

Energy Sector – Neutral

Yupapan Polpornprasert | Email: yupapan.pol@thanachartsec.co.th

News Update

Oil price headed for third week gain

- **Inventory build across products**
- **China's refinery throughput jumps to record highs**
- **Russia mulls ban on oil product exports**
- **Erawan output ramp up delay**

Oil rose for the third straight week as the market continued to tighten on the back of production cuts from Saudi Arabia and Russia. On the demand side, the picture has brightened as data from China show robust demand for refined oil products.

Weekly US data: Inventory build across products

- US crude inventories snapped a five-week streak of declines amid strong imports. The Energy Information Administration (EIA) reported an inventory build by 3.95 million barrels this week.
- In fuels, gasoline inventories build 5.6 million barrels. This compared with an inventory draw of 2.7 million barrels for the previous week. This is following a drop in gasoline demand as driving season end. According to EIA data, US implied gasoline demand plunged over 1 million bpd, the largest weekly decline in 2023. Distillate figures mirrored what was seen in gasoline, just less dramatically. Implied demand on a weekly basis saw a dip of 300,000 bpd. Stockpiles, meanwhile, recorded a fairly hefty build of 4 million barrels.

China's refinery throughput jumps to record highs

- **China's refiners boost crude oil output.** High margins on the export markets and peak domestic summer demand prompted China's refiners to boost crude oil processing to a record-high 15.23 million barrels per day (bpd) in August. The total throughput jumped last month by 19.6% compared to August 2022 while accumulated output during Jan-Aug increased by 11.9%, according to data from China's National Bureau of Statistics (NBS) quoted by Reuters. The rise in refinery runs was the highest annual increase since March 2021
- **US truck demand rebound.** In the US, demand is also getting a boost from a rebound in trucking, the country's largest diesel-consuming sector by far. That helped propel fuel consumption above year-ago levels in early September, though it remains 2% below the five-year average for this time of year.
- **Impact.** Refinery throughputs are likely to remain elevated as China has just issued the third batch of fuel export quotas for this year. The news of record-high refinery throughput only added to bullish sentiment in oil markets. Maintain **BUY on PTTEP** and **attractive value refiners like BCP, TOP and ESSO**.

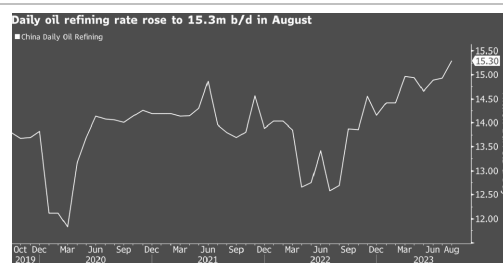
Ex 1: US Weekly data

(m bbls)	Weekly change	Consensus	Last week
Crude Oil	3.954	-1.912	-6.307
Gasoline	5.560	0.237	-2.666
Distillates	3.931	1.303	0.679

(k bpd)	Weekly change	% Change	Current number
Production	+100.0	0.8%	12,900
Refinery Runs	+177	+1.1%	16,800

Source: EIA

Ex 2: China Oil Refining Run Rate

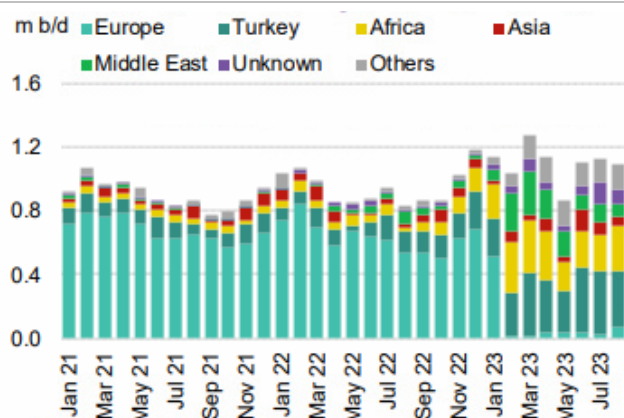


Sources: Bloomberg

Russia mulls ban on oil product exports

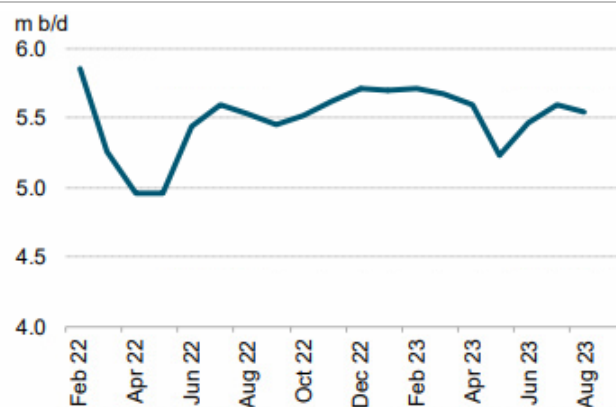
- **Russia is considering drastic measure to prevent domestic shortage.** Russia is again reviving the possibility that it could ban all crude oil product exports in order to stabilize volatile fuel prices in the country, according to Russia's TASS news agency. Alternatively, Russia could increase its oil product exports duty to US\$250 per tonne. This duty will be refunded for those companies that meet their quota for supplying fuel to Russia's domestic market. In August, Russian newspaper Izvestia reported gasoline shortages at fuel stations across the country. We believe this is following refiners are exporting its product given a better margin.
- **Russian refiners are entering maintenance season.** Russia product exports will likely fall as refinery intake usually declines in September and October due to seasonal maintenance. Diesel loadings from Russian ports on the Black and Baltic Seas, including some batches from Belarus, are set at 466,000 pbd this month, down almost 25% from August's plan, according to industry data seen by Bloomberg.

Ex 3: Russia's Diesel Exports



Source: Bloomberg

Ex 4: Russia Refinery Runs

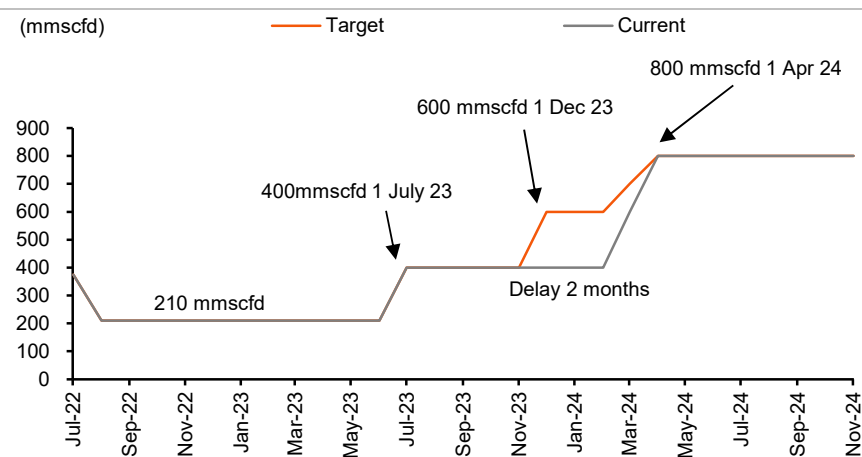


Source: Bloomberg

Erawan output ramp up delay

- **Disruption in Erawan output ramp up.** Erawan output unlikely to reach 600mmscfd by 1 Dec 2023 from 400mmscfd in July 2023 as planned, according to Thailand department of Mineral Fuels (DMF). This is due to damage to ship that use to install oil platform. The plan to reach 600mmscfd therefore has delay by two months.
- **Increase output from other fields to offset.** PTTEP expect to see limited impact from the delay ramp up as the company plan to up Bongkot output by 100mmscfd and Arthit output by 60 mmscfd to offset. The company also still target to reach 800mmscfd by 1st April as planned.

Ex 5 Erawan's Production Plan



Sources: Department of Mineral Fuels (DMF)

Ex 6: Prices And Spreads

Unit		This week	Last week	%	Quarterly						Yearly		
					2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	2022	2022	2023
Upstream													
Dubai	(US\$/bbl)	96	92	4.8%	109	98	84	80	78	85	69	97	81
Brent	(US\$/mmbtu)	94	91	3.6%	112	98	89	82	78	84	71	99	81
Henry hub	(US\$/mmbtu)	2.6	2.6	1.5%	7.5	7.9	6.1	2.8	2.3	2.6	3.7	6.5	2.6
JKM Spot	(US\$/mmbtu)	11.8	13.3	-11.4%	27.3	46.9	31.2	18.4	11.1	11.9	17.9	34.0	13.8
Dutch TTF	(EUR/MWh)	36	35	5.7%	101	205	123	53	35	33	47	132	40
NEX coal price	(US\$/tonne)	161	156	2.7%	365	418	380	255	161	145	136	357	187
Crack spreads over Dubai													
Gasoline	(US\$/bbl)	18.7	22.4	-16.5%	35.0	13.2	9.4	18.7	16.6	19.5	11.0	18.8	18.2
Jet fuel	(US\$/bbl)	30.0	33.3	-10.0%	39.2	32.4	33.5	26.5	14.0	26.2	5.8	30.3	22.2
Diesel	(US\$/bbl)	28.9	31.7	-8.6%	43.1	35.2	39.3	25.2	14.6	26.8	6.7	34.3	22.2
HSFO	(US\$/bbl)	(7.3)	(4.2)	74.5%	(3.2)	(22.3)	(22.5)	(16.3)	(8.7)	(4.7)	(4.9)	(14.1)	(9.9)
SG GRM	(US\$/bbl)	11.4	14.5	-21.9%	22.0	6.9	7.0	8.9	5.4	11.2	3.7	11.5	8.5
Aromatics													
PX-naphtha	(US\$/tonne)	359	381	-5.7%	353	359	289	318	407	403	193	299	376
BZ-naphtha	(US\$/tonne)	289	311	-7.0%	367	298	184	252	275	267	285	267	265
Olefin													
HDPE-naphtha	(US\$/tonne)	324	346	-6.3%	445	368	336	373	436	366	532	392	392
LDPE-naphtha	(US\$/tonne)	324	346	-6.3%	807	635	523	476	443	367	909	683	429
PP-naphtha	(US\$/tonne)	264	286	-7.7%	442	362	301	369	403	308	650	386	360
Others													
Integrated PET	(US\$/tonne)	99	94	4.9%	302	303	212	201	194	128	248	278	174
Phenol-BZ	(US\$/tonne)	71	100	-29.0%	193	233	269	87	79	88	264	279	85
BPA -Phenol	(US\$/tonne)	262	262	0.0%	625	369	368	282	299	273	1,711	551	285

Sources: TOP, Bloomberg

Ex 7: Valuation

	Rating	Current price (Bt)	Target price (Bt)	Upside/ Downside (%)	Market cap (US\$ m)	Norm EPS grw		Norm PE		EV/EBITDA		— P/BV —		— Yield —		— ROE —	
						23F (%)	24F (%)	23F (x)	24F (x)	23F (x)	24F (x)	23F (x)	24F (x)	23F (%)	24F (%)	23F (%)	24F (%)
BANPU	SELL	7.90	7.00	(11.4)	1,865	(86.8)	(16.8)	8.2	9.8	5.6	5.8	0.6	0.6	3.2	2.5	7.1	5.9
BCP	BUY	40.75	45.00	10.4	1,567	(41.6)	(5.1)	6.3	6.6	3.6	4.0	0.8	0.8	3.8	3.5	13.6	11.9
ESSO	BUY	9.80	11.50	17.3	947	(51.7)	(18.0)	6.4	7.8	5.7	5.6	1.2	1.1	3.1	3.6	18.8	14.2
IRPC	SELL	2.20	1.90	(13.6)	1,255	50.6	(2.2)	16.0	16.3	9.5	9.7	0.6	0.5	1.7	1.4	3.5	3.4
IVL	BUY	28.00	37.00	32.1	4,389	(69.7)	29.4	15.0	11.6	6.8	6.3	0.8	0.8	1.7	2.6	5.5	6.8
OR	SELL	19.80	17.50	(11.6)	6,634	3.8	(1.7)	22.2	22.6	13.7	13.8	2.2	2.0	1.8	1.7	10.0	9.3
PTG	HOLD	10.00	11.40	14.0	466	4.0	18.5	17.3	14.6	4.4	3.8	1.9	1.8	2.6	3.1	11.5	12.8
PTT	SELL	35.00	31.00	(11.4)	27,911	(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	167.50	187.00	11.6	18,565	(13.8)	(2.1)	8.5	8.7	2.7	2.6	1.3	1.2	5.4	5.1	16.0	14.4
PTTGC	HOLD	35.75	37.00	3.5	4,500	(72.4)	103.9	33.6	16.5	11.6	9.4	0.5	0.5	2.1	2.2	1.6	3.3
SCC	BUY	310.00	390.00	25.8	10,386	11.5	40.9	15.6	11.1	11.2	8.9	0.9	0.9	4.8	4.5	6.2	8.3
SPRC	HOLD	9.15	9.80	7.1	1,108	(52.1)	(16.7)	9.7	11.6	5.3	6.0	1.0	0.9	3.3	2.2	10.4	8.3
TOP	BUY	49.50	56.00	13.1	3,087	(57.0)	(28.4)	6.4	9.0	7.8	10.5	0.7	0.6	4.8	3.7	10.7	7.3

Sources: Company data, Thanachart estimates

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