

Energy Sector – Overweight

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News Update

Brent reached new high in 2023

- **US oil stocks fall more than expected**
- **China finally announced fuel export quota**
- **Iran oil export rise in Aug**
- **Saudi extra cut offset the higher Iran output**

Brent crude oil price rose 2% this week to US\$89/bbl as market anticipate extended production cut by both Saudi Arabia and Russia. Another factor is a big US crude inventory draw.

Weekly US data: US oil stocks fall more than expected

- The Energy Information Administration reported an inventory decline of 10.6 million barrels. This is more than expected on the back of robust export and sturdy demand from refineries.
- In fuels, movements are mixed this week. Gasoline inventories dropped 0.2 million barrels. This compared with an inventory build of 1.5 million barrels for the previous week. In middle distillates, the EIA estimated an inventory increase of 1.23 million barrels. That compared with an inventory build of 0.9 million barrels for the previous week.

China finally announced fuel export quota

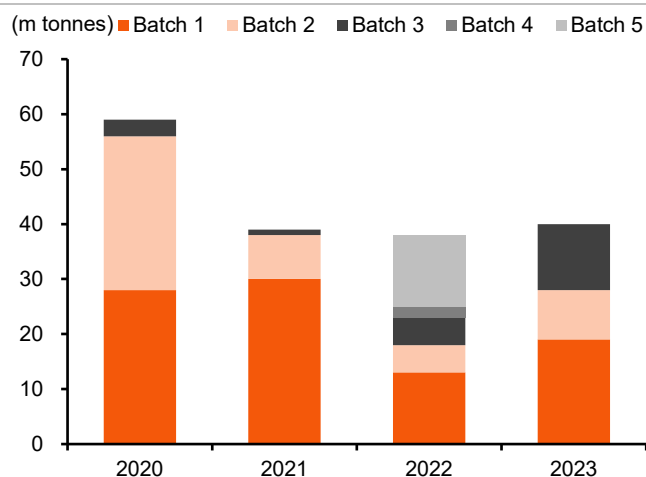
- **China 3rd batch of fuel export quota.** China has issued 12 million tones of oil products export quotas to companies in its third batch for 2023. The total quota will be at 40 million tones which is slightly higher than last year which was at 37.25 million tones. Market participants had initially expected the announcement of the quotas in the first half of August.
- **Chinese fuel export likely rise in Sep.** Chinese plants are expected to speed up their September exports to make up for lower volumes and margins in August, according to Energy Aspects Ltd. Sales of gasoline, diesel and jet fuel are likely to jump 15% to 3.7 million tons.
- **Impact.** We think refinery margin will see limited downside despite potential supply pressure from China fuel export. This is due to tight supply from maintenance season in Sep-Oct 23, winter demand, low global inventory and potential supply disruption during hurricane season. We maintain our BUY call on refiner (SPRC/TOP/BCP/Esso).

Ex 1: US Weekly data

(m bbls)	Weekly change	Consensus	Last week
Crude Oil	-10.584	-3.267	-6.135
Gasoline	-0.214	0.933	1.4677
Distillates	1.235	0.189	0.945
(k bpd)	Weekly change	% Change	Current number
Production	0.0	0.0%	12,800
Refinery Runs	-173	-1.0%	16,603

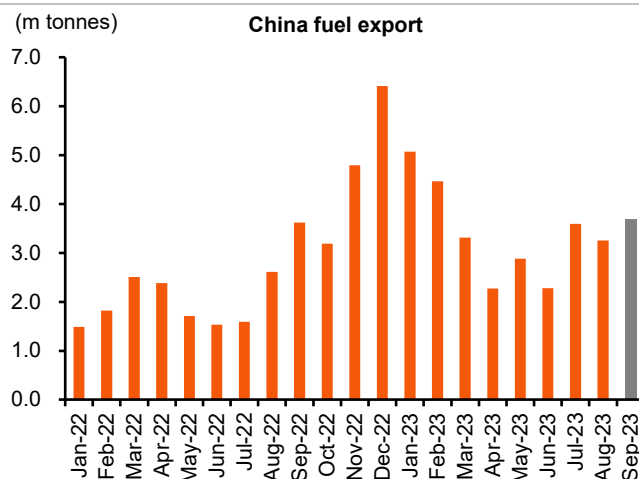
Source: EIA

Ex 2: China Fuel Export Quota



Source: Bloomberg

Ex 3: China Fuel Export

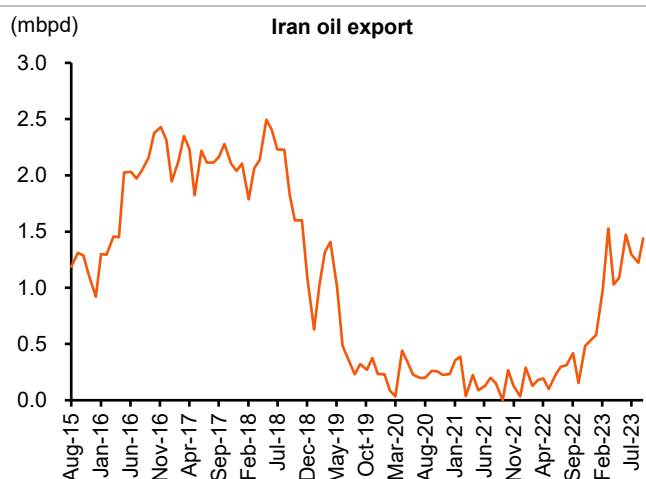


Source: Bloomberg

OPEC output marginally higher In Aug 2023

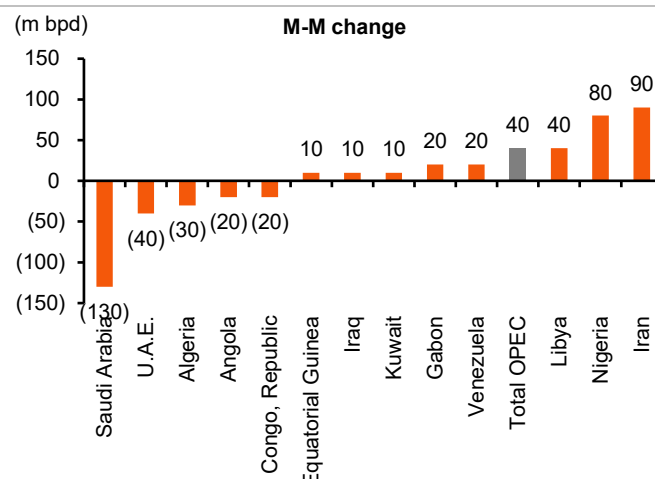
- **Iran's oil output and exports jumped in August** despite U.S. sanctions, according to consultants and companies that track tanker shipments. The United States has sought to limit Iran's oil exports since Donald Trump exited a 2015 nuclear accord in 2018 and re-imposed sanctions aimed at curbing revenues to Iran's government. But the exports have risen during President Joe Biden's term, with China a top buyer, according to the industry trackers. According to Bloomberg, Iran oil production increased by 90k bpd to 3m bpd in Aug 2023. This is comparing to 4.5million bpd pre-sanction.
- **Saudi extra cut offset the higher Iran output.** OPEC's oil production held broadly steady last month as curbs by group leader Saudi Arabia offset gains from other members, such as Iran. OPEC collectively pumped 27.82 million bpd in August, or 40,000 more than the previous month. The Saudis have persisted with their extra 1 million bpd supply cutback, introduced in July. Traders widely expect Saudi will soon announce another extension of the curbs into October.

Ex 4: Iran Oil Export



Source: Bloomberg

Ex 5: OPEC Output Change In Aug 2023



Source: Bloomberg

Ex 6: Prices And Spreads

Unit		This week	Last week	% chg	Quarterly						Yearly		
					2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	2022	2022	2023
Upstream													
Dubai	(US\$/bbl)	89	86	2.7%	109	98	84	80	78	84	69	97	80
Brent	(US\$/mmbtu)	89	84	4.8%	112	98	89	82	78	83	71	99	81
Henry hub	(US\$/mmbtu)	2.8	2.5	8.9%	7.5	7.9	6.1	2.8	2.3	2.6	3.7	6.5	2.6
JKM Spot	(US\$/mmbtu)	11.8	13.2	-11.0%	27.3	46.7	31.2	18.5	11.1	11.8	17.9	33.9	13.8
Dutch TTF	(EUR/MWh)	36	35	2.4%	101	205	123	53	35	32	47	132	40
NEX coal price	(US\$/tonne)	156	149	4.6%	365	418	380	255	161	141	136	357	186
Crack spreads over Dubai													
Gasoline	(US\$/bbl)	23.2	22.0	5.3%	35.0	13.2	9.4	18.7	16.6	19.7	11.0	18.8	18.3
Jet fuel	(US\$/bbl)	32.1	30.0	7.0%	39.2	32.4	33.5	26.5	14.0	23.9	5.8	30.3	21.5
Diesel	(US\$/bbl)	31.5	30.1	4.7%	43.1	35.2	39.3	25.2	14.6	25.6	6.7	34.3	21.8
HSFO	(US\$/bbl)	(1.1)	(0.8)	46.7%	(3.2)	(22.3)	(22.5)	(16.3)	(8.7)	(3.1)	(4.9)	(14.1)	(9.3)
SG GRM	(US\$/bbl)	15.1	14.4	4.9%	22.0	6.9	7.0	8.9	5.4	10.0	3.7	11.5	8.1
Aromatics													
PX-naphtha	(US\$/tonne)	383	378	1.4%	353	359	289	318	407	406	193	299	377
BZ-naphtha	(US\$/tonne)	263	258	2.0%	367	298	184	252	275	260	285	267	263
Olefin													
HDPE-naphtha	(US\$/tonne)	363	358	1.5%	445	368	336	373	436	373	532	392	394
LDPE-naphtha	(US\$/tonne)	363	358	1.5%	807	635	523	476	443	373	909	683	431
PP-naphtha	(US\$/tonne)	313	308	1.7%	442	362	301	369	403	316	650	386	363
Others													
Integrated PET	(US\$/tonne)	111	124	-9.9%	302	303	212	201	194	129	248	278	175
Phenol-BZ	(US\$/tonne)	36	76	-52.6%	193	233	269	87	79	88	264	279	85
BPA -Phenol	(US\$/tonne)	310	270	14.8%	625	369	368	282	299	273	1,711	551	285

Sources: TOP, Bloomberg

Ex 7: 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	8.30	6.50	(21.7)	2,005	(86.6)	(23.1)	8.5	11.0	5.4	5.8	0.6	0.6	4.1	2.3	7.2	5.5
BCP	BUY	38.75	42.00	8.4	1,524	(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	9.80	10.50	7.1	969	(56.9)	(5.7)	7.2	7.6	6.5	6.2	1.2	1.1	3.4	5.4	17.0	15.0
IRPC	BUY	2.34	3.10	32.5	1,366	85.2	46.7	13.8	9.4	9.3	7.8	0.6	0.6	3.6	5.3	4.3	6.1
IVL	BUY	29.00	37.00	27.6	4,652	(69.7)	29.4	15.5	12.0	6.9	6.4	0.8	0.8	1.6	2.5	5.5	6.8
OR	SELL	20.20	19.00	(5.9)	6,926	3.8	8.5	22.6	20.8	14.0	12.9	2.2	2.1	1.7	1.9	10.0	10.2
PTG	HOLD	10.40	11.40	9.6	496	4.0	18.5	18.0	15.2	4.5	3.9	2.0	1.9	2.5	3.0	11.5	12.8
PTT	SELL	35.00	31.00	(11.4)	28,564	(10.4)	(8.4)	10.2	11.2	4.5	4.1	0.9	0.9	5.7	5.7	9.1	8.1
PTTEP	BUY	162.50	170.00	4.6	18,433	(24.8)	(0.4)	9.5	9.5	2.8	2.8	1.3	1.2	5.2	4.6	14.1	13.1
PTTGC	HOLD	37.00	41.00	10.8	4,767	(43.5)	71.9	17.0	9.9	9.5	7.7	0.6	0.5	2.0	4.5	3.3	5.5
SCC	BUY	312.00	410.00	31.4	10,697	27.7	56.9	13.7	8.7	10.4	7.6	1.0	0.9	3.6	5.7	7.1	10.6
SPRC	BUY	9.25	12.50	35.1	1,146	(41.7)	(0.2)	8.1	8.1	4.8	4.7	1.0	1.0	6.2	5.2	12.6	12.1
TOP	BUY	51.50	58.00	12.6	3,287	(69.0)	(3.5)	9.3	9.6	9.7	10.8	0.7	0.7	4.3	4.2	7.8	7.2

Sources: Company data, Thanachart estimates

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