

## Energy Sector – Neutral

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### News Update

#### Big sentiment boost from China stimulus

- **Another US crude inventory decline**
- **China unveil major economic stimulus package**
- **Demand outlook unclear**
- **Saudi Arabia will give up its US\$100 price target**

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

- Crude inventories fell by another 4.47 million barrels compared with analysts' expectations of 1.3-million-barrel draw.
- Gasoline stocks also fell by 1.5 million barrels in the week. This compared with a build of 0.07 million barrels for the previous week. In middle distillates, inventory also show a big draw of 2.2 million barrels. This compared with a stock build of 0.1 million barrels for the previous week.

#### China unveil major economic stimulus package

- **PBoC ramps up stimulus to support economy.** In a surprise move, Beijing unveiled a slate of monetary stimulus over Sept. 24-25 aimed at improving liquidity in the country's economy which continues to struggle through an uneven recovery. This included a 50 basis points cut to the closely watched Reserve Requirement Ratio followed by a 30-bps cut to the central bank's key benchmark lending rate – the Medium-term lending facility rate.
- **Demand outlook unclear.** The longevity of the sentiment boost by the latest stimulus moves remains precarious. The health of the country's construction and real estate sector remains unclear with mortgage rate benchmarks still unchanged. A broader confidence deficit continues to underpin the bearish outlook on China's real estate with the five-year Loan Prime Rate – a benchmark for mortgage rates – remaining unchanged.
- **Impact.** While impact from the measures remains unclear and likely be limited, we believe positive sentiment could drive a short-term share price recovery for China related names. Thus, we see tactical trading opportunities in the near term. Key beneficiary for these are SCGP (BUY), IVL (BUY), SCC (BUY), PTTGC (SELL) and IRPC (SELL).

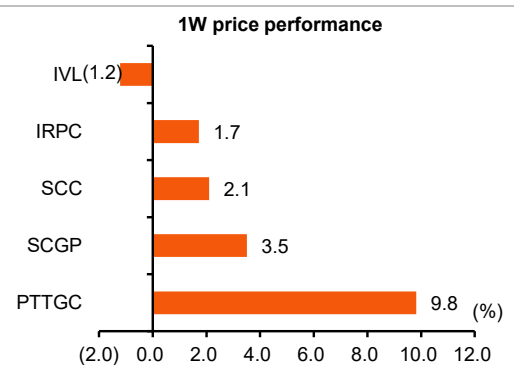
#### Ex 1: US Weekly data

(m bbls)	Weekly change	Consensus	Last week
Crude Oil	-4.471	-1.300	-1.630
Gasoline	-1.538	0.200	0.069
Distillates	-2.227	-2.200	0.125

(k bpd)	Weekly change	% Change	Current number
Production	0.0	0.0%	13,200
Refinery Runs	-218	-1.3%	16,659

Source: EIA

#### Ex 2: China Related Names Price Changes



Source: Bloomberg

### Saudi Arabia will give up its US\$100 price target

- **Saudi is expecting to ramp up production.** Oil prices fell more than 3% on Thursday on a Financial Times report that Saudi Arabia, the world's top crude exporter, will give up its US\$100 price target in preparation for raising output, along with OPEC members and allies in December.
- **Raising output is already in the plan.** Originally, the group planned to start unwinding these cuts in October, but concerns about global economic weakness, particularly in China, led to a two-month delay. Two OPEC+ sources told Reuters on Thursday that the producer group is set to go ahead with a December oil output increase because its impact will be small should a plan for some members to make larger cuts to compensate for overproduction be delivered in September and later months.
- **Focus is not flooding the market.** Sources within Opec+ have since dismissed those assertions outright, insisting that the basis for the group's collective decision-making will always be market fundamentals, and in particular the five-year average of crude inventories, rather than targeting any particular oil price.
- **Impact.** We think the oil price correction from this news is overreact and oil price already rebound marginally from Thurs. We still maintain our BUY rating on PTTEP given strong balance sheet and dividend yield support of 7% 2024F.

### Ex 3: 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)	71	75	-4.8%	78	87	84	82	85	79	97	81	82
Brent (US\$/mmbtu)	72	74	-3.4%	78	86	83	82	85	79	99	82	82
Henry hub (US\$/mmbtu)	2.9	2.4	19.2%	2.3	2.7	2.9	2.1	2.3	2.2	6.5	2.6	2.2
JKM Spot (US\$/mmbtu)	13.2	13.0	1.8%	11.1	12.3	15.6	9.7	11.2	13.0	34.0	13.9	11.3
Dutch TTF (EUR/MWh)	38	34	10.7%	35	34	43	28	32	36	132	41	32
NEX coal price (US\$/tonne)	140	140	0.2%	161	147	136	127	136	140	357	188	134
<b>Crack spreads over Dubai</b>												
Gasoline (US\$/bbl)	10.2	8.4	20.5%	16.6	18.9	12.6	17.9	13.1	11.9	18.8	16.7	14.3
Jet fuel (US\$/bbl)	10.0	11.2	-10.4%	14.0	26.1	23.6	21.1	13.2	14.6	30.3	22.5	16.3
Diesel (US\$/bbl)	9.7	9.5	2.2%	14.6	26.9	21.1	21.7	13.7	15.6	34.3	21.9	17.0
HSFO (US\$/bbl)	(5.0)	(6.1)	-18.3%	(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>3.8</b>	<b>2.9</b>	<b>31.1%</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)	178	167	6.4%	407	407	349	323	336	262	299	378	307
BZ-naphtha (US\$/tonne)	313	327	-4.4%	275	273	269	326	391	352	267	267	356
<b>Olefin</b>												
HDPE-naphtha (US\$/tonne)	333	327	1.7%	436	361	350	333	350	336	392	390	340
LDPE-naphtha (US\$/tonne)	513	507	1.1%	443	363	372	454	519	550	683	427	508
PP-naphtha (US\$/tonne)	343	337	1.7%	403	305	303	302	331	331	386	359	321
<b>Others</b>												
Integrated PET (US\$/tonne)	152	152	-0.5%	194	114	135	136	131	144	278	161	137
Phenol-BZ (US\$/tonne)	117	145	-19.3%	79	89	64	(52)	(38)	62	279	80	(9)
BPA -Phenol (US\$/tonne)	258	218	18.3%	299	270	327	317	303	274	551	294	298

Sources: TOP, Bloomberg

## Ex 4: Valuation

	Rating	Current	Target	Upside/	Market	Norm EPS grw		Norm PE		EV/EBITDA		— P/BV —		— Yield —		— ROE —	
		price	price	(Downside)	cap	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F
		(Bt)	(Bt)	(%)	(US\$ m)	(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)	(%)	(%)
BANPU	BUY	6.95	8.00	15.1	2,149	(32.2)	9.5	12.4	11.3	6.3	5.9	0.5	0.5	4.8	4.4	4.3	4.6
BCP	BUY	37.50	53.00	41.3	1,593	(2.8)	11.7	5.5	4.9	4.3	4.0	0.7	0.6	4.4	4.9	12.5	12.8
BSRC	BUY	8.90	11.00	23.6	950	27.2	38.5	9.6	6.9	6.1	4.8	1.0	0.9	3.9	5.4	11.1	14.2
IRPC	SELL	1.77	1.50	(15.3)	1,116	na	104.6	59.1	28.9	11.9	10.6	0.5	0.5	0.0	0.7	0.8	1.6
IVL	BUY	24.30	20.00	(17.7)	4,210	183.0	57.2	30.2	19.2	7.2	6.5	0.9	0.9	0.0	1.6	3.4	5.2
OR	SELL	17.40	13.80	(20.7)	6,443	(5.3)	6.4	19.9	18.7	10.4	9.8	1.8	1.8	2.8	3.0	9.4	9.6
PTG	SELL	10.50	6.80	(35.2)	541	(0.8)	6.0	18.6	17.6	4.3	4.4	1.9	1.8	2.4	2.6	10.5	10.5
PTT	SELL	33.75	29.00	(14.1)	29,747	(9.8)	2.1	10.7	10.5	4.2	3.8	0.9	0.8	5.9	5.9	8.0	8.0
PTTEP	BUY	132.00	188.00	42.4	16,171	(2.5)	(7.6)	6.8	7.4	1.9	2.0	1.0	0.9	7.2	6.8	14.7	12.6
PTTGC	SELL	30.75	25.00	(18.7)	4,278	na	720.0	150.3	18.3	10.8	8.5	0.5	0.5	2.4	2.0	0.3	2.7
SCC	BUY	243.00	275.00	13.2	8,998	(3.7)	66.5	20.2	12.1	17.9	9.6	0.8	0.8	2.5	4.1	3.9	6.3
SPRC	BUY	7.00	9.80	40.0	937	na	(3.3)	8.9	9.2	5.2	4.7	0.8	0.7	2.9	3.0	9.1	8.3
TOP	HOLD	50.75	55.00	8.4	3,498	(49.0)	24.8	8.1	6.5	8.7	8.2	0.7	0.6	4.2	5.2	8.3	9.8

Sources: Company data, Thanachart estimates

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