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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 June 30, 1999

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 July 31, 1999	8,920,489

QUAKER CHEMICAL CORPORATION AND CONSOLIDATED SUBSIDIARIES

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed Consolidated Balance Sheet at June 30, 1999 (unaudited) and December 31, 1998

Condensed Consolidated Statement of Income for the six months ended June 30, 1999 and 1998 (unaudited)

Condensed Consolidated Statement of Income for the three months ended June 30, 1999 and 1998 (unaudited)

Condensed Consolidated Statement of Cash Flows for the six months ended June 30, 1999 and 1998 (unaudited)

Notes to Condensed Consolidated Financial Statements (unaudited)

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Quaker Chemical Corporation

Condensed Consolidated Balance Sheet

(dollars in thousands)

	June 30, 1999 (Unaudited)	December 31, 1998 *
ASSETS		
Current assets		
Cash and cash equivalents	$ 10,612	$ 10,213
Accounts receivable	53,720	52,448
Inventories		
Raw materials and supplies	11,027	12,616
Work in process and finished goods	10,652	11,901
Prepaid expenses and other current assets	10,276	8,890
Total current assets	96,287	96,068
Investments in and advances to associated companies	6,201	5,280
Property, plant and equipment, at cost	107,582	111,963
Less accumulated depreciation	61,621	62,341
Total property, plant and equipment	45,961	49,622
Goodwill	16,807	21,366
Other noncurrent assets	19,309	17,567
	$184,565	$189,903
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short term borrowings	$ 9,956	$ 1,420
Accounts payable	23,201	27,825
Accrued compensation	6,430	9,967
Other current liabilities	14,209	11,220
Total current liabilities	53,796	50,432
Long-term debt	25,539	25,344
Other noncurrent liabilities	23,952	22,061
Total liabilities	103,287	97,837
Minority interest in equity of subsidaries	7,290	8,331
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	868	910
Retained earnings	88,280	84,873
Accumulated other comprehensive income (loss)	(12,940)	582
	85,872	96,029
Treasury stock, shares held at cost; 1999-747,100, 1998-770,059	(11,884)	(12,294)
Total shareholders' equity	73,988	83,735
	$184,565	$189,903

The accompanying notes are an integral part of these condensed consolidated financial statements

* Condensed from audited financial statements.

Quaker Chemical Corporation

Condensed Consolidated Statement of Income
For the period ended June 30,

Unaudited
(dollars in thousands, except per share date)

	Second Quarter		Six Months	
	1999	1998	1999	1998
Net sales	$64,025	$65,355	$124,927	$127,590
Cost and expenses				
Cost of goods sold	34,543	36,177	66,792	70,675
Selling, administrative and general expenses	23,081	23,419	46,759	46,188
	57,624	59,596	113,551	116,863
Income from operations	6,401	5,759	11,376	10,727
Other income, net	561	248	852	539
Interest expense, net	(485)	(312)	(938)	(562)
Income before taxes	6,477	5,695	11,290	10,704
Taxes on income	2,591	2,278	4,516	4,282
	3,886	3,417	6,774	6,422
Equity in net income of associated companies	264	273	496	502
Minority interest in net income of subsidiaries	(347)	(220)	(469)	(560)
Net income	$ 3,803	$ 3,470	$ 6,801	$ 6,364
Per share data:				
Net income - basic	$0.42	$0.40	$0.76	$0.73
Net income - diluted	$0.42	$0.39	$0.76	$0.72
Dividends declared	$0.19	$0.18	$0.38	$0.36

The accompanying notes are an integral part of these condensed consolidated financial statements

Quaker Chemical Corporation

Condensed Consolidated Statement of Cash Flows
For the Six Months Ended June 30

	Unaudited (dollars in thousands) 1999	1998
Cash flows from operating activities		
Net income	$ 6,801	$ 6,364
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,157	3,631
Equity in net income of associated companies	(496)	(502)
Minority interest in earnings of subsidiaries	469	560
Other, net	313	172
Increase (decrease) in cash from changes in current assets and liabilities net of acquisitions and divestitures:		
Accounts receivable	(4,372)	(3,721)
Inventories	1,208	(2,364)
Prepaid expenses and other current assets	(2,077)	(2,551)
Accounts payable and accrued liabilities	(1,153)	727
Change in repositioning liabilities	(1,703)	(532)
Net cash provided by operating activities	2,147	1,784
Cash flows from investing activities		
Investments in property, plant, equipment and other assets	(3,052)	(3,908)
Companies acquired	-	(9,350)
Other, net	(602)	70
Net cash used in investing activities	(3,654)	(13,188)
Cash flows from financing activities		
Net increase in short-term borrowings	8,590	5,048
Dividends paid	(3,394)	(3,162)
Other, net	511	346
Net cash provided by financing activities	5,707	2,232
Effect of exchange rate changes on cash	(3,801)	(317)
Net increase (decrease) in cash and cash equivalents	399	(9,489)
Cash and cash equivalents at beginning of period	10,213	18,416
Cash and cash equivalents at end of period	$10,612	$ 8,927

The accompanying notes are an integral part of these condensed consolidated financial statements

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

Note 1 - 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 statement 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 statement 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.

Note 2 - Weighted Average Shares Outstanding

	Six Months Ended June 30		Three Months Ended June 30	
	Basic	Diluted	Basic	Diluted
1999	8,903,783	8,950,264	8,909,013	8,955,452
1998	8,763,610	8,842,466	8,785,898	8,849,511

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

Note 3 - Business Segments

The company's reportable segments are as follows:

(1) Metalworking process chemicals - produces products used as lubricants for various heavy industrial and manufacturing applications and provides chemical management services.

(2) Coatings - produces temporary and permanent coatings for metal products and chemical milling maskants.

(3) Other chemical products - primarily includes chemicals used in the manufacturing of paper as well as other various chemical products.

Segment data includes direct segment costs as well as general operating costs, including depreciation, allocated to each segment based on net sales.

The table below presents information about the reported segments for the six months ending June 30:

	Metalworking Process Chemicals	Coatings	Other Chemical Products	Total
1999				
Net Sales	$109,675	$ 8,920	$ 6,332	$124,927
Operating Income	16,447	2,212	(83)	18,576
1998				
Net Sales	$111,631	$ 9,862	$ 6,097	$127,590
Operating Income	15,752	2,831	(95)	18,488

Operating income comprises revenue less related costs and expenses. Nonoperating expenses primarily consist of general corporate expenses identified as not being a cost of operation, interest expense, interest income, and license fees from nonconsolidated associates.

A reconciliation of total segment operating income to total consolidated income before taxes, for the six months ended June 30, 1999 and 1998 is as follows:

	1999	1998
Total operating income for reportable segments	$18,576	$18,488
Nonoperating charges	(4,043)	(4,130)
Depreciation and amortization	(3,157)	(3,631)
Interest expense	(1,117)	(917)
Interest income	179	355
Other income, net	852	539
Consolidated income before taxes	$11,290	$10,704

Note 4 - Comprehensive Income

The following table summarizes comprehensive (loss) income for the six months ended June 30, 1999 and 1998:

	1999	1998
Net income	$6,801	$ 6,364
Foreign currency translation adjustments	(13,522)	(970)
Comprehensive (loss) income	$(6,721)	$ 5,394

The following table summarizes comprehensive income for the three months ended June 30, 1999 and 1998:

	1999	1998
Net income	$ 3,803	$ 3,470
Foreign currency translation adjustments	(3,315)	568
Comprehensive income	$ 488	$ 4,038

Item 2. 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 $2.1 million in the first six months of 1999 compared to $1.8 million in the same period of 1998. The increase was principally due to a reduction in inventory levels offset by payments related to the 1998 repositioning program as well as other changes in working capital.

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 $8.1 million primarily as a result of seasonal cash needs related to the annual payment of employee incentives and payments related to the 1998 repositioning program. The current ratio decreased to 1.8 to 1 at June 30, 1999 as compared to 1.9 to 1 at December 31, 1998 due principally to the decrease in the Company's net cash position.

Operations

Comparison of Six Months 1999 with Six Months 1998

Consolidated net sales for the first half of 1999 decreased by 2% over the first half of 1998. The decrease in sales was the net result of a 3% decrease due to foreign currency exchange rates, a 1% decrease in pricing of certain products, partially offset by a 2% increase in volume. Net sales of the metalworking process chemicals segment were down 2% versus last year due mainly to foreign steel imports into the U.S. and Europe as well as temporary shutdowns of metalworking and steel facilities at the end of 1998 that extended into January of 1999. Sales in the coatings segment were down 10% due primarily to lower maskant sales into the aircraft industry caused by lower aircraft production as a result of the downturn in the Asian economy. The other chemical products segment sales were up 4% due to higher sales in Brazil, as a result of the mid-year 1998 acquisition.

Income from operations improved 6% to $11.4 million as compared to $10.7 million in the same period of 1998, despite the decrease in sales, primarily due to lower raw material costs as well as cost reduction initiatives throughout the organization. The Company's cost of goods sold, as a percentage of sales, decreased 1.9% primarily as a result of lower raw material costs, sales mix effects and lower manufacturing expenses. Selling, administrative and general expenses decreased slightly compared to 1998 primarily due to cost savings from the 1998 repositioning and integration program and a reduction in current year bonus incentives. These cost savings were partially offset by additional costs incurred in connection with the growth in chemical management services and growth in the Company's Brazil business as a result of the mid-year 1998 acquisition.

Net interest costs increased versus June 30, 1998 due to increased debt levels associated with the Company's mid-year 1998 acquisition in Brazil. The increase in other income was due to the absence of transactional exchange rate losses which occurred in 1998. Minority interest increased as a result of lower net income of the Company's consolidated joint ventures. Earnings per share of $.76 (basic and diluted) were 4% and 6% higher than the prior year, respectively.

Comparison of Second Quarter 1999 with Second Quarter 1998
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Consolidated net sales for the second quarter of 1999 decreased by 2% compared with the second quarter of 1998. The decrease in sales was the net result of a 5% decrease due to foreign currency exchange rates, a 1% decrease in pricing of certain products, offset by a 4% increase in volume.

The reasons for changes in income from operations, costs of goods sold, other income, and interest expense in the second quarter 1999 versus the second quarter 1998 are basically the same as those previously mentioned for the comparative six-month periods. Earnings per share of $.42 (basic and diluted) were 5% and 8% higher than the prior year, respectively.

Other Significant Items:

For the past two years, the Company has been actively engaged in assessing and solving its Year 2000 issue. 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. To date, the Company has completed a substantial portion of its program and expects that the remaining work will be completed prior to year end. The systems work includes the appropriate level of testing to ensure Year 2000 compliance. Expenditures (historical and future) in addressing any Year 2000 issues in the Company's systems are not expected to be material and are currently estimated to be approximately $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, has undertaken a second complete assessment of all its IT and non-IT systems. This assessment confirmed that no significant additional actions were required.

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 plans on 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 a material 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 worst case scenarios as it relates to the Year 2000 issue and will finalize its contingency plans in the second half of 1999.

On January 1, 1999, 11 of the 15 member countries of the European Union established fixed conversion rates between their existing currencies ("legacy currencies") and one common currency - the euro. The euro trades on currency exchanges and may be used in business transactions. Beginning in January 2002, new euro-denominated bills and coins will be issued, and legacy currencies will be withdrawn from circulation. The Company's operating subsidiaries affected by the euro conversion have established plans to address the systems and business issues raised by the euro currency. The Company anticipates that the euro conversion will not have a material adverse impact on its financial condition or results of operations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Quaker is exposed to the impact of interest rates, foreign currency fluctuations, and changes in commodity prices.

Interest Rate Risk. Quaker's exposure to market rate risk for changes in interest rates relates primarily to its short and long-term debt. All of Quaker's long-term debt has a fixed interest rate, while its short-term debt is negotiated at market rates which can be either fixed or variable. Incorporated by reference is the information in "Liquidity and Capital Resources" in Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 8 of the Notes to Consolidated Financial Statements on Pages 16 and 27, respectively, of the Registrant's 1998 Annual Report to Shareholders, the incorporated portion of which is included as Exhibit 13 to the 1998 Form 10-K. Accordingly, if interest rates rise significantly the cost of short-term debt to Quaker will increase. This can have a material adverse effect on Quaker depending on the extent of Quaker's short-term borrowings. As of June 30, 1999, Quaker had $9,816 in short-term borrowings.

Foreign Exchange Risk. A significant portion of Quaker's revenues and earnings are generated by its non-U.S. operations of its foreign subsidiaries. Incorporated by reference is the information concerning Quaker's non-U.S. activities appearing in Note 11 of the Notes to Consolidated Financial Statements on Page 29 of the Registrant's 1998 Annual Report to Shareholders, the incorporated portion of which is included as Exhibit 13 to the 1998 Form 10-K.

All such subsidiaries use the local currency as their functional currency. Accordingly, Quaker's financial results are affected by risks typical of international business such as currency fluctuations, particularly between the U.S. dollar and the Dutch guilder (and the E.U. euro). As exchange rates vary, Quaker's results can be materially adversely affected.

In the past, Quaker has used, on a limited basis, forward exchange contracts to hedge foreign currency transactions and foreign exchange options to reduce exposure to changes in foreign exchange rates. The amount of any gain or loss on these derivative financial instruments was not material, and there are no contracts or options outstanding at June 30, 1999. Incorporated by reference is the information concerning Quaker's Significant Accounting Policies appearing in Note 1 of the Notes to Consolidated Financial Statements on Page 23 of the Registrant's 1998 Annual Report to Shareholders, the incorporated portion of which is included as Exhibit 13 to the Form 10-K.

Commodity Price Risk. Many of the raw materials used by Quaker are commodity chemicals, and, therefore, Quaker earnings can be materially adversely affected by market changes in raw material prices. In certain cases, Quaker has entered into fixed-price purchase contracts having a term of up to one year. These contracts provide for protection to Quaker if the price for the contracted raw materials rises, however, in certain limited circumstances, Quaker will not realize the benefit if such prices decline. Quaker has not been, nor is it currently a party to, any derivative financial instrument relative to commodities.

Forward-Looking and Cautionary Statements

Except for historical information and discussions, 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 steel, automobile, aircraft, appliance or durable good manufacturers.

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

The 1999 Annual Meeting of the Company's shareholders was held on May 12, 1999. At the Meeting, management's nominees, Peter A. Benoliel, Ronald J. Naples, and Robert H. Rock were elected as Class I Directors. Voting (expressed in number of votes) was as follows: Peter A. Benoliel, 32,122,577 votes for, 153,398 votes against or withheld, and no abstentions or broker non-votes; Ronald J. Naples, 32,112,677 votes for 163,298 votes against or withheld, and no abstentions or broker non-votes; and Robert H. Rock, 32,105,110 votes for, 170,865 votes against or withheld, and no abstentions or broker non-votes.

At the Meeting, the shareholders also approved the adoption of the 1999 Long-Term Incentive Performance Incentive Plan by a vote of 29,288,364 votes for, 1,336,460 votes against, 661,293 abstentions, and 989,858 broker non-votes.

In addition, at the Meeting, the shareholders ratified the appointment of PricewaterhouseCoopers LLP as the Company's independent accountants to examine and report on its financial statements for the year ending December 31, 1999 by a vote of 32,154,464 votes for, 113,621 votes against, 9,890 abstentions, and no broker non-votes.

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)

Michael F. Barry, officer duly
authorized to sign this report,
Vice President and Chief Financial Officer

Date: August 13, 1999

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6-MOS
DEC-31-1999
JUN-30-1999
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