

## Energy Sector – Underweight

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News Update

### Sanctioned threat counter demand worry

- **US inventory declines across key products**
- **Earthquake strikes Thailand and Myanmar**
- **Trump's tariffs disrupt Venezuelan oil trade**
- **Sinopec Zhenhai refinery eyes CDU start-up after delay**

Oil prices retreated on Friday amid tariff-related demand concerns but headed for a third weekly gain on a tightening global supply outlook after the U.S. placed more pressure on Venezuelan and Iranian oil trade.

#### Weekly US data: US inventory declines across key products

- U.S. commercial crude oil inventories decreased by 3.3 million barrels, bringing the total to 433.6 million barrels. This reduction surpasses analyst expectations, which had anticipated a decrease of approximately 956,000 barrels. C.
- With the steady advent of warmer weather, gasoline consumption in the US rose, following seasonal trends. In response, gasoline inventories fell for the fourth straight week, but remained close to the eight-year seasonal high.
- US distillate inventories declined to 114.4 million barrels, the nine-year season low. While drawdowns were lower than the prior week, they apply pressure on already-tight inventories

#### Earthquake strikes Thailand and Myanmar

- **Thailand Earthquake:** On March 28, 2025, a 7.7-magnitude earthquake struck Myanmar and Thailand, leading to significant casualties and damage. In Thailand's capital, Bangkok, the quake caused the collapse of a 30-story office tower under construction, resulting in at least 10 deaths and 16 injuries.
- **Energy companies report no disruptions:** All companies under our coverage have confirmed that their operations remain unaffected by the earthquake. PTTEP, with operations in Myanmar, stated that gas supply continues without disruption and they are monitoring the situation closely. Banpu, with no operations in Myanmar or Thailand, is unaffected, while IVL's operations are primarily overseas.

#### Trump's tariffs disrupt Venezuelan oil trade

- **Venezuelan oil trade disruption:** Trump announced 25% tariffs on buyers of Venezuelan crude, following recent U.S. sanctions targeting China's imports from Iran. This move has intensified uncertainty in the market, causing Venezuelan oil trade with China—its largest buyer—to come to a halt. Additionally, sources revealed that India's Reliance Industries, which operates the world's largest refining complex, will suspend its imports of Venezuelan oil.

#### Ex 1: US Weekly data

(m bbls)	Weekly change	Consensus	Last week
Crude Oil	-3.341	1.500	1.745
Gasoline	-1.446	-1.600	-0.527
Distillates	-0.421	-1.500	-2.812

(k bpd)	Weekly change	% Change	Current number
Production	-1	0%	13,574
Refinery Runs	+21	+0.1%	15,970

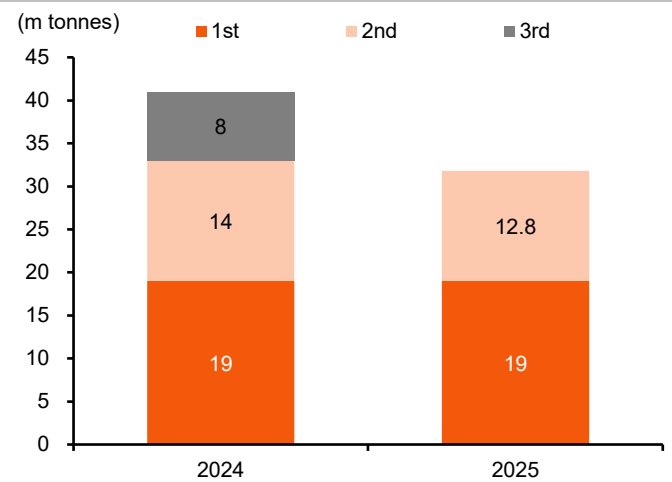
Source: EIA

- Impact:** While the immediate market impact may be limited, this move signals a shift in the White House's strategy, aiming to isolate Iran and Venezuela while increasing pressure on China. Despite OPEC+ production cuts, Iran and Venezuela have boosted output by 1.6 million bpd over four years, raising their combined market share from 11% to 16%, potentially offsetting future OPEC+ increases and supporting higher oil prices. The ongoing threat to global oil supply is expected to keep prices elevated, which is positive for PTTEP. We maintain our BUY rating.

**Sinopec Zhenhai refinery eyes CDU start-up after delay**

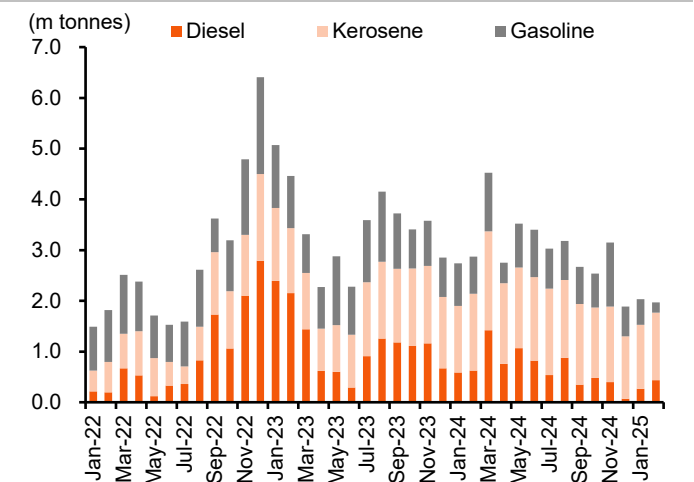
- New supply start-up in china:** Sinopec plans to restart its 220,000-bpd crude distillate unit at the Zhenhai refinery between late April and early May, following a fire in January that delayed its initial launch by over three months. The fire required significant equipment replacements. This unit marks Sinopec's second major crude processing facility to begin operations in 2025, following the launch of Shandong Yulong Petrochemical's second unit earlier this month.
- China's second export quota batch:** China's Ministry of Commerce issued its second batch of export quotas for clean oil products and low sulfur fuel oil, amounting to 18 million mt, sources with knowledge of the matter told Platts, part of S&P Global Commodity Insights, on March 28. This bring YTD quota to be at 31 million tones, which is 4% lower than last year.
- Weak structural demand in china's fuel exports:** Despite a lower export quota, year-to-date exports have reached only 22% of the total, leaving ample room for potential increases in the future. This weak export performance, with a 29% year-over-year decline to 4 million tons in January and February, is likely due to poor refining margins.
- Caps on refining margin upside:** The availability of new supply and the high room for export quotas could limit the upside for refinery margins. This is given that improvement in refinery margins might encourage higher refinery utilization and more Chinese exports. We remain cautious on Thai refineries given the uncertainty in export growth and refining economics.

**Ex 2: China Export Quota**



Source: Bloomberg

**Ex 3: China Oil Product Export**



Source: Bloomberg

## Ex 4: Prices And Spreads

Unit	This week	Last week	% chg	Quarterly						Yearly			
				4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2023	2024	2025	
<b>Upstream</b>													
Dubai (US\$/bbl)	74	72	2.2%	84	82	85	79	74	76	81	80	76	
Brent (US\$/mmbtu)	74	72	2.0%	83	82	85	79	74	75	82	80	75	
Henry hub (US\$/mmbtu)	4.1	4.0	2.1%	2.9	2.1	2.3	2.2	3.0	3.9	2.6	2.4	3.9	
JKM Spot (US\$/mmbtu)	13.1	13.4	-2.2%	15.6	9.7	11.2	13.0	14.0	14.1	13.9	11.9	14.1	
Dutch TTF (EUR/MWh)	41	43	-4.7%	43	28	32	36	43	47	41	35	47	
NEX coal price (US\$/tonne)	97	97	-0.5%	136	127	136	140	139	108	188	136	108	
<b>Crack spreads over Dubai</b>													
Gasoline (US\$/bbl)	8.4	8.0	5.5%	12.6	17.9	11.6	11.1	11.4	7.7	16.7	13.0	7.7	
Jet fuel (US\$/bbl)	12.0	12.9	-6.6%	23.6	21.1	13.6	13.1	14.8	13.3	22.5	15.7	13.3	
Diesel (US\$/bbl)	13.1	12.9	1.7%	21.1	21.7	14.0	12.7	14.7	13.3	21.9	15.8	13.3	
HSFO (US\$/bbl)	(0.4)	2.0	-118.2%	(11.0)	(9.7)	(3.4)	(5.3)	(2.3)	(1.7)	(10.3)	(5.2)	(1.7)	
<b>SG GRM (US\$/bbl)</b>	<b>4.6</b>	<b>5.0</b>	<b>-9.2%</b>	<b>6.3</b>	<b>8.1</b>	<b>4.9</b>	<b>5.4</b>	<b>5.9</b>	<b>4.7</b>	<b>7.9</b>	<b>6.1</b>	<b>4.7</b>	
<b>Aromatics</b>													
PX-naphtha (US\$/tonne)	186	186	0.0%	349	323	336	262	174	188	378	274	188	
BZ-naphtha (US\$/tonne)	216	216	0.0%	269	326	391	352	271	245	267	335	245	
<b>Olefin</b>													
HDPE-naphtha (US\$/tonne)	376	376	0.0%	350	333	350	336	333	324	390	338	324	
LDPE-naphtha (US\$/tonne)	566	566	0.0%	372	454	519	550	489	497	427	503	497	
PP-naphtha (US\$/tonne)	386	386	0.0%	303	302	331	331	339	338	359	326	338	
<b>Others</b>													
Integrated PET (US\$/tonne)	120	171	-29.5%	134	138	130	145	145	116	161	140	116	
Phenol-BZ (US\$/tonne)	91	77	0.2	64	(52)	(38)	68	47	42	80	6	42	
BPA -Phenol (US\$/tonne)	315	330	-4.5%	327	317	303	271	307	323	294	300	323	

Sources: TOP, Bloomberg

## Ex 5: Valuation

	Rating	Current	Target	Upside/	Market cap	Norm EPS grw		Norm PE		EV/EBITDA		— P/BV —		— Yield —		— ROE —	
		price	price	(Downside)		25F	26F	25F	26F	25F	26F	25F	26F	25F	26F	25F	26F
		(Bt)	(Bt)	(%) (US\$ m)	(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)	(%)	(%)	
BANPU	BUY	4.20	7.50	78.6	1,239	na	20.8	7.6	6.3	5.5	4.8	0.3	0.3	6.6	7.9	4.5	4.9
BCP	SELL	37.75	33.00	(12.6)	1,530	(32.5)	30.8	11.6	8.9	3.7	3.7	0.8	0.8	2.2	2.8	7.3	9.0
BSRC	SELL	5.40	5.00	(7.4)	550	72.4	16.6	10.2	8.7	5.7	4.0	0.7	0.7	2.3	3.7	7.2	8.1
IRPC	SELL	0.94	1.20	27.7	565	na	na	na	na	13.6	10.3	0.3	0.3	0.0	0.0	na	na
IVL	BUY	19.90	29.00	45.7	3,289	32.3	10.5	13.7	12.4	6.1	5.8	0.7	0.7	2.2	2.4	6.3	6.1
OR	SELL	11.90	12.60	5.9	4,203	19.1	6.6	15.5	14.6	7.0	6.7	1.2	1.2	3.6	3.9	8.2	8.3
PTG	SELL	6.90	6.80	(1.4)	339	(2.3)	2.2	11.5	11.3	3.4	3.0	1.2	1.1	3.9	4.0	10.6	10.1
PTT	BUY	32.00	38.00	18.8	26,905	5.3	0.4	9.5	9.4	3.9	3.5	0.8	0.8	6.3	6.3	8.3	8.1
PTTEP	BUY	117.00	134.00	14.5	13,673	(23.5)	(4.6)	7.8	8.1	2.1	2.1	0.8	0.8	6.4	6.2	10.8	9.7
PTTGC	BUY	17.60	23.00	30.7	2,336	na	na	na	11.0	8.1	6.4	0.3	0.3	4.3	3.1	na	2.7
SCC	SELL	153.50	127.00	(17.3)	5,422	172.0	67.3	19.7	11.8	12.8	9.9	0.5	0.5	2.5	4.2	2.6	4.2
SPRC	HOLD	5.60	5.60	0.0	715	21.3	(17.5)	8.5	10.3	4.7	4.5	0.6	0.6	5.9	5.8	7.3	5.9
TOP	HOLD	25.00	27.00	8.0	1,644	(33.4)	(7.9)	4.9	5.3	7.6	8.3	0.3	0.3	6.2	6.1	6.9	6.6

Sources: Company data, Thanachart estimates

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