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, 1996

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 November 7, 1996	8,566,401

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, 1996 and December 31, 1995

Consolidated Statement of Operations for the nine months ended September 30, 1996 and 1995

Consolidated Statement of Operations for the three months ended September 30, 1996 and 1995

Consolidated Statement of Cash Flows for the nine months ended September 30, 1996 and 1995.

* * * * * * * * * *

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-Consolidation Charges); 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. Certain reclassifications of prior years' data have been made to improve comparability.

Quaker Chemical Corporation

Consolidated Balance Sheet

	(dollars in thousands)	
	September 30, 1996 (Unaudited)	December 31, 1995 *
Assets		
Current assets		
Cash and cash equivalents	$ 15,719	$ 7,230
Accounts receivable	51,384	46,965
Inventories		
Raw materials and supplies	8,039	10,964
Work in process and finished goods	11,993	10,669
Deferred income taxes	3,740	1,415
Prepaid expenses and other current assets	6,152	10,132
Total current assets	97,027	87,375

Investments in and advances to associated companies	8,732	10,058
Property, plant and equipment, at cost		
Land	6,899	7,279
Buildings and improvements	34,854	40,232
Machinery and equipment	56,798	70,010
Construction in progress	2,314	1,068
	100,865	118,589
Less accumulated depreciation	54,175	62,280
Total property, plant and equipment	46,690	56,309
Excess of cost over net assets of acquired companies	17,849	18,973
Deferred income taxes	8,483	5,349
Other noncurrent assets	6,617	7,344
Total noncurrent assets	32,949	31,666
	$185,398	$185,408

* Condensed from audited financial statements.

Quaker Chemical Corporation

Consolidated Balance Sheet

	(dollars in thousands)	
	September 30, 1996	December 31, 1995
	(Unaudited)	*
Liabilities		
Current liabilities		
Short-term borrowings, current portion of long-term debt, notes payable and capital leases	$ 25,680	$ 25,548
Accounts payable	22,354	20,969
Dividends payable	1,499	1,473
Accrued liabilities	21,176	12,392
Estimated taxes on income	3,356	486
Total current liabilities	74,065	60,868
Long-term debt, notes payable and capital leases	6,082	9,300
Deferred income taxes	3,274	2,977
Accrued postretirement benefits	8,818	8,809
Other noncurrent liabilities	6,898	6,432
Total noncurrent liabilities	25,072	27,518

Total liabilities	99,137	88,386
Minority interest in equity of subsidiaries	3,914	3,030
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	766	780
Retained earnings	81,868	87,852
Unearned compensation	(525)	(722)
Foreign currency translation adjustments	7,739	12,333
	99,512	109,907
Treasury stock, shares held at cost; 1996 - 1,100,365, 1995 - 853,809	(17,165)	(15,915)
Total shareholders' equity	82,347	93,992
	$185,398	$185,408

* Condensed from audited financial statements

Quaker Chemical Corporation

Consolidated Statement of Operations
Nine Months Ended September 30,

	Unaudited (dollars in thousands except per share data)	
	1996	1995
Net sales	$179,802	$171,434
Other income, net	1,154	1,485
	180,956	172,919
Costs and expenses		
Cost of goods sold	103,862	102,269
Selling, administrative and general expenses	64,264	58,705
Consolidation charges	13,100	
	181,226	160,974
(Loss) income from operations	(270)	11,945
Interest expense	(1,476)	(1,207)
Interest income	275	202

(Loss) income before taxes	(1,471)	10,940
Taxes on income	197	4,354
	(1,668)	6,586
Equity in net income of associated companies	287	220
Minority interest in net income of subsidiaries	(176)	(321)
Net (loss) income	$ (1,557)	$ 6,485
Per share data:		
Net (loss) income	($0.18)	$0.74
Dividends declared	$0.515	$0.51
Based on weighted average number of shares outstanding	8,588,918	8,813,387

Quaker Chemical Corporation

Consolidated Statement of Operations
Three Months Ended September 30,

Unaudited
(dollars in thousands except per share data)

	1996	1995
Net sales	$ 61,813	$ 57,872
Other income, net	334	585
	62,147	58,457
Costs and expenses		
Cost of goods sold	35,672	34,434
Selling, administrative and general expenses	21,760	20,030
Consolidation charges	13,100	
	70,532	54,464
(Loss) income from operations	(8,385)	3,993
Interest expense	(468)	(472)
Interest income	79	52
(Loss) income before taxes	(8,774)	3,573
Taxes on income	(2,724)	1,429
	(6,050)	2,144
Equity in net income of associated companies	185	23
Minority interest in net income of subsidiaries	(16)	(68)

Net (loss) income	$ (5,881)	$ 2,099
Per share data:		
Net (loss) income	($0.68)	$0.24
Dividends declared	0.345	$0.17
Based on weighted average number of shares outstanding	8,558,223	8,812,074

Quaker Chemical Corporation

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

	Unaudited (dollars in thousands) 1996	1995
Cash flows from operating activities		
Net (loss) income	$ (1,557)	$ 6,485
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:		
Depreciation	4,632	4,722
Amortization	1,633	1,205
Equity in net income of associated companies	(287)	(220)
Minority interest in earnings of subsidiaries	176	321
Deferred income taxes	(2,672)	15
Deferred compensation and other postretirement benefits	583	358
Consolidation charges, net	12,600	
Net change in repositioning liability	(764)	(859)
Other, net	(263)	(260)
Increase (decrease) in cash from changes in current assets and liabilities net of acquisitions and divestitures:		
Accounts receivable	(5,415)	(5,055)
Inventories	1,153	(2,181)
Prepaid expenses and other current assets	1,454	(2,618)
Accounts payable and accrued liabilities	7,199	(2,325)
Estimated taxes on income	2,893	252
Net cash provided by (used in) operating activities	21,365	(160)
Cash flows from investing activities		
Dividends from associated companies	1,158	59
Investments in property, plant, equipment and other assets	(4,076)	(7,794)
Companies acquired excluding cash		(6,628)
Investments in and advances to associated companies	(1,073)	(1,076)
Proceeds from the sale of assets	683	2,000
Other, net		
Net cash used in investing activities	(3,308)	(13,439)

Cash flows from financing activities		
Net (decrease) increase in short-term borrowings and notes payable	1,032	17,380
Repayment of long-term debt, notes payable and capital leases	(4,091)	(3,501)
Dividends paid	(4,427)	(4,505)
Treasury stock issued	323	143
Treasury stock acquired	(1,587)	(516)
Other, net		(141)
Net cash (used in) provided by financing activities	(8,750)	8,860
Effect of exchange rate changes on cash	(818)	160
Net increase (decrease) in cash and cash equivalents	8,489	(4,579)
Cash and cash equivalents at beginning of period	7,230	11,345
Cash and cash equivalents at end of period	$15,719	$ 6,766
Supplemental cash flow information		
Cash paid during the year for:		
Income taxes	$ 5,125	$ 4,991
Interest	1,645	1,404

Management's Discussion and Analysis of Financial Condition and Results of Operations

Consolidation Charges

On July 24, 1996, the Company announced its intention to implement a series of consolidation measures intended to improve manufacturing capacity utilization, responsiveness to customer needs, operating efficiencies, and financial results. The Company estimated that the actions would result in a pretax charge in the second half of 1996 in the range of $23 million (approximately $15 million after tax or $1.75 per share), about two-thirds of which would consist of non-cash items. In the third quarter of 1996, the Company recorded a pretax consolidation charge of $13.1 million (approximately $8.6 million after tax), which represents a portion of the aforementioned charge. The third quarter charge includes $8.4 million for the write-down of property, plant and equipment associated with the closure of the Company's Conshohocken, Pennsylvania plant and $4.7 million for employee termination and other costs of the program. The charges for the remaining series of consolidation actions, which are not yet finalized, are expected to be recorded in the fourth quarter. As of September 30, 1996, approximately $3.7 million and $.5 million remained in accrued liabilities and other noncurrent liabilities, respectively, relating to the $13.1 million consolidation charge.

Liquidity and Capital Resources

Net cash flow provided by (used in) operating activities amounted to $21.4 million for the nine months of 1996 compared to ($.2) million in the same period of 1995. The improvement was principally due to better operating performance, controlled growth in the required amount of working capital, and the timing of a tax refund in Europe.

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 and capital leases) increased $8.5 million primarily as a result of improved operating performance. The current ratio at September 30, 1996, was 1.3 to 1 as compared to 1.4 to 1 at December 31, 1995. The slight decline mainly resulted from an increase in current liabilities of approximately $5.3 million related to the Company's consolidation charge and accruals for strategic initiatives.

Operations
- ----------

Comparison of Nine Months 1996 with Nine Months 1995
- --

Through nine months, consolidated net sales increased by 5% to $179.8 million, mainly due to the effects of improved pricing and product sales mix. The increase in sales was the net result of a 4% increase in pricing and product sales mix; a 2% increase due to business acquisitions; a 1% increase in volume; and a 2% decrease due to currency translation rates.

Excluding the effect of the third quarter consolidation charge, income from operations was 7% higher than the same period of 1995. The increase was a result of the benefits of pricing initiatives, particularly in Europe, stable raw material costs, improved performance from the Company's U.S. operations, and an increased contribution from the Company's growing Asia/Pacific operations. The Company's gross profit margin as a percentage of sales increased 1.8% mainly as a result of the aforementioned benefits of improved pricing, particularly in Europe, a more profitable sales mix and stable raw material costs. Selling, administrative and general expenses as a percent of sales were 1.5% higher than 1995 primarily as a result of expected increases in operating expenses related to geographic and product growth areas and strategic initiatives.

Net interest costs rose due to increased financing costs associated with higher debt levels carried into 1996 related to the financing of a 1995 acquisition and other operating needs. Other income decreased because of a decline in royalty and license fee income. In 1996, the combination of lower operating results (including the consolidation charge), foreign taxes on earnings at rates different than the U.S. federal tax rate, and the influence of non-deductible expenses required a tax expense on a loss before taxes. Earnings per share of $.83, excluding the aforementioned consolidation charge (approximately $1.01 per share), were 12% higher than the prior year despite a negative currency translation impact of approximately $.05 per share due to the strengthening of the dollar against the major European currencies.

Comparison of Third Quarter 1996 with Third Quarter 1995
- --

Consolidated net sales for the third quarter of 1996 were $61.8 million, an all-time record, and 7% higher than the third quarter of 1995. The increase in sales was the net result of a 2% increase in pricing and sales mix; an 8% increase in volume; and a 3% decrease due to currency translation. Income from operations, excluding the consolidation charge, increased 18% due to the benefits of pricing initiatives, particularly in Europe, stable raw material costs, and changes in sales mix.

The reasons for changes in operating margin percentages, other income, net interest costs, and taxes on income in the third quarter 1996 versus the third quarter 1995 are basically the same as those previously mentioned for the comparative nine-month periods. The increase in equity in net income from associated companies resulted from solid performances from joint ventures in Mexico and Venezuela. Earnings per share, excluding the effect of the third quarter 1996 consolidation charge ($1.01 per share), improved 38%, to $.33 from $.24. Currency translation had a negative impact of approximately $.01 per share due to the strengthening of the dollar against the major European currencies.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

On or about October 24, 1996, Petrolite Corporation and its subsidiary, Petrolite Holdings, Inc. (collectively, "Petrolite") filed a Demand for Arbitration with the American Arbitration Association and a Petition with the Circuit Court for the County of St. Louis, State of Missouri, against the Registrant and certain of its subsidiaries (collectively, the "Company"). The actions arise out of a Technology Purchase Agreement (the "Agreement") between Petrolite and the Company dated April 13, 1993, as amended, pursuant to which the Company sold various assets, including a patent (the "Patent"), to Petrolite for a purchase price of approximately $8.5 million plus an obligation to pay royalties. In a suit brought by Petrolite against Baker Hughes, Inc., et al. for infringement of the Patent, the United States District Court for the Western District of Oklahoma (No. CIV-94-311-M) affirmed by the United States Court of Appeals for the Federal Circuit (No. 95-1447) declared all of the claims of the Patent invalid as a result of sales allegedly made by the Company more than one year prior to the filing of the Patent application. In its actions against the Company, Petrolite seeks damages in an unspecified amount, rescission of the Agreement, costs, and other relief. The Company believes that it has complete and meritorious defenses to the Petrolite actions and intends to vigorously defend the actions and deny liability and to pursue a claim against Petrolite for royalties. The bases for the Company's position include, but are not limited to, the Company specifically made no representations or warranties with respect to the validity of the Patent in the agreement, all sales made by the Company prior to filing the Patent application were disclosed to Petrolite prior to closing under the Agreement and the findings made by the Court in Petrolite's suit with Baker Hughes, Inc. were the result of the failure of Petrolite's counsel to take certain required actions in the handling of the case.

Items 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 report on Form 8-K was filed during the quarter for

which this report is filed.

* * * * * * * * *

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/ THOMAS F. KIRK
Thomas F. Kirk, officer duly authorized to sign this report, Vice President and Chief Financial Officer

Date: November 14, 1996

<ARTICLE> 5
<MULTIPLIER> 1,000

<PERIOD-TYPE>	9-MOS
<FISCAL-YEAR-END>	DEC-31-1996
<PERIOD-END>	SEP-30-1996
<CASH>	15,719
<SECURITIES>	0
<RECEIVABLES>	50,728
<ALLOWANCES>	656
<INVENTORY>	20,032
<CURRENT-ASSETS>	97,027
<PP&E>	100,865
<DEPRECIATION>	54,175
<TOTAL-ASSETS>	185,398
<CURRENT-LIABILITIES>	74,065
<BONDS>	5,000
<COMMON>	9,664
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<OTHER-SE>	72,683
<TOTAL-LIABILITY-AND-EQUITY>	185,398
<SALES>	179,802
<TOTAL-REVENUES>	180,956
<CGS>	103,862
<TOTAL-COSTS>	181,226
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	1,476
<INCOME-PRETAX>	(1,471)
<INCOME-TAX>	197
<INCOME-CONTINUING>	(1,557)
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	(1,557)
<EPS-PRIMARY>	(0.18)
<EPS-DILUTED>	(0.18)