

Energy Sector – Neutral

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News Update

Rising diesel supply risk

- **US inventory draw across products**
- **Russia bans oil product exports**
- **Chevron LNG workers end strike**
- **Norway's huge Troll a platform resumes gas output**

Crude oil prices were steady while oil products, especially diesel, market is expected to tighten after Russia announced a ban of export of its oil products. Meanwhile, gas price should ease as Chevron LNG worker announced the end of strike and Norway's Troll A platform resume gas production.

Weekly US data: US inventory draw across products

- The Energy Information Administration (EIA) reported an inventory draw by 2.13 million barrels this week. That compared with a build of some 4 million barrels for the previous week.
- In fuels, gasoline inventories draw marginally by 0.8 million barrels. This compared with an inventory build of 5.6 million barrels for the previous week. Distillate figures mirrored what was seen in gasoline. Stockpiles drop by 2.9 million barrels this week compared to a build of 3.9 million barrels.

Russia bans oil product exports to stabilize domestic market

- **Russia has introduced a ban on exports of diesel and gasoline**, according to a government decree published Sept. 21. The ban includes finished grade gasoline as well as summer, intermediate and winter diesel grades as well as heavy distillates including gasoil.
- **Russia is the second biggest diesel exporter** behind US and has been exporting almost 1 million bpd of diesel this year, compared with gasoline flows of around 150,000 bpd. Since the war in Ukraine, Russian diesel exports have increasingly found new markets outside their traditional European demand center where France, the UK, and Germany were major buyers. Turkey and Brazil are currently the biggest single buyers of Russian diesel. Combined, they absorbed 55% of Russian diesel exports in August.
- **Market expect the ban will be brief.** It is unclear how long it would last but there are widespread expectations it'll be brief. Once domestic supplies are replenished, Russia will have to resume exports due to a lack of spare storage capacity," industry consultant FGE said in a note. At the latest, Russian diesel exports are expected to resume in two weeks, possibly earlier
- **Russia export cut already begin.** Russia cut its seaborne diesel and gasoil exports by nearly 30% to about 1.7 million metric tons in the first 20 days of September from the same time in August, as local refineries went into seasonal maintenance and the domestic market faces a fuel shortage and rising prices, traders said and LSEG data show.

Ex 1: US Weekly data

(m bbls)	Weekly change	Consensus	Last week
Crude Oil	-2.135	-2.200	3.954
Gasoline	-0.831	0.317	5.560
Distillates	-2.867	0.217	3.931

(k bpd)	Weekly change	% Change	Current number
Production	0.0	0.0%	12,900
Refinery Runs	-496	-3.0%	16,304

Source: EIA

- **Impact.** This could lead to tighter diesel supply and continue to support refinery margin. We maintain our **BUY** call on **TOP, BCP, and ESSO**.

Chevron LNG workers end strike

- **The Offshore Alliance trade union has called off a strike** at two Chevron LNG projects in Australia after the country's labor market regulator mediated a settlement between the parties. Workers accepted a proposed settlement on pay and conditions put forward by the country's labor regulator and will suspend industrial action.
- **Norway's huge Troll a platform resumes gas output** and is ramping up flows to Europe after a long period of maintenance. This has caused European gas price to weaken. Norway is now Europe's single largest gas supplier after Russia cut off pipeline supply to most of its EU customers after the invasion of Ukraine. Troll A is the platform used to produce gas from the Troll field, Western Europe's largest, with a daily capacity to deliver up to 125 million cubic metres (mcm) via pipelines to Europe. Gassco, infrastructure operator, said the supply to Europe was set to hit 50 mcm on Thursday and 70 mcm on Friday. Near full output of 119 mcm per day is now scheduled for Monday.
- **Impact.** This could lead to less concern on gas supply and cause gas price to trend lower. BANPU stands as the most impact given its exposure via its shale gas business in the US. We maintain our **SELL** rating on **BANPU**.

Ex 2: Prices And Spreads

Unit		This week	Last week	% chg	Quarterly						Yearly		
					2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	2022	2022	2023
Upstream													
Dubai	(US\$/bbl)	95	96	-1.5%	109	98	84	80	78	86	69	97	81
Brent	(US\$/mmbtu)	94	94	0.2%	112	98	89	82	78	85	71	99	82
Henry hub	(US\$/mmbtu)	2.6	2.6	-0.4%	7.5	7.9	6.1	2.8	2.3	2.7	3.7	6.5	2.6
JKM Spot	(US\$/mmbtu)	14.6	11.8	23.1%	27.3	46.9	31.2	18.4	11.1	12.1	17.9	34.0	13.9
Dutch TTF	(EUR/MWh)	40	36	9.1%	101	205	123	53	35	33	47	132	41
NEX coal price	(US\$/tonne)	161	161	0.0%	365	418	380	255	161	146	136	357	187
Crack spreads over Dubai													
Gasoline	(US\$/bbl)	20.5	18.7	9.5%	35.0	13.2	9.4	18.7	16.6	19.5	11.0	18.8	18.2
Jet fuel	(US\$/bbl)	32.0	30.0	6.7%	39.2	32.4	33.5	26.5	14.0	26.2	5.8	30.3	22.2
Diesel	(US\$/bbl)	31.7	28.9	9.4%	43.1	35.2	39.3	25.2	14.6	26.8	6.7	34.3	22.2
HSFO	(US\$/bbl)	(7.2)	(7.3)	-1.0%	(3.2)	(22.3)	(22.5)	(16.3)	(8.7)	(4.7)	(4.9)	(14.1)	(9.9)
SG GRM	(US\$/bbl)	12.6	11.4	10.5%	22.0	6.9	7.0	8.9	5.4	11.1	3.7	11.5	8.5
Aromatics													
PX-naphtha	(US\$/tonne)	432	424	1.8%	353	359	289	318	407	410	193	299	379
BZ-naphtha	(US\$/tonne)	332	324	2.4%	367	298	184	252	275	275	285	267	268
Olefin													
HDPE-naphtha	(US\$/tonne)	332	324	2.4%	445	368	336	373	436	363	532	392	391
LDPE-naphtha	(US\$/tonne)	342	334	2.3%	807	635	523	476	443	365	909	683	428
PP-naphtha	(US\$/tonne)	272	264	2.9%	442	362	301	369	403	305	650	386	359
Others													
Integrated PET	(US\$/tonne)	74	99	-25.0%	302	303	212	201	194	119	248	278	171
Phenol-BZ	(US\$/tonne)	117	71	64.8%	193	233	269	87	79	82	264	279	83
BPA -Phenol	(US\$/tonne)	240	262	-8.4%	625	369	368	282	299	275	1,711	551	285

Sources: TOP, Bloomberg

Ex 3: Valuation

	Rating	Current price	Target price	Upside/ (Downside)	Market cap	Norm EPS grw		Norm PE		EV/EBITDA		— P/BV —		— Yield —		— ROE —	
		(Bt)	(Bt)	(%)	(US\$ m)	23F (%)	24F (%)	23F (x)	24F (x)	23F (x)	24F (x)	23F (x)	24F (x)	23F (%)	24F (%)	23F (%)	24F (%)
BANPU	SELL	7.85	7.00	(10.8)	1,843	(86.8)	(16.8)	8.1	9.8	5.6	5.7	0.6	0.6	3.3	2.6	7.1	5.9
BCP	BUY	41.25	45.00	9.1	1,577	(41.6)	(5.1)	6.3	6.7	3.6	4.0	0.8	0.8	3.7	3.5	13.6	11.9
ESSO	BUY	9.80	11.50	17.3	942	(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	2.10	1.90	(9.5)	1,192	50.6	(2.2)	15.2	15.6	9.4	9.6	0.5	0.5	1.8	1.5	3.5	3.4
IVL	BUY	27.75	37.00	33.3	4,327	(69.7)	29.4	14.9	11.5	6.8	6.3	0.8	0.8	1.7	2.6	5.5	6.8
OR	SELL	19.00	17.50	(7.9)	6,332	3.8	(1.7)	21.3	21.6	13.1	13.2	2.1	2.0	1.8	1.8	10.0	9.3
PTG	HOLD	9.80	11.40	16.3	454	4.0	18.5	17.0	14.3	4.3	3.7	1.9	1.8	2.7	3.1	11.5	12.8
PTT	SELL	33.50	30.00	(10.4)	26,572	(5.0)	(5.8)	9.2	9.8	4.2	3.8	0.9	0.8	6.0	6.0	9.6	8.7
PTTEP	BUY	166.50	187.00	12.3	18,356	(13.8)	(2.1)	8.5	8.6	2.6	2.6	1.3	1.2	5.4	5.1	16.0	14.4
PTTGC	HOLD	35.50	37.00	4.2	4,445	(72.4)	103.9	33.4	16.4	11.6	9.4	0.5	0.5	2.1	2.3	1.6	3.3
SCC	BUY	310.00	390.00	25.8	10,330	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	8.95	9.80	9.5	1,078	(52.1)	(16.7)	9.5	11.4	5.2	5.8	1.0	0.9	3.4	2.3	10.4	8.3
TOP	BUY	49.50	56.00	13.1	3,071	(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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