SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended September 30, 1998

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from ____________to____________

Commission file number 0-7154

QUAKER CHEMICAL CORPORATION
(Exact name of Registrant as specified in its charter)

Pennsylvania	23-0993790
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Elm and Lee Streets, Conshohocken, Pennsylvania 19428 - 0809
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code 610-832-4000

Not Applicable
Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Number of Shares of Common Stock Outstanding on October 31, 1998	8,807,413

PART I. FINANCIAL INFORMATION

QUAKER CHEMICAL CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONDENSED FINANCIAL INFORMATION

The following condensed financial statements are filed as part of this quarterly report on Form 10-Q:

Consolidated Balance Sheet at September 30, 1998 and December 31, 1997

Consolidated Statement of Income for the nine months ended September 30, 1998 and 1997

Consolidated Statement of Income for the three months ended September 30, 1998 and 1997

Consolidated Statement of Cash Flows for the nine months ended September 30, 1998 and 1997.

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NOTE TO CONDENSED FINANCIAL INFORMATION

The attached condensed financial information has been prepared in accordance with instructions for Form 10-Q and, therefore, does not include all financial note information which might be necessary for a fair presentation in accordance with generally accepted accounting principles. Such condensed financial information is unaudited, but in the opinion of management, includes all adjustments, consisting only of normal recurring adjustments and accruals, necessary for a fair presentation of results for the periods indicated. The net income reported for the periods should not necessarily be regarded as indicative of net income on an annualized basis (see accompanying Management's Discussion and Analysis-Other Significant Items); however, significant variations from the results for the same period of the previous year, if any, have been disclosed in the accompanying Management's Discussion and Analysis.

Quaker Chemical Corporation

Consolidated Balance Sheet

	September 30, 1998 (Unaudited)	December 31, 1997 *
	(dollars in thousands)	
Assets		
Current assets		
Cash and cash equivalents	$ 11,789	$ 18,416
Accounts receivable	56,120	48,625
Inventories		
Raw materials and supplies	13,092	10,316
Work in process and finished goods	13,368	11,365
Deferred income taxes	6,952	5,729
Prepaid expenses and other current assets	6,459	3,675
Total current assets	107,780	98,126
Investments in and advances to associated companies	4,681	4,925
Property, plant and equipment, at cost		
Land	5,842	5,751
Buildings and improvements	37,310	31,523
Machinery and equipment	62,991	58,532
Construction in progress	4,660	1,213
	110,803	97,019
Less accumulated depreciation	61,257	56,365
Total property, plant and equipment	49,546	40,654
Goodwill, net	21,413	14,500
Deferred income taxes	9,143	9,090
Other noncurrent assets	2,912	3,345
Total noncurrent assets	83,014	67,589
	$195,475	$170,640

* Condensed from audited financial statements.

Quaker Chemical Corporation

Consolidated Balance Sheet

	(dollars in thousands)	
	September 30, 1998 (Unaudited)	December 31, 1997 *
Liabilities		
Current liabilities		
Short-term borrowings	$ 7,646	$ -
Accounts payable	22,274	22,871
Dividends payable	1,673	1,570
Accrued liabilities	22,944	20,824
Estimated taxes on income	3,585	2,494
Total current liabilities	58,122	47,759
Long-term debt	25,394	25,203
Deferred income taxes	3,644	3,752
Accrued postretirement benefits	8,965	8,934
Other noncurrent liabilities	5,938	5,825
Total noncurrent liabilities	43,941	43,714
Total liabilities	102,063	91,473
Minority interest in equity of subsidiaries	8,710	3,525
Shareholders' equity		
Common stock, $1 par value; authorized 30,000,000 shares; issued (including treasury shares) 9,664,009 shares	9,664	9,664
Capital in excess of par value	1,303	928
Retained earnings	85,832	80,749
Unearned compensation	(331)	(528)
Foreign currency translation adjustments	2,034	(208)
	98,502	90,605
Treasury stock, shares held at cost; 1998 - 860,344, 1997 - 943,552	(13,800)	(14,963)
Total shareholders' equity	84,702	75,642
	$195,475	$170,640

* Condensed from audited financial statements

Quaker Chemical Corporation

Consolidated Statement of Income
Nine Months Ended September 30,

	Unaudited (dollars in thousands except per share data)	
	1998	1997
Net sales	$193,581	$ 177,542
Costs and expenses		
Cost of goods sold	107,114	99,519
Selling, administrative and general expenses	69,917	64,908
Gain on sale of European pulp and paper business		(2,621)
	177,031	161,806
Income from operations	16,550	15,736
Other income, net	1,023	1,414
Interest expense	(1,531)	(1,168)
Interest income	430	200
Income before taxes	16,472	16,182
Taxes on income	6,589	6,342
	9,883	9,840
Equity in net income of associated companies	781	941
Minority interest in net income of subsidiaries	(745)	(238)
Net income	$ 9,919	$ 10,543
Per share data:		
Net income - basic	$1.13	$1.22
Net income - diluted	$1.12	$1.22
Dividends declared	$0.55	$0.53
Based on weighted average number of shares outstanding:		
Basic	8,773,478	8,661,836
Diluted	8,848,304	8,667,797

Quaker Chemical Corporation

Consolidated Statement of Income
Three Months Ended September 30,

	Unaudited (dollars in thousands except per share data)	
	1998	1997
Net sales	$ 65,991	$ 58,687
Costs and expenses		
Cost of goods sold	36,439	32,362
Selling, administrative and general expenses	23,729	21,260
	60,168	53,622
Income from operations	5,823	5,065
Other income, net	484	432
Interest expense	(614)	(374)
Interest income	75	95
Income before taxes	5,768	5,218
Taxes on income	2,307	2,081
	3,461	3,137
Equity in net income of associated companies	279	321
Minority interest in net income of subsidiaries	(185)	(139)
Net income	$ 3,555	$ 3,319
Per share data:		
Net income - basic	$0.40	$0.38
Net income - diluted	$0.40	$0.38
Dividends declared	$0.19	$0.18
Based on weighted average number of shares outstanding:		
Basic	8,798,561	8,704,525
Diluted	8,861,941	8,735,811

Quaker Chemical Corporation

Consolidated Statement of Cash Flows
For the Nine Months Ended September 30,

	Unaudited (dollars in thousands) 1998	1997
Cash flows from operating activities		
Net income	$ 9,919	$10,543
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,847	3,630
Amortization	1,612	1,435
Equity in net income of associated companies	(780)	(941)
Minority interest in earnings of subsidiaries	751	210
Deferred income taxes	(22)	33
Deferred compensation and other postretirement benefits	1,013	592
Gain on sale of European pulp and paper business		(2,621)
Net change in repositioning liabilities	(1,077)	(2,767)
Other, net	(567)	428
Increase (decrease) in cash from changes in current assets and liabilities net of acquisitions and divestitures:		
Accounts receivable	(6,246)	(4,547)
Inventories	(3,073)	(577)
Prepaid expenses and other current assets	(4,159)	(3,904)
Accounts payable and accrued liabilities	2,473	4,519
Estimated taxes on income	1,097	2,758
Net cash provided by operating activities	4,788	8,791
Cash flows from investing activities		
Dividends from associated companies	837	603
Investments in property, plant, equipment and other assets	(6,401)	(3,753)
Investments in and advances to associated companies	(516)	(318)
Companies acquired	(9,350)	-
Proceeds from the sale of European pulp and paper business	-	3,053
Other, net	8	(146)
Net cash used in investing activities	(15,422)	(561)
Cash flows from financing activities		
Net increase in short-term borrowings and notes payable	7,673	821
Repayment of long-term debt	-	(4,090)
Dividends paid	(4,836)	(4,608)
Treasury stock issued	590	1,506
Net cash provided by (used in) financing activities	3,427	(6,371)
Effect of exchange rate changes on cash	580	(530)
Net (decrease) increase in cash and cash equivalents	(6,627)	1,329
Cash and cash equivalents at beginning of period	18,416	8,525
Cash and cash equivalents at end of period	$ 11,789	$ 9,854
Supplemental cash flow information		
Cash paid during the year for:		
Income taxes	$ 8,579	$ 5,802
Interest	1,877	1,265

Quaker Chemical Corporation
Notes to Consolidated Financial Statements
(Amounts in Thousands)
(Unaudited)

Note 1 - Weighted Average Shares Outstanding

	Nine Months Ended September 30		Three Months Ended September 30	
	Basic	Diluted	Basic	Diluted
1998	8,773,478	8,848,304	8,798,561	8,861,941
1997	8,661,836	8,667,797	8,704,525	8,735,811

The difference between basic and diluted weighted average shares outstanding results from the assumption that dilutive stock options outstanding were exercised.

Note 2 - Comprehensive Income

Effective January 1, 1998, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 130 - Reporting Comprehensive Income. SFAS No. 130 requires that the components of comprehensive income be reported in the financial statements. The following table summarizes comprehensive income for the nine months ended September 30, 1998 and 1997:

	1998	1997
Net income	$9,919	$10,543
Foreign currency translation adjustments (net of tax)	2,242	(5,859)
Comprehensive income	$12,161	$4,684

Quaker Chemical Corporation
Notes to Consolidated Financial Statements
(Amounts in Thousands)
(Unaudited)

The following table summarizes comprehensive income for the three months ended September 30, 1998 and 1997:

	1998	1997
Net income	$3,555	$ 3,319
Foreign currency translation adjustments (net of tax)	3,212	1,161
Comprehensive income	$6,767	$ 4,480

Management's Discussion and Analysis of Financial Condition and Results of Operations
Liquidity and Capital Resources

Net cash flow provided by operating activities amounted to $4.8 million in the first nine months of 1998 compared to $8.8 million in the same period of 1997. The decrease was principally due to changes in working capital offset in part by a reduction in the amount of payments in 1998 related to the repositioning programs.

The Company's net cash position (cash and cash equivalents plus short-term investments less short-term borrowings and current portion of long-term debt) decreased $14.3 million primarily as a result of cash required as part of the formation of a majority owned joint venture in Brazil, the acquisition of a small business in Italy, and changes in working capital. This acquisition also accounts for the majority of the increase in the Company's total assets. The current ratio decreased to 1.9 to 1 at September 30, 1998 as compared to 2.1 to 1 at December 31, 1997 due principally to the decrease in the Company's net cash position.

Operations
Comparison of Nine Months 1998 with Nine Months 1997

Consolidated net sales for the first nine months of 1998 increased by 9% over the first nine months of 1997. The increase in sales was the net result of an 8% increase in volume (steel, metalworking, and aircraft producer markets), a 1% increase due to pricing initiatives and an improved sales mix, a 2% net increase due to acquisition and divestiture activity, offset by a 2% decrease due to foreign currency translation rates.

Operating income improved 26% to $16.6 million as compared to $13.1 million (excluding the $2.6 million gain on the European pulp and paper business) in the same period of 1997. The improvement was mainly attributable to the higher level of sales and expanded gross margins. The Company's gross profit margin as a percentage of sales increased 0.8% primarily as a result of an improved sales mix and generally stable raw material costs. Selling, administrative and general expenses as a percentage of sales decreased 0.4% as compared to 1997 due to the upside operating leverage provided at the higher sales level.

The decrease in other income was due to the absence of unusually high favorable transactional exchange gains in 1997. Minority interest increased as a result of improved performances by the Company's consolidated joint ventures in China and Australia and earnings from the Company's consolidated joint venture in India which was formed in the fourth quarter of 1997. Basic earnings per share of $1.13 were 11% higher than the prior year (excluding the gain on the sale of the European pulp and paper business) despite a negative foreign currency translation impact of approximately $.05 per share due to the strengthening of the dollar, primarily against the Dutch guilder.

Comparison of Third Quarter 1998 with Third Quarter 1997

Consolidated net sales for the third quarter of 1998 increased by 12% over the third quarter of 1997. The increase in sales was the net result of a 7% increase related to the recent acquisition in Brazil, a 3% increase in volume (steel, metalworking, and aircraft producer markets), a 1% increase due to service revenues and a 1% increase due to pricing initiatives.

The reasons for changes in operating margin percentages, other income, and equity in net income of associated companies in the third quarter 1998 versus the third quarter 1997 are basically the same as those previously mentioned for the comparative nine-month periods. Basic earnings per share of $.40 were 5% higher than the prior year.

Other Significant Items:

The Company is actively engaged in assessing and solving its Year 2000 problem. The Company completed a comprehensive assessment of all key systems (both IT and non-IT systems). As to systems found to be non-Year 2000 compliant, the Company initiated a program of systems replacements and updates. The Company plans to complete the majority of this program before year end 1998 and the remaining work in the first quarter 1999. The systems work includes the appropriate level of testing to ensure Year 2000 compliance. Expenditures (historical and future) to be incurred in addressing any Year 2000 problems in the Company's systems are not expected to be material and are currently estimated to be no more than $750 thousand, including amounts which may be capitalized as long-term assets. In addition to this effort, the Company, with the assistance of an outside consultant, is undertaking a second complete assessment of all its IT and non-IT systems. This assessment will be completed in early 1999.

The Company is also actively seeking from its third-party providers written assurances that each will be Year 2000 compliant on a timely basis. To date, the Company has received affirmative responses from a majority of its third-party providers and will continue to pursue responses from its material third-party providers who have failed to respond to the initial inquiry. In addition, the Company will seek assurances as to Year 2000 compliance from its key customers and will be contacting these customers in 1999. There can be no assurance, however, that (i) the systems of the Company's material third party providers or key customers will be Year 2000 compliant and (ii) such non-compliance will not have an adverse effect on the Company.

The Company believes it is taking reasonable steps to prevent major interruptions in its business resulting from Year 2000 related issues. However, potential sources of risk specific to the Company are mainly external (third party providers and customers) and include, but are not limited to, the inability of principal suppliers to be Year 2000 compliant. This could result in delays in product deliveries from such suppliers. The Company is still developing a reasonable worst case scenario as it relates to the Year 2000 problem and therefore, has not developed a contingency plan to cover any unforeseen problems. The Company plans to complete the worst case analysis and its contingency plan in the first quarter 1999.

During the fourth quarter of 1998 the Company expects to finalize integration plans and related charges for its recent acquisition in Brazil, currently estimated to be approximately one million dollars and is evaluating various operational improvement plans in its U.S. and foreign operations, the cost of which may impact future earnings.

During 1997 the Financial Accounting Standards Board ("FASB") issued SFAS No. 131 - Disclosures about Segments of an Enterprise and Related Information. SFAS No. 131 is effective in 1998. The Company is currently assessing the impact this new standard will have on its financial statements. SFAS No. 131 requires the disclosure of segment information utilizing the approach that the Company uses to manage its internal organization. Also, SFAS No. 131 requires the reporting of segment information on a condensed basis for interim periods beginning in 1999.

In June 1998, the FASB issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities." This Statement establishes accounting and reporting standards for derivative instruments and hedging activities. The standard is effective January 1, 2000. It is not expected that the adoption of this standard will have a material impact on the Company's financial condition.

Forward Looking and Cautionary Statements

Except for the historical information and discussions contained herein, statements contained in this Form 10-Q may constitute forward looking statements' within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those projected in such statements. Such risks and uncertainties include, but are not limited to, significant increase in raw material costs, worldwide economic and political conditions, and foreign currency fluctuations that may affect worldwide results of operations. Furthermore, the Company is subject to the same business cycles as those experienced by those manufacturers and their customers (the majority of which are automobile, appliance, or durable good manufacturers or in the construction industry).

PART II. OTHER INFORMATION

Items 1, 2, 3, 4, and 5 are inapplicable and have been omitted.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.
Exhibit 27-Financial Data Schedule

(b) Reports on Form 8-K.
No reports on Form 8-K were filed during the quarter for which this report is filed.

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

QUAKER CHEMICAL CORPORATION

(Registrant)

/s/ Neil E. Daniels

Neil E. Daniels, officer duly
authorized to sign this report,
acting Treasurer.

Date: November 16, 1998

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DEC-31-1998
SEP-30-1998
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57,959
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26,460
107,780
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