

Energy Sector – Overweight

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News Update

Positive oil market development

- **US inventory rebound**
- **Russia oil export start to show sign of decline**
- **The cuts expect to continue in August**
- **US gas market set to see above average inventory**

Oil prices rally after supply disruptions in Libya and lower oil export from Russia. But the price eased at the end of the week as Libya has already resume production. However, Russia is expected to export less oil in August which will tighten market in 2H23F.

Weekly US data: US inventory rebound

- US crude stockpiles rebound after three consecutive week decline. The inventory up by 5.9m bbl w-w which surprise market expectation.
- US product inventory movements are mixed. Gasoline inventory was relatively flat w-w while distillate inventory shows a build of 4.8m bbl.

Russia prepare to export less oil in Aug

- **Russia oil export start to show sign of decline.** Russian shipments dropped below the levels from February, the baseline for Russia's oil production cut of 500,000 barrels per day (bpd) that Russian says began in March. Russian crude oil exports by sea dropped by 205,000 bpd to 3.21 million bpd on a four-week average basis in the four weeks to July 9, tanker-tracking data monitored by Bloomberg. The latest four-week average export volumes fell below the 3.38 million bpd in the four weeks to February 26, after holding up above that level for months.
- **The cuts expect to continue in August.** Russia plans to ship up to 200,000 barrels per day (bpd) lower crude volumes in August compared to July, according to Reuter. Russia's energy authorities asked the top executives of local companies to plan for export cuts in August.
- **Impact.** If the cut continues in August, then Russia would almost meet its commitment to cut output by 500,000 bpd. We see this as positive for market. A direct beneficiary would be PTTEP (BUY, TP Bt170) while refiners will see one-off benefit from inventory gain.

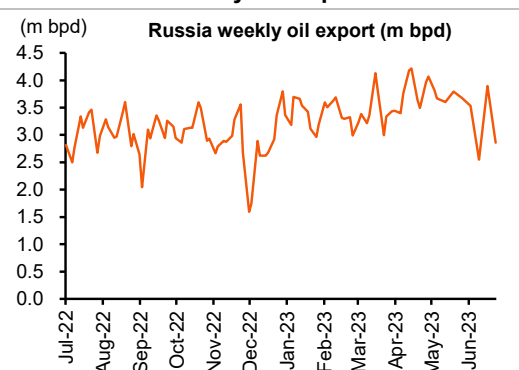
Ex 1: US Weekly data

(m bbls)	Weekly change	Consensus	Last week
Crude Oil	5.946	0.483	-1.508
Gasoline	-0.003	-0.727	-2.550
Distillates	4.815	-0.262	-1.045

(k bpd)	Weekly change	% Change	Current number
Production	-100.0	-0.8%	12,300
Refinery Runs	+629	+3.8%	16,659

Source: EIA

Ex 2: Russia Weekly Oil Export

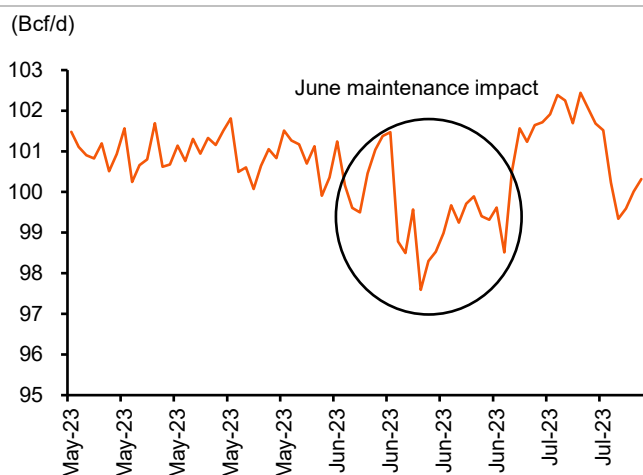


Source: Bloomberg

US gas market set to see above average inventory

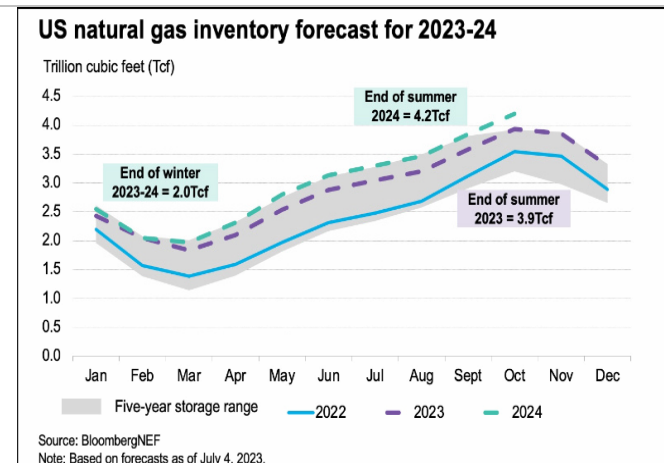
- **Hotter than average weather.** July is forecast to deliver 27 'cooling degree days' (CDD) above normal. This would make it the third-hottest July in 10 years. The month will see a record-breaking 46.4 billion cubic feet per day (Bcf/d) of power sector gas consumption.
- **But US dry gas production has returned** to above 101Bcf/d after a June filled with pipeline maintenance. The higher production will offset with rising demand.
- **Expected above average inventory.** Bloomberg calculates 346Bcf of gas storage level variability attributable to weather between now and the end of summer 2023. All 12 scenarios modeled sit above the five-year-average storage level of 3,602Bcf.
- **Impact.** The high inventory level will continue to pressure gas price. We maintain our SELL rating on Banpu with DCF-based TP of Bt6.5.

Ex 3: US Gas Production



Source: Bloomberg

Ex 4: US Gas Inventory Forecast



Source: Bloomberg

Ex 5: Prices And Spreads

Unit		This week	Last week	% chg	Quarterly						Yearly		
					2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	2022	2022	2023
Upstream													
Dubai	(US\$/bbl)	82	78	5.5%	109	98	84	80	78	78	69	97	78
Brent	(US\$/mmbtu)	80	78	1.8%	112	98	89	82	78	78	71	99	79
Henry hub	(US\$/mmbtu)	2.5	2.6	-1.7%	7.5	7.9	6.1	2.8	2.3	2.6	3.7	6.5	2.6
JKM Spot	(US\$/mmbtu)	11.9	12.1	-1.4%	27.3	46.7	31.2	18.5	11.1	12.0	17.9	33.9	13.9
Dutch TTF	(EUR/MWh)	26	33	-22.5%	101	205	123	53	35	31	47	132	40
NEX coal price	(US\$/tonne)	132	138	-4.6%	365	418	380	255	161	137	136	357	184
Crack spreads over Dubai													
Gasoline	(US\$/bbl)	15.2	19.4	-21.9%	35.0	13.2	9.4	18.7	16.6	15.7	11.0	18.8	16.9
Jet fuel	(US\$/bbl)	15.4	15.5	-0.6%	39.2	32.4	33.5	26.5	14.0	15.0	5.8	30.3	20.0
Diesel	(US\$/bbl)	17.2	17.1	0.9%	43.1	35.2	39.3	25.2	14.6	16.6	6.7	34.3	19.1
HSFO	(US\$/bbl)	(5.0)	(7.8)	-36.6%	(3.2)	(22.3)	(22.5)	(16.3)	(8.7)	(8.2)	(4.9)	(14.1)	(12.6)
SG GRM	(US\$/bbl)	6.8	6.7	0.2%	24.9	14.2	16.1	13.3	6.4	6.0	3.9	16.8	9.4
Aromatics													
PX-naphtha	(US\$/tonne)	374	431	-13.4%	353	359	289	318	407	402	193	299	376
BZ-naphtha	(US\$/tonne)	169	226	-25.5%	367	298	184	252	275	197	285	267	242
Olefin													
HDPE-naphtha	(US\$/tonne)	364	421	-13.7%	445	368	336	373	436	392	532	392	401
LDPE-naphtha	(US\$/tonne)	354	411	-14.0%	807	635	523	476	443	382	909	683	434
PP-naphtha	(US\$/tonne)	294	351	-16.4%	442	362	301	369	403	322	650	386	365
Others													
Integrated PET	(US\$/tonne)	148	154	-4.4%	302	303	212	201	194	151	248	278	197
Phenol-BZ	(US\$/tonne)	55	95	-42.1%	193	233	269	87	69	75	264	279	78
BPA -Phenol	(US\$/tonne)	358	300	19.3%	625	369	368	282	294	329	1,711	551	288

Sources: TOP, Bloomberg

Ex 6: Valuation

	Rating	Current	Target	Upside/	Market	Norm EPS grw		Norm PE		EV/EBITDA		— P/BV —		— Yield —		— ROE —	
		price	price	(Downside)	cap	23F	24F	23F	24F	23F	24F	23F	24F	23F	24F	23F	24F
		(Bt)	(Bt)	(%)	(US\$ m)	(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)	(%)	(%)
BANPU	SELL	9.00	6.50	(27.8)	2,198	(86.6)	(23.1)	9.2	11.9	5.6	6.0	0.7	0.6	3.7	2.1	7.2	5.5
BCP	BUY	38.50	42.00	9.1	1,531	(56.0)	23.4	7.9	6.4	4.0	4.0	0.8	0.7	3.7	4.7	10.4	11.9
ESSO	BUY	9.15	10.50	14.8	915	(56.9)	(5.7)	6.7	7.1	6.2	5.9	1.1	1.0	3.6	5.8	17.0	15.0
IRPC	BUY	2.38	3.10	30.3	1,405	85.2	46.7	14.1	9.6	9.3	7.8	0.6	0.6	3.6	5.2	4.3	6.1
IVL	BUY	35.25	39.00	10.6	5,716	(55.3)	35.6	12.8	9.4	6.7	5.9	1.0	0.9	1.8	3.2	8.1	10.3
OR	SELL	20.90	19.00	(9.1)	7,244	3.8	8.5	23.4	21.6	14.5	13.4	2.3	2.1	1.7	1.8	10.0	10.2
PTT	SELL	35.00	28.00	(20.0)	28,873	(13.1)	(7.9)	10.6	11.5	4.2	4.0	0.9	0.9	5.7	5.7	8.9	7.9
PTTEP	BUY	158.50	170.00	7.3	18,174	(24.8)	(0.4)	9.2	9.3	2.7	2.7	1.3	1.2	5.4	4.7	14.1	13.1
PTTGC	HOLD	40.50	41.00	1.2	5,274	(43.5)	71.9	18.6	10.8	9.9	8.0	0.6	0.6	1.9	4.2	3.3	5.5
SCC	BUY	328.00	410.00	25.0	11,368	27.7	56.9	14.4	9.2	10.7	7.8	1.0	0.9	3.5	5.4	7.1	10.6
SPRC	BUY	8.20	12.50	52.4	1,027	(41.7)	(0.2)	7.1	7.2	4.3	4.2	0.9	0.8	7.0	5.8	12.6	12.1
TOP	BUY	46.75	58.00	24.1	3,016	(69.0)	(3.5)	8.4	8.7	9.3	10.4	0.6	0.6	4.8	4.6	7.8	7.2

Sources: Company data, Thanachart estimates

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