

Energy Sector – Underweight

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News Update

Brent breaks US\$80/bbl

- **Continue build in US product inventory**
- **US hits Russian oil with toughest sanctions yet**
- **Crude oil traders go net long**
- **Saudi Arabia hikes February oil prices for Asia**

Oil prices have started the year rallying aggressively, with Brent breaking US\$80 per barrel for the first time since October 7 last year. The rally has been driven by the Biden Administration's eleventh-hour sanctions on Russia, cold temperatures across the Atlantic Basin, widening backwardation in all crude futures, and continued concerns about inflation. For the first time in months, the oil market is feeling very bullish.

Weekly US data: Continue build in US product inventory

- As of January 3, 2025, U.S. crude oil inventories decreased by 959,000 barrels, totaling 414.6 million barrels. This marks the seventh consecutive week of decline, bringing stock levels 5% below the five-year average.
- Conversely, gasoline inventories rose by 6.3 million barrels to 237.7 million barrels, and distillate stocks increased by 6.1 million barrels to 128.

Brent breaks US\$80/bbl

- **US hits Russian oil with toughest sanctions yet.** Oil prices surged past US\$80 a barrel as the U.S. imposed its toughest sanctions yet on Russia's oil and gas industry. The Biden administration's move aims to cut Russia's revenues by billions monthly and boost leverage for peace talks in Ukraine ahead of Trump's incoming presidency.
- **Crude oil traders go net long.** Between September and December 2024, net positions switched from short to long, reaching 404 million barrels by year-end, according to analyst John Kemp.
- **Trump may reinstate Iran sanctions.** Trump is likely to re-enforce sanctions on Iran, potentially reducing oil exports, particularly to China. During his first term, he withdrew from the Iran nuclear deal and re-imposed sanctions. In 2024, Iran exported around 1.6 million barrels of oil per day.
- **Impacts.** Additional factors such as slowing oil production growth in the Permian Basin, China's stabilizing demand, and OPEC+ production cuts are reinforcing bullish sentiment in the oil market. We see that this positive momentum in crude oil market will support energy sector. Our preferred pick in the energy space remains BCP, PTT and PTTEP.

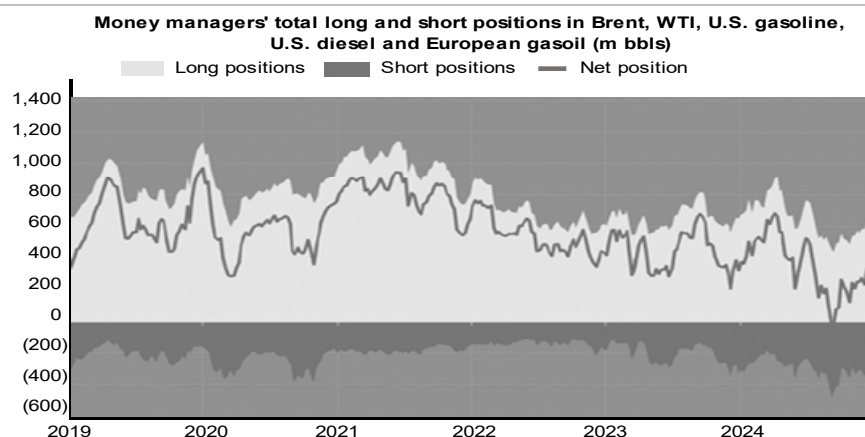
Ex 1: US Weekly data

(m bbls)	Weekly change	Consensus	Last week
Crude Oil	-0.959	-1.800	-1.178
Gasoline	6.330	0.500	7.717
Distillates	6.071	0.500	6.406

(k bpd)	Weekly change	% Change	Current number
Production	-10	-0.1%	13,563
Refinery Runs	+96	+0.6%	17,089

Source: EIA

Ex 2: Oil Traders Turn Bullish for 2025



Source: JKempEnergy

Saudi Arabia hikes February oil prices for Asia.

- Saudi hikes February oil prices for Asia, first time in 3 months.** Saudi Aramco, the world's top oil exporter, raised crude prices for Asian buyers in February for the first time in three months. Aramco raised the official selling price (OSP) for flagship Arab Light crude by 60 cents to US\$1.50 per barrel above the Oman/Dubai benchmark average. This was up from a premium of 90 cents a barrel in January, which is a four-year low.
- Impact.** We believe this is also partly due to OPEC+ delayed production increases until April 2025F. The higher OSP price would lead to cost pressure for refineries.

Ex 3: Prices And Spreads

Unit	This week	Last week	% chg	Quarterly						Yearly			
				2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	2022	2023	2024	
Upstream													
Dubai (US\$/bbl)	79	76	3.7%	84	82	85	79	74	77	81	80	77	
Brent (US\$/mmbtu)	80	77	4.2%	83	82	85	79	74	77	82	80	77	
Henry hub (US\$/mmbtu)	4.0	3.4	18.9%	2.9	2.1	2.3	2.2	3.0	3.6	2.6	2.4	3.6	
JKM Spot (US\$/mmbtu)	14.2	14.4	-1.4%	15.6	9.7	11.2	13.0	14.0	14.3	13.9	11.9	14.3	
Dutch TTF (EUR/MWh)	45	50	-9.3%	43	28	32	36	43	48	41	35	48	
NEX coal price (US\$/tonne)	114	124	-8.1%	136	127	136	140	139	121	188	136	121	
Crack spreads over Dubai													
Gasoline (US\$/bbl)	9.8	10.1	-3.0%	12.6	17.9	11.6	11.1	11.4	10.2	18.8	16.7	13.0	
Jet fuel (US\$/bbl)	13.7	13.0	5.3%	23.6	21.1	13.6	13.1	14.8	14.0	30.3	22.5	15.7	
Diesel (US\$/bbl)	15.6	14.6	6.6%	21.1	21.7	14.0	12.7	14.7	16.3	34.3	21.9	15.8	
HSFO (US\$/bbl)	(3.9)	(3.2)	20.7%	(11.0)	(9.7)	(3.4)	(5.3)	(2.3)	(3.7)	(14.1)	(10.3)	(5.2)	
SG GRM (US\$/bbl)	5.2	5.7	-7.8%	6.3	8.1	4.9	5.4	5.9	5.4	11.5	7.9	6.1	
Aromatics													
PX-naphtha (US\$/tonne)	165	144	14.6%	349	323	336	262	174	155	299	378	274	
BZ-naphtha (US\$/tonne)	240	214	12.1%	269	326	391	352	271	227	267	267	335	
Olefin													
HDPE-naphtha (US\$/tonne)	305	294	3.7%	350	333	350	336	333	300	392	390	338	
LDPE-naphtha (US\$/tonne)	445	434	2.5%	372	454	519	550	489	440	683	427	503	
PP-naphtha (US\$/tonne)	315	304	3.6%	303	302	331	331	339	310	386	359	326	
Others													
Integrated PET (US\$/tonne)	134	145	-7.8%	134	138	130	145	145	139	278	161	140	
Phenol-BZ (US\$/tonne)	52	33	57.6%	64	(52)	(38)	68	47	43	279	80	6	
BPA -Phenol (US\$/tonne)	315	315	0.0%	327	317	303	271	307	315	551	294	300	

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	5.20	7.50	44.2	1,507	(87.3)	426.3	49.7	9.4	7.1	5.8	0.4	0.4	2.4	5.3	0.8	4.2
BCP	BUY	33.25	40.00	20.3	1,324	(48.3)	69.9	9.1	5.4	4.4	4.1	0.6	0.6	1.7	4.2	6.9	11.1
BSRC	HOLD	6.80	7.00	2.9	681	11.7	(7.0)	8.3	9.0	5.1	4.8	0.8	0.8	2.6	3.9	10.0	8.9
IRPC	SELL	1.12	1.20	7.1	662	na	na	na	na	18.6	14.1	0.3	0.3	0.0	0.0	na	na
IVL	BUY	22.40	29.00	29.5	3,637	298.1	28.1	19.8	15.4	7.0	6.3	0.8	0.8	0.0	1.9	4.5	5.8
OR	SELL	11.70	12.60	7.7	4,060	(44.7)	50.0	22.9	15.3	9.0	6.9	1.3	1.2	2.5	3.7	5.6	8.1
PTG	SELL	7.75	6.80	(12.3)	374	(0.8)	6.0	13.7	13.0	3.6	3.6	1.4	1.3	3.3	3.5	10.5	10.5
PTT	BUY	31.25	38.00	21.6	25,812	0.7	(3.8)	8.9	9.2	4.2	3.9	0.8	0.8	6.4	6.4	8.9	8.3
PTTEP	BUY	124.50	150.00	20.5	14,293	(6.1)	(13.7)	6.7	7.8	2.0	2.3	0.9	0.9	7.6	7.2	14.2	11.4
PTTGC	BUY	23.00	30.00	30.4	2,999	na	na	na	16.7	10.4	8.4	0.4	0.4	3.3	2.2	na	2.3
SCC	SELL	154.00	175.00	13.6	5,344	(44.9)	76.8	22.4	12.7	21.2	10.7	0.5	0.5	2.2	3.9	2.3	3.9
SPRC	SELL	6.00	5.90	(1.7)	752	na	(1.1)	8.1	8.2	4.7	4.7	0.7	0.6	3.8	3.3	8.5	7.9
TOP	SELL	25.00	21.00	(16.0)	1,615	(41.8)	(30.0)	3.5	5.0	6.7	7.9	0.3	0.3	6.2	6.6	9.5	6.9

Sources: Company data, Thanachart estimates

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