 75 basis point interest rate hike, its largest since 1994. The Fed is widely expected to continue raising interest rates in response to rising inflationary pressures.
- The central bank says it expects seven interest rate hikes in 2022 — up from its previous projection of three.
- Annual inflation rate in the US unexpectedly accelerated to 8.6% in May of 2022, the highest since December of 1981.
- Energy prices rose 34.6%, the most since September of 2005, due to gasoline (48.7%), fuel oil (106.7%, the largest increase on record), electricity (12%, the largest 12-month increase since August 2006), and natural gas (30.2%, the most since July 2008).

