

## Energy Sector – Underweight

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News Update

### Trading opportunity

- **Another crude inventory build**
- **China cuts VAT rebate to curb refined product exports**
- **Rising US LNG export potential**
- **Henry Hub price set to rise**

### Weekly US data: Another crude inventory build

- U.S. Energy Information Administration reported an inventory build of 500,000 barrels for the week to November 15. The change compared with a build of 2.1 million barrels for the previous week.
- The EIA estimated a gasoline inventory build of 2.1 million barrels. These numbers compared with an inventory draw of 4.4 million barrels for the previous week. In middle distillates, the EIA estimated an inventory decline of 100,000 barrels for the week. This compared with a stock decline of 1.4 million barrels.

### China cuts VAT rebate to curb refined product exports

- **VAT rebate reduction.** The country's Ministry of Finance and the State Taxation Administration announced a reduction of tax rebate on exporting gasoline, gasoil and jet fuel to 9% from the current refund of 13%. This will be effective on 1 Dec 2024. Previously, to incentivize exports, China exempted oil exports from consumption tax and offered a full VAT refund, effectively acting as an indirect subsidy for Chinese oil exporters.
- **Impact.** The unexpected rebate reduction is likely to pose challenges for oil exports in 2025. Export volumes are expected to decline compared to the 41 million tons shipped in 2024. Some industry participants said the reduction in VAT rebate for gasoline exports would cut their profit by Yuan 200/mt (US\$3.25/bbl). Meanwhile, refinery margin has recovered to US\$5.9/bbl in Nov 24 vs US\$3.6/bbl in 3Q24. This shift could create trading opportunities for Thai refiners.

### U.S. LNG exports poised for growth as European price arbitrage widens

- **Rising US LNG export potential.** LNG exports to Europe are expected to increase significantly in the coming weeks, driven by a growing price differential between U.S. natural gas (Henry Hub) and Europe's TTF gas hub. The gap has expanded by over 30% from the 2024 average, with Henry Hub futures averaging US\$8 per million British thermal units (MMBtu) lower than TTF futures so far in 2024, according to LSEG. Forward markets project an even wider price spread of US\$11 per MMBtu from November through March 2025, offering strong incentives for U.S. exporters to ramp up shipments. Since 2022, Europe has accounted for over two-thirds of U.S. LNG exports as it seeks to replace reduced Russian pipeline gas following the Ukraine conflict.

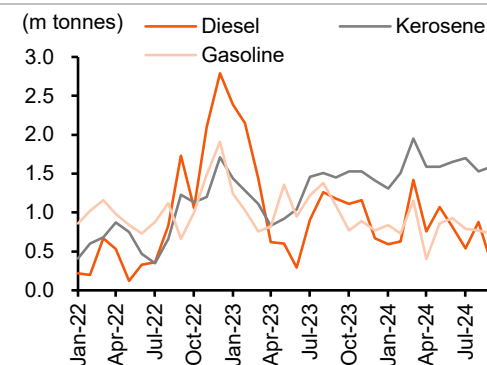
### Ex 1: US Weekly data

(m bbls)	Weekly change	Consensus	Last week
Crude Oil	0.545	0.400	2.089
Gasoline	2.054	1.620	-4.470
Distillates	-0.114	-0.200	-1.394

(k bpd)	Weekly change	% Change	Current number
Production	-199.0	-1.5%	13,201
Refinery Runs	-218	-1.3%	16,536

Source: EIA

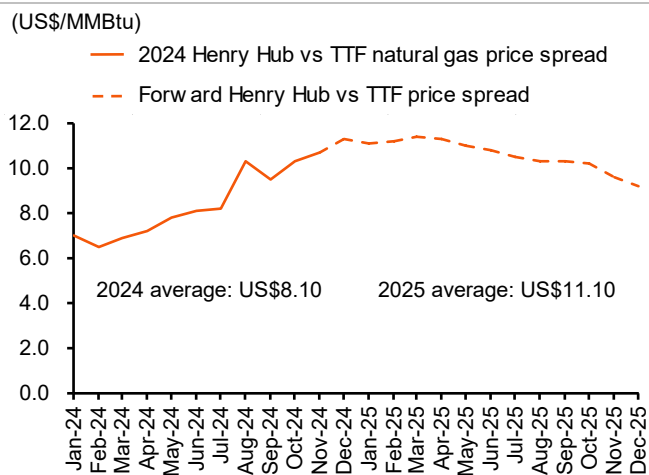
### Ex 2: China Refined Product Exports



Source: Bloomberg

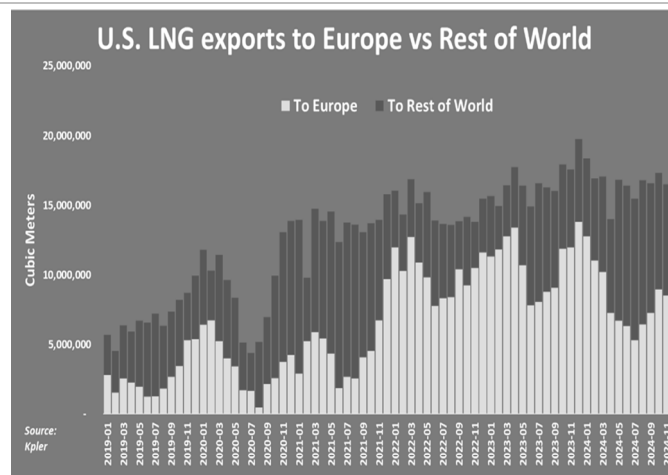
- Henry Hub price set to rise.** Increased demand for natural gas at U.S. LNG export terminals is likely to drive Henry Hub prices higher. Prices have already climbed 20% in Q4 2024 to US\$2.7/MMBtu, marking the highest levels since January.
- Impact.** The rise in U.S. natural gas prices is expected to benefit companies like BANPU (BANPU TB, BUY, Bt6), which has seen its stock price drop 19% from recent highs due to weak 3Q24 profits and concerns about potential policy shifts under Donald Trump.

**Ex 3: US Henry Hub Vs TTF Gas Price Spread**



Source: LSEG

**Ex 4: US LNG Exports To Europe Vs. Rest Of The World**



Source: Reuter

**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)	74	72	2.4%	87	84	82	85	79	74	97	81	82
Brent	(US\$/mmbtu)	75	71	5.8%	86	83	82	85	79	75	99	82	82
Henry hub	(US\$/mmbtu)	3.1	2.8	10.8%	2.7	2.9	2.1	2.3	2.2	2.7	6.5	2.6	2.2
JKM Spot	(US\$/mmbtu)	14.8	13.6	8.9%	12.3	15.6	9.7	11.2	13.0	13.5	34.0	13.9	11.3
Dutch TTF	(EUR/MWh)	47	47	1.0%	34	43	28	32	36	42	132	41	32
NEX coal price	(US\$/tonne)	141	142	-0.4%	147	136	127	136	140	144	357	188	134
<b>Crack spreads over Dubai</b>													
Gasoline	(US\$/bbl)	11.4	11.9	-4.1%	16.6	18.9	12.6	17.9	11.6	11.3	18.8	16.7	13.0
Jet fuel	(US\$/bbl)	16.6	16.9	-1.4%	14.0	26.1	23.6	21.1	13.6	14.9	30.3	22.5	15.7
Diesel	(US\$/bbl)	16.0	16.7	-3.8%	14.6	26.9	21.1	21.7	14.0	14.4	34.3	21.9	15.7
HSFO	(US\$/bbl)	(0.8)	(1.3)	-41.0%	(8.7)	(5.4)	(11.0)	(9.7)	(3.4)	(1.8)	(14.1)	(10.3)	(5.1)
<b>SG GRM</b>	<b>(US\$/bbl)</b>	<b>7.4</b>	<b>7.4</b>	<b>0.0%</b>	<b>5.4</b>	<b>10.9</b>	<b>6.3</b>	<b>8.1</b>	<b>4.9</b>	<b>4.6</b>	<b>11.5</b>	<b>7.9</b>	<b>5.7</b>
<b>Aromatics</b>													
PX-naphtha	(US\$/tonne)	138	168	-17.8%	407	407	349	323	336	176	299	378	307
BZ-naphtha	(US\$/tonne)	243	273	-11.0%	275	273	269	326	391	262	267	267	356
<b>Olefin</b>													
HDPE-naphtha	(US\$/tonne)	343	373	-8.0%	436	361	350	333	350	322	392	390	340
LDPE-naphtha	(US\$/tonne)	493	523	-5.7%	443	363	372	454	519	486	683	427	508
PP-naphtha	(US\$/tonne)	343	373	-8.0%	403	305	303	302	331	331	386	359	321
<b>Others</b>													
Integrated PET	(US\$/tonne)	163	155	5.2%	194	114	134	138	130	158	278	161	143
Phenol-BZ	(US\$/tonne)	25	62	-59.7%	79	89	64	(52)	(38)	46	279	80	6
BPA -Phenol	(US\$/tonne)	312	312	0.0%	299	270	327	317	303	266	551	294	289

Sources: TOP, Bloomberg

## Ex 6: 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	6.00	8.00	33.3	1,738	(32.2)	9.5	10.7	9.8	6.0	5.7	0.5	0.4	5.6	5.1	4.3	4.6
BCP	BUY	32.50	40.00	23.1	1,294	(48.3)	69.9	8.9	5.3	4.4	4.1	0.6	0.6	1.7	4.3	6.9	11.1
BSRC	HOLD	7.70	7.00	(9.1)	770	11.7	(7.0)	9.4	10.1	5.6	5.2	0.9	0.9	2.3	3.5	10.0	8.9
IRPC	SELL	1.40	1.20	(14.3)	827	na	na	na	na	19.7	14.9	0.4	0.4	0.0	0.0	na	na
IVL	BUY	25.75	29.00	12.6	4,179	298.1	28.1	22.7	17.7	7.4	6.7	1.0	0.9	0.0	1.7	4.5	5.8
OR	SELL	15.00	12.60	(16.0)	5,203	(44.7)	50.0	29.3	19.6	12.1	9.2	1.6	1.6	1.9	2.9	5.6	8.1
PTG	SELL	9.05	6.80	(24.9)	437	(0.8)	6.0	16.0	15.1	3.9	4.0	1.6	1.5	2.8	3.0	10.5	10.5
PTT	BUY	33.75	38.00	12.6	27,866	0.7	(3.8)	9.6	10.0	4.4	4.1	0.8	0.8	5.9	5.9	8.9	8.3
PTTEP	BUY	131.00	150.00	14.5	15,033	(6.1)	(13.7)	7.0	8.2	2.1	2.4	1.0	0.9	7.3	6.9	14.2	11.4
PTTGC	SELL	25.75	23.00	(10.7)	3,356	na	na	na	23.5	11.6	9.1	0.4	0.4	2.9	1.5	na	1.8
SCC	SELL	192.00	175.00	(8.9)	6,660	(44.9)	76.8	28.0	15.8	23.2	11.6	0.6	0.6	1.8	3.2	2.3	3.9
SPRC	SELL	6.70	5.90	(11.9)	840	na	(1.1)	9.1	9.1	5.2	5.2	0.7	0.7	3.4	2.9	8.5	7.9
TOP	SELL	40.50	39.00	(3.7)	2,615	(41.5)	(16.6)	5.6	6.8	7.7	9.0	0.5	0.5	3.8	4.9	9.6	7.7

Sources: Company data, Thanachart estimates

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