

## Energy Sector – Neutral

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### News Update

#### Crude oil price rebound

- **Another US crude inventory decline**
- **China's coal use and output are rising**
- **China coal import reached 3-month high**
- **Refineries in China announced bankruptcy**

#### Weekly US data: Another US crude inventory decline

- Crude inventories fell by 1.6 million barrels to 417.5 million barrels in the week ending Sept. 13, the EIA said, compared with analysts' expectations in a Reuters poll for a 200,000-barrel draw.
- Gasoline stocks build marginally by 0.07 million barrels in the week. This compared with a build of 2.3 million barrels for the previous week. In middle distillates, inventory also show a small build of 0.125 million barrels. This compared with a stock build of 2.3 million barrels for the previous week.

#### China's coal use and output are rising

- **China's coal power generation returns to growth.** China's thermal power generation returned to growth in August for the first time in four months, but it still lagged the increase in overall electricity output as renewables continued to surge. Electricity from thermal sources rose 3.7% in August from a year earlier to 614.9 billion kilowatt-hours (kWh), according to official data released on Sept. 14. The gain in thermal generation was less than the 5.8% rise in total electricity output to 907.4 billion kWh, reflecting the strong increase in clean energy production.
- **China coal import reached 3-month high.** Data from commodity analysts Kpler showing arrivals of 30.42 million tonnes of thermal coal in August, a three-month high and up from July's 28.55 million. September imports of seaborne thermal coal are also on track for a robust outcome.
- **Impact.** While the deployment of renewables is resulting in them claiming a larger share of generation, the amount of electricity from coal is still rising, and will likely continue to do so. China is still building new coal-fired plants at a rapid pace, with data from the Global Energy Monitor showing 173.5 GW currently under construction. This should continue to support high coal price which should be positive for BANPU (BUY, TP Bt8.0).

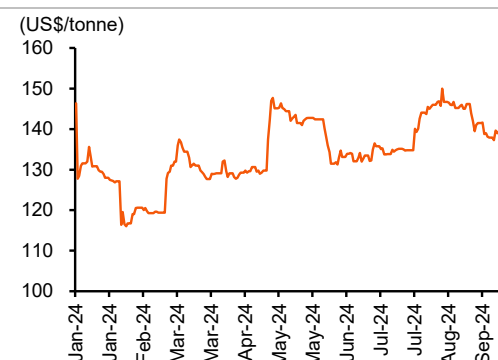
#### Ex 1: US Weekly data

(m bbls)	Weekly change	Consensus	Last week
Crude Oil	-1.630	-0.200	0.833
Gasoline	0.069	0.610	2.310
Distillates	0.125	0.080	2.308

(k bpd)	Weekly change	% Change	Current number
Production	-100.0	-0.1%	13,200
Refinery Runs	-134	-0.8%	16,877

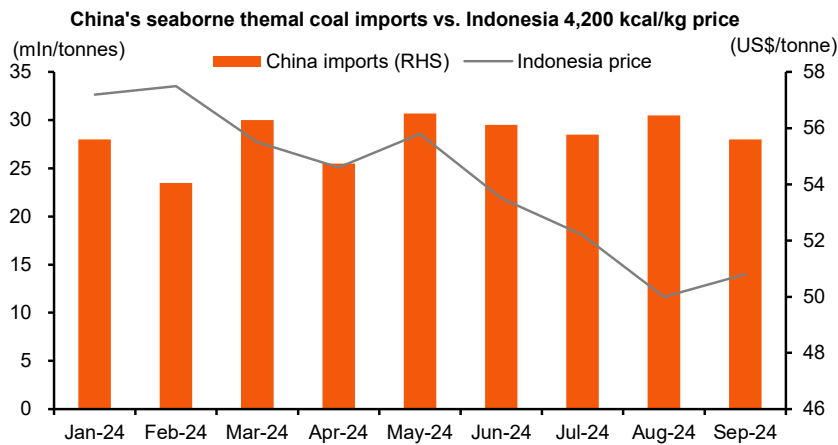
Source: EIA

#### Ex 2: NEX Coal Price



Source: Bloomberg

**Ex 3: China's Thermal Coal Imports**

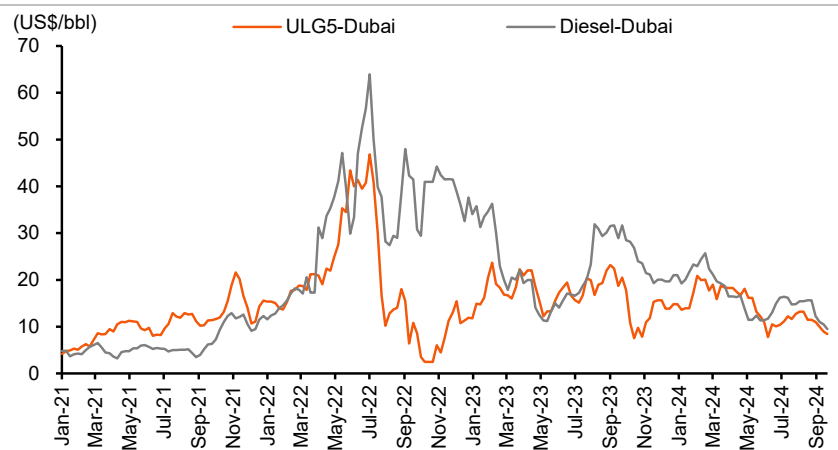


Note: Note: September imports are an estimate as of Sept. 18, price is as of Sep.13.  
Source: Kpler

**Refinery margin plummet**

- **Diesel margins near 3-year low.** The margin for 10-ppm gasoil, a fuel used in transportation and industries, slipped to US\$11 a barrel, down from US\$15/bbl in Aug. This is due to weak demand in Europe, resulting in rising inventory in Europe. Meanwhile, apparent diesel demand in China is down by 3% in the first seven months.
- **Refineries in China announced bankruptcy.** Three oil refiners in China run by chemical conglomerate Sinochem Group Co. were declared bankrupt, highlighting the headwinds older units face as margins plummet. Located in eastern China's refining hub of Shandong, the three plants have a combined crude oil processing capacity of 380,000 barrels per day, or about 3% of China's national refinery output. Shandong-based independent refineries operated at an average of 56.4% of their capacity in August, 10 percentage points below levels a year ago as weak fuel demand depressed processing margin.
- **Impact.** Persistent weak margins could prompt refiners to trim their output which should provide support to refinery margin. We expect margin to rebound in 4Q24 due to seasonal winter demand. Maintain BUY on BCP, BSRC and SPRC.

**Ex 4: Refinery Margin Plummeting**



Sources: Bloomberg, Thanachart estimates

## Ex 5: Prices And Spreads

Unit	This week	Last week	% chg	Quarterly						Yearly			
				2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	2022	2023	2024	
<b>Upstream</b>													
Dubai (US\$/bbl)	75	73	2.5%	78	87	84	82	85	79	97	81	82	
Brent (US\$/mmbtu)	74	72	4.0%	78	86	83	82	85	79	99	82	82	
Henry hub (US\$/mmbtu)	2.4	2.3	5.6%	2.3	2.7	2.9	2.1	2.3	2.2	6.5	2.6	2.2	
JKM Spot (US\$/mmbtu)	13.0	13.7	-5.1%	11.1	12.3	15.6	9.7	11.2	13.0	34.0	13.9	11.3	
Dutch TTF (EUR/MWh)	34	36	-3.4%	35	34	43	28	32	36	132	41	32	
NEX coal price (US\$/tonne)	140	138	1.2%	161	147	136	127	136	140	357	188	134	
<b>Crack spreads over Dubai</b>													
Gasoline (US\$/bbl)	8.4	9.0	-6.0%	16.6	18.9	12.6	17.9	13.1	11.9	18.8	16.7	14.3	
Jet fuel (US\$/bbl)	11.2	12.4	-9.5%	14.0	26.1	23.6	21.1	13.2	14.6	30.3	22.5	16.3	
Diesel (US\$/bbl)	9.5	10.5	-9.6%	14.6	26.9	21.1	21.7	13.7	15.6	34.3	21.9	17.0	
HSFO (US\$/bbl)	(6.1)	(8.4)	-27.3%	(8.7)	(5.4)	(11.0)	(9.7)	(5.1)	(4.4)	(14.1)	(10.3)	(6.4)	
<b>SG GRM (US\$/bbl)</b>	<b>2.9</b>	<b>3.0</b>	<b>-5.9%</b>	<b>5.4</b>	<b>10.9</b>	<b>6.3</b>	<b>8.1</b>	<b>4.9</b>	<b>5.4</b>	<b>11.5</b>	<b>7.9</b>	<b>6.1</b>	
<b>Aromatics</b>													
PX-naphtha (US\$/tonne)	167	205	-18.4%	407	407	349	323	336	269	299	378	309	
BZ-naphtha (US\$/tonne)	327	375	-12.7%	275	273	269	326	391	356	267	267	357	
<b>Olefin</b>													
HDPE-naphtha (US\$/tonne)	327	335	-2.3%	436	361	350	333	350	336	392	390	340	
LDPE-naphtha (US\$/tonne)	507	525	-3.4%	443	363	372	454	519	553	683	427	509	
PP-naphtha (US\$/tonne)	337	345	-2.2%	403	305	303	302	331	331	386	359	321	
<b>Others</b>													
Integrated PET (US\$/tonne)	152	160	-4.5%	194	114	135	136	131	143	278	161	137	
Phenol-BZ (US\$/tonne)	145	110	31.8%	79	89	64	(52)	(38)	58	279	80	(11)	
BPA -Phenol (US\$/tonne)	218	233	-6.4%	299	270	327	317	303	275	551	294	298	

Sources: TOP, Bloomberg

## Ex 6: Valuation

	Rating	Current	Target	Upside/	Market cap	Norm EPS grw		Norm PE		EV/EBITDA		— P/BV —		— Yield —		— ROE —	
		price	price	(Downside)		24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F
		(Bt)	(Bt)	(%) (US\$ m)	(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)	(%)	(%)	
BANPU	BUY	7.40	8.00	8.1	2,243	(32.2)	9.5	13.2	12.1	6.4	6.0	0.6	0.5	4.5	4.1	4.3	4.6
BCP	BUY	36.75	53.00	44.2	1,531	(2.8)	11.7	5.4	4.8	4.3	3.9	0.6	0.6	4.5	5.0	12.5	12.8
BSRC	BUY	8.00	11.00	37.5	837	27.2	38.5	8.6	6.2	5.7	4.4	0.9	0.8	4.3	6.0	11.1	14.2
IRPC	SELL	1.74	1.50	(13.8)	1,075	na	104.6	58.1	28.4	11.8	10.5	0.5	0.5	0.0	0.7	0.8	1.6
IVL	BUY	24.60	20.00	(18.7)	4,178	183.0	57.2	30.5	19.4	7.2	6.5	0.9	0.9	0.0	1.5	3.4	5.2
OR	SELL	17.30	13.80	(20.2)	6,279	(5.3)	6.4	19.8	18.6	10.3	9.8	1.8	1.7	2.8	3.0	9.4	9.6
PTG	SELL	10.40	6.80	(34.6)	525	(0.8)	6.0	18.4	17.4	4.3	4.4	1.9	1.8	2.4	2.6	10.5	10.5
PTT	SELL	33.25	29.00	(12.8)	28,726	(9.8)	2.1	10.6	10.4	4.1	3.8	0.8	0.8	6.0	6.0	8.0	8.0
PTTEP	BUY	138.00	188.00	36.2	16,571	(2.5)	(7.6)	7.1	7.7	2.0	2.1	1.0	0.9	6.9	6.5	14.7	12.6
PTTGC	SELL	28.00	25.00	(10.7)	3,819	na	720.0	136.9	16.7	10.4	8.2	0.5	0.4	2.7	2.2	0.3	2.7
SCC	BUY	238.00	275.00	15.5	8,639	(3.7)	66.5	19.8	11.9	17.8	9.6	0.8	0.7	2.5	4.2	3.9	6.3
SPRC	BUY	6.85	9.80	43.1	898	na	(3.3)	8.7	9.0	5.1	4.6	0.8	0.7	2.9	3.0	9.1	8.3
TOP	HOLD	50.25	55.00	9.5	3,395	(49.0)	24.8	8.0	6.4	8.7	8.2	0.6	0.6	4.2	5.2	8.3	9.8

Sources: Company data, Thanachart estimates

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