

Energy Sector – Underweight

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News Update

Cautious outlook remains

- **Strong product inventory draw**
- **OPEC+ weighs faster oil output hike for June**
- **Kazakhstan to prioritize national interest**
- **China mulls tariff exemptions on us ethane, other goods**

Oil prices weakened last week as cautious sentiment took hold. OPEC+'s surprise move to accelerate output hikes fueled fresh oversupply fears, while slowing global demand and U.S.-China trade uncertainty added pressure.

Weekly US data: Strong product inventory draw

- U.S. commercial crude oil inventories rose by 244,000 barrels last week, surprising the market which had expected a draw. The build was mainly driven by lower refinery runs and a rise in imports.
- Gasoline inventories fell by 4.5 million barrels and distillate stocks dropped by 2.3 million barrels, both larger-than-expected declines, reflecting stronger-than-anticipated demand and seasonal stock draws ahead of the summer driving season.

OPEC+ weighs faster oil output hike for June

- **Eight OPEC+ countries to meet on May 5:** Several OPEC+ members are expected to propose a further acceleration of oil output hikes for June, following a faster-than-expected increase in May. The move comes amid growing tensions within the group over compliance with production quotas. Oil prices recently plunged to a four-year low in April, pressured by the ongoing U.S.-China trade war and OPEC+'s surprise decision to boost output by 411,000 barrels per day — nearly triple the initial plan.
- **Kazakhstan to prioritize national interest:** Kazakhstan announced it would prioritize domestic economic interests over OPEC+ commitments when setting production levels. While Kazakh oil output fell by 3% during the first two weeks of April compared to March, production remains above its pledged quota after persistent overproduction in recent months. Kazakhstan is the second-largest overproducer within OPEC+, producing approximately 1.3 million barrels per day above its assigned quota.
- **Saudi Arabia signals readiness for price war:** Saudi Aramco slashed its official selling price for Asia by a significant US\$2.30 per barrel last month. This aggressive pricing move suggests Riyadh is prepared to engage in a price war, aiming to squeeze out higher-cost producers, particularly in the struggling U.S. shale sector where new drilling has become financially unviable for many operators.
- **Impact:** This development reaffirms our bearish view on oil prices. An accelerated supply increase from OPEC+, combined with growing internal disputes and a possible price war initiated by Saudi Arabia, is likely to deepen the current market oversupply. We maintain our SELL rating on PTTEP.

Ex 1: US Weekly data

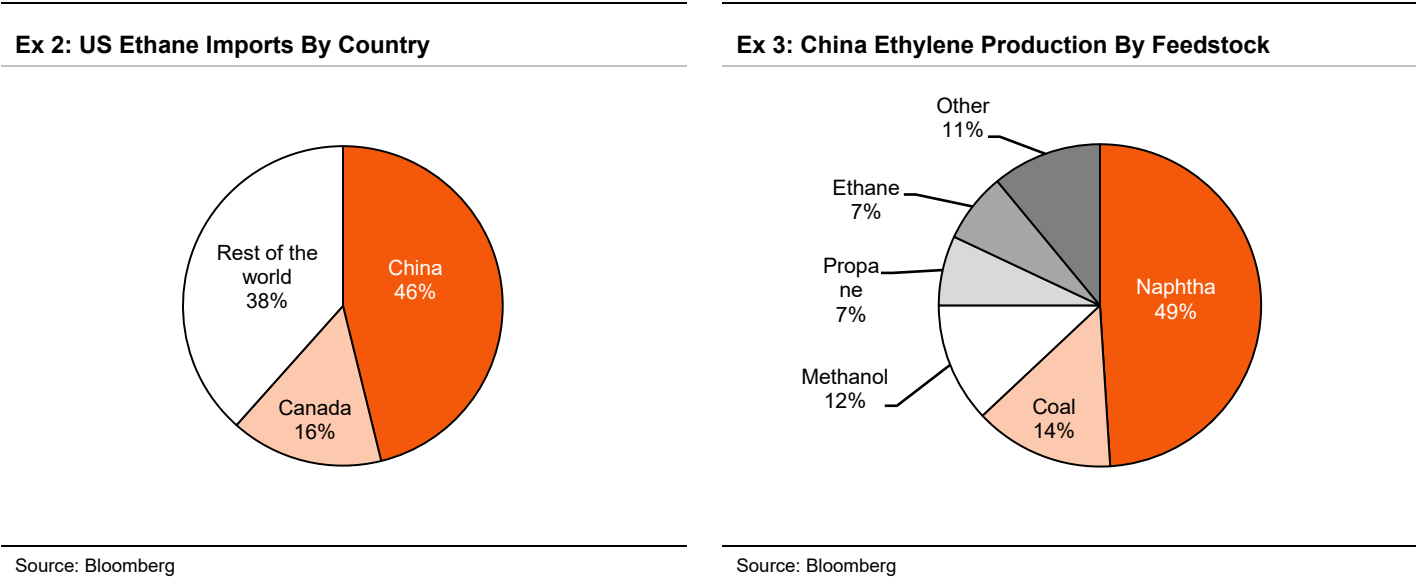
(m bbls)	Weekly change	Consensus	Last week
Crude Oil	0.244	-0.700	0.515
Gasoline	-4.476	-1.150	-1.958
Distillates	-2.353	-0.100	-1.851

(k bpd)	Weekly change	% Change	Current number
Production	-2	0.0%	13,460
Refinery Runs	+325	+2%	15,889

Source: EIA

China mulls tariff exemptions on us ethane, other goods

- **Ethane among items considered for tariff exemption:** China is considering suspending its 125% tariff on select US imports, including medical equipment and industrial chemicals such as ethane. While the US imports substantially more goods from China than vice versa, this move highlights sectors where China's economy remains dependent on US supplies. China, the world's largest plastics manufacturer, relies heavily on ethane for certain production processes, with a significant portion of its ethane sourced from the US.
- **Impact:** Despite this show sign of de-escalation on trade war, this also suggests that China's ethane-based crackers are unlikely to face shutdown risks, removing a potential upside catalyst for petrochemical margins. Ethane-based crackers currently account for less than 10% of China's total cracker capacity (~4 million tonnes per annum). In the longer term, it also increases the likelihood that new ethane-based crackers in China will be able to start operations smoothly, creating additional demand for US ethane imports and exerting upward pressure on US ethane prices. Overall, we maintain a cautious view on Thai chemical stocks, given persistent margin pressure and an uncertain global demand environment. We have a SELL rating on SCC, IRPC while we have a HOLD rating on PTTGC.



Ex 4: Prices And Spreads

Unit		This week	Last week	% chg	Quarterly						Yearly		
					1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	2023	2024	2025
Upstream													
Dubai	(US\$/bbl)	65	67	-2.6%	82	85	79	74	76	67	81	80	76
Brent	(US\$/mmbtu)	67	68	-1.6%	82	85	79	74	75	67	82	80	75
Henry hub	(US\$/mmbtu)	2.9	3.2	-9.5%	2.1	2.3	2.2	3.0	3.9	3.5	2.6	2.4	3.9
JKM Spot	(US\$/mmbtu)	11.3	11.9	-5.0%	9.7	11.2	13.0	14.0	14.0	12.3	13.9	11.9	14.0
Dutch TTF	(EUR/MWh)	32	36	-9.0%	28	32	36	43	47	36	41	35	47
NEX coal price	(US\$/tonne)	94	95	-1.4%	127	136	140	139	108	96	188	136	108
Crack spreads over Dubai													
Gasoline	(US\$/bbl)	8.3	7.7	7.7%	17.9	11.6	11.1	11.4	7.7	8.6	16.7	13.0	7.8
Jet fuel	(US\$/bbl)	12.8	12.8	0.6%	21.1	13.6	13.1	14.8	13.2	11.4	22.5	15.7	13.0
Diesel	(US\$/bbl)	14.0	13.8	1.0%	21.7	14.0	12.7	14.7	13.2	12.5	21.9	15.8	13.6
HSFO	(US\$/bbl)	1.1	(0.4)	-394.6%	(9.7)	(3.4)	(5.3)	(2.3)	(2.0)	(2.7)	(10.3)	(5.2)	(1.7)
SG GRM	(US\$/bbl)	5.5	4.8	14.7%	8.1	4.9	5.4	5.9	4.7	4.7	7.9	6.1	4.7
Aromatics													
PX-naphtha	(US\$/tonne)	143	164	-12.8%	323	336	262	174	188	184	378	274	188
BZ-naphtha	(US\$/tonne)	178	209	-14.8%	326	391	352	271	245	210	267	335	245
Olefin													
HDPE-naphtha	(US\$/tonne)	408	444	-8.1%	333	350	336	333	324	406	390	338	324
LDPE-naphtha	(US\$/tonne)	608	644	-5.6%	454	519	550	489	497	606	427	503	497
PP-naphtha	(US\$/tonne)	438	474	-7.6%	302	331	331	339	338	431	359	326	338
Others													
Integrated PET	(US\$/tonne)	137	145	-5.7%	138	130	145	145	123	140	161	140	128
Phenol-BZ	(US\$/tonne)	94	135	(0.3)	(52)	(38)	68	47	54	107	80	6	68
BPA -Phenol	(US\$/tonne)	395	350	12.9%	317	303	271	307	325	365	294	300	335

Sources: TOP, Bloomberg

Ex 5: Valuation

	Rating	Current	Target	Upside/	Market	Norm EPS grw		Norm PE		EV/EBITDA		— P/BV —		— Yield —		— ROE —	
		price	price	(Downside)	cap	25F	26F	25F	26F	25F	26F	25F	26F	25F	26F	25F	26F
		(Bt)	(Bt)	(%)	(US\$ m)	(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)	(%)	(%)
BANPU	HOLD	4.24	4.00	(5.7)	1,266	na	400.4	75.5	15.1	7.0	5.9	0.4	0.4	0.8	4.0	0.5	2.5
BCP	SELL	35.50	29.00	(18.3)	1,456	(38.8)	26.5	12.0	9.5	3.9	4.0	0.8	0.7	2.1	2.6	6.6	8.0
BSRC	SELL	5.30	4.70	(11.3)	547	40.5	23.6	12.2	9.9	6.1	4.2	0.7	0.7	1.8	2.6	5.9	7.1
IRPC	SELL	0.84	0.70	(16.7)	511	na	na	na	na	12.8	8.6	0.3	0.3	0.0	0.0	na	na
IVL	BUY	18.60	22.00	18.3	3,112	(10.1)	40.9	18.9	13.4	6.4	6.0	0.8	0.8	1.6	2.2	4.9	6.4
OR	SELL	13.10	10.40	(20.6)	4,684	(13.9)	22.5	23.7	19.3	8.1	7.4	1.4	1.4	2.7	3.2	6.0	7.2
PTG	SELL	6.80	5.80	(14.7)	338	(12.8)	6.9	12.7	11.9	3.5	3.5	1.2	1.1	3.5	3.8	9.6	9.8
PTT	BUY	30.50	35.00	14.8	25,958	(6.8)	(5.5)	10.2	10.8	4.1	3.7	0.8	0.7	6.6	6.6	7.4	6.9
PTTEP	SELL	100.00	93.00	(7.0)	11,829	(29.4)	(8.9)	7.2	7.9	2.0	2.1	0.7	0.7	7.0	6.8	10.0	8.7
PTTGC	HOLD	17.70	16.00	(9.6)	2,378	na	na	na	17.3	8.7	7.1	0.3	0.3	4.2	1.8	na	1.8
SCC	SELL	152.00	110.00	(27.6)	5,435	(41.7)	41.7	38.8	27.4	17.6	15.3	0.5	0.5	3.3	3.9	1.3	1.9
SPRC	HOLD	5.15	4.80	(6.8)	665	6.5	(13.6)	8.9	10.3	4.7	4.4	0.6	0.6	5.8	4.9	6.4	5.5
TOP	SELL	24.70	20.00	(19.0)	1,644	(43.5)	(7.3)	5.7	6.1	8.4	9.0	0.3	0.3	5.3	5.5	5.9	5.9

Sources: Company data, Thanachart estimates

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