

- A surprise output hike by OPEC+
- Oil inventories drop sharply, signaling strong demand
  - OPEC+ stuns market with larger than expected output hike
  - China says it's open to US trade talks
  - Trump's tariffs on China threaten to disrupt US economy

Oil prices briefly rose on hopes of China-U.S. tariff talks but remain set for weekly losses. Market volatility persists amid Saudi policy shifts, OPEC+ uncertainty, and weak global demand.

Weekly US data: Oil inventories drop sharply, signaling strong demand

- U.S. commercial crude oil inventories (excluding the Strategic Petroleum Reserve) decreased by 2.7 million barrels, bringing total stocks to 440.4 million barrels. This level is approximately 6% below the five-year average for this time of year.
- Total motor gasoline inventories fell by 4.0 million barrels and are about 4% below the five-year average. Distillate fuel stocks increased by 0.9 million barrels but remain 13% below the five-year average, indicating continued tightness in diesel and heating oil supplies.

OPEC+ shocks market with larger-than-expected output hike

- Output surprise:** In a virtual meeting on Saturday, key producers led by Saudi Arabia and Russia agreed to boost collective output by 411,000 barrels per day (bpd)—nearly triple the originally planned increase of 138,000 bpd. That still leaves OPEC+ holding back more than 5 million bpd, curbs the group aims to unwind by the end of 2026.
- Saudi cracks down on non-compliance:** The hike follows a similar increase announced for May, marking a sharp policy shift from price defense to market share strategy. Saudi Arabia appears to be targeting serial quota violators like Kazakhstan and Iraq, with the former overshooting its March target by 422,000 bpd.
- Not a price war yet:** We would still call this a 'managed' unwind of cuts and not a fight for market share. Theories on the apparent change in Saudi strategy range from punishing OPEC+ members exceeding their quotas to a move to fight for market share after ceding ground to non-OPEC+ producers such as the United States and Guyana. The OPEC+ decision triggered another 6% drop, underlining the group's pivot away from price support. With volatility likely to persist, we maintain our SELL rating on PTTEP.

China says it's open to US trade talks

- Talks is now on the table:** China said it is assessing the possibility of trade talks with the US, the first sign since Donald Trump hike. The economic fallout from the confrontation may be giving new momentum to efforts to bring both sides to the negotiating table. The US economy contracted at the start of the year largely because of a monumental surge

US Weekly data			
(m bbls)	Weekly change	Consensus	Last week
Crude Oil	-2.696	0.390	0.244
Gasoline	-4.003	-1.080	-4.476
Distillates	0.937	-1.710	-2.353

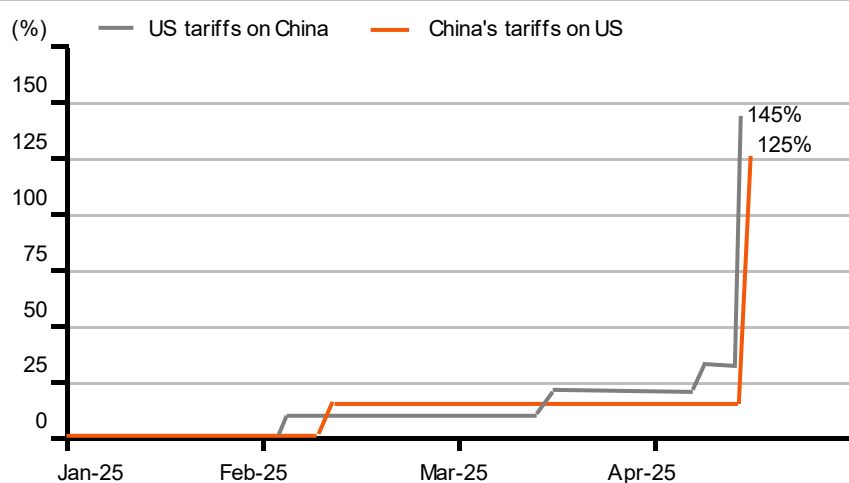
(k bpd)	Weekly change	% Change	Current number
Production	+5	0.0%	13,465
Refinery Runs	+189	+1.1%	16,078

Source: EIA

of imports to get ahead of the tariffs that have roiled global financial markets and caused consumer confidence to plummet. In China, factory activity slipped into the worst contraction since December 2023, the official manufacturing purchasing managers' index showed this week. New export orders fell to the lowest since December 2022 and recorded the biggest drop since April that year, when Shanghai entered a citywide pandemic lockdown.

- **Conditions set:** China's Ministry of Commerce urged the U.S. to scrap unilateral tariffs and show "sincerity," stating that talks are possible if Washington negotiates in good faith.
- **Impact:** While potential talks offer a path to easing tensions, the process is expected to be rocky. We anticipate renewed market volatility and maintain our SELL rating on SCC and IRPC, and HOLD on PTTGC.

**Ex 1: Bilateral US-China Tariff**

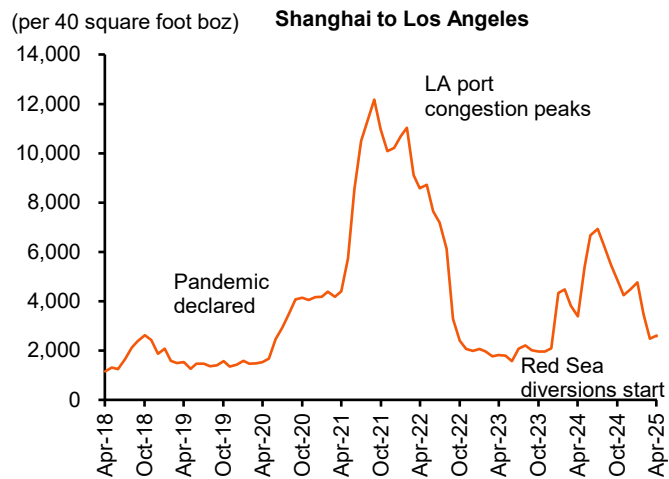


Source: Bloomberg

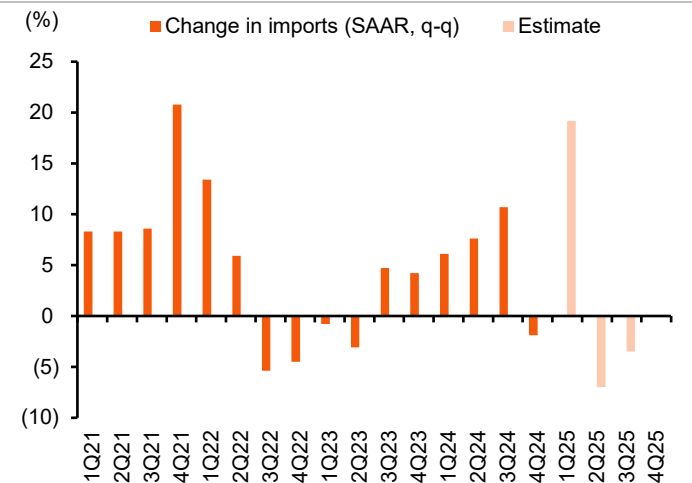
Note: Chinese tariffs on US goods before April didn't apply to all goods and were applied at 10% or 15%.

### Trump's tariffs on china threaten to disrupt US economy

- **Supply Shock:** Cargo shipments from China to the US have plummeted by as much as 60% since the US raised tariffs to 145% in early April, and thousands of companies will need to replenish inventories by mid-May.
- **Price increase:** The supply shock could lead to empty shelves, higher prices, and significant layoffs in industries such as trucking, logistics, and retail, with some economists warning of "Covid-like" shortages.
- **Recovery challenges:** Even if hostilities ease, restarting transpacific trade will bring additional risks, including delays and bottlenecks at ports, and a surge in orders could overwhelm the network, causing further disruptions.

**Ex 2: Shipping Rate Plunge On Shrinking US-China Trade**

Source: Bloomberg

**Ex 3: US Imports To Fall After Frontloading Rush**

Source: Bloomberg

**Ex 4: Prices And Spreads**

Unit		This week	Last week	%	Quarterly						Yearly		
					1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	2023	2024	2025
Upstream													
Dubai	(US\$/bbl)	62	65	-5.6%	82	85	79	74	76	66	81	80	76
Brent	(US\$/mmbtu)	61	67	-8.3%	82	85	79	74	75	66	82	80	75
Henry hub	(US\$/mmbtu)	3.6	2.9	23.6%	2.1	2.3	2.2	3.0	3.9	3.4	2.6	2.4	3.9
JKM Spot	(US\$/mmbtu)	11.3	11.3	-0.1%	9.7	11.2	13.0	14.0	14.0	12.1	13.9	11.9	14.0
Dutch TTF	(EUR/MWh)	33	32	2.0%	28	32	36	43	47	35	41	35	47
NEX coal price	(US\$/tonne)	98	94	4.5%	127	136	140	139	108	96	188	136	108
Crack spreads over Dubai													
Gasoline	(US\$/bbl)	9.5	8.3	15.0%	17.9	11.6	11.1	11.4	7.7	8.6	16.7	13.0	7.9
Jet fuel	(US\$/bbl)	13.2	12.8	3.0%	21.1	13.6	13.1	14.8	13.2	11.4	22.5	15.7	13.0
Diesel	(US\$/bbl)	14.1	14.0	1.1%	21.7	14.0	12.7	14.7	13.2	12.5	21.9	15.8	13.7
HSFO	(US\$/bbl)	1.1	1.1	0.9%	(9.7)	(3.4)	(5.3)	(2.3)	(2.0)	(2.7)	(10.3)	(5.2)	(1.5)
SG GRM	(US\$/bbl)	6.1	5.5	10.7%	8.1	4.9	5.4	5.9	4.7	4.7	7.9	6.1	4.7
Aromatics													
PX-naphtha	(US\$/tonne)	182	143	27.1%	323	336	262	174	188	183	378	274	188
BZ-naphtha	(US\$/tonne)	182	178	2.1%	326	391	352	271	245	204	267	335	245
Olefin													
HDPE-naphtha	(US\$/tonne)	392	408	-4.0%	333	350	336	333	324	403	390	338	324
LDPE-naphtha	(US\$/tonne)	632	608	3.9%	454	519	550	489	497	611	427	503	497
PP-naphtha	(US\$/tonne)	462	438	5.4%	302	331	331	339	338	437	359	326	338
Others													
Integrated PET	(US\$/tonne)	136	137	-0.7%	138	130	145	145	123	140	161	140	128
Phenol-BZ	(US\$/tonne)	117	94	0.2	(52)	(38)	68	47	54	107	80	6	68
BPA -Phenol	(US\$/tonne)	395	395	0.0%	317	303	271	307	325	372	294	300	337

Sources: TOP, Bloomberg

## Ex 5: Valuation

	Rating	Current price (Bt)	Target price (Bt)	Upside/ Downside (%)	Market cap (US\$ m)	Norm EPS grw		Norm PE		EV/EBITDA		— P/BV —		— Yield —		— ROE —	
						25F (%)	26F (%)	25F (x)	26F (x)	25F (x)	26F (x)	25F (x)	26F (x)	25F (%)	26F (%)	25F (%)	26F (%)
BANPU	HOLD	4.36	4.00	(8.3)	1,321	na	400.4	77.6	15.5	7.0	5.9	0.4	0.4	0.8	3.9	0.5	2.5
BCP	SELL	35.75	29.00	(18.9)	1,489	(38.8)	26.5	12.1	9.6	3.9	4.1	0.8	0.7	2.1	2.6	6.6	8.0
BSRC	SELL	5.25	4.70	(10.5)	550	40.5	23.6	12.1	9.8	6.0	4.2	0.7	0.7	1.8	2.6	5.9	7.1
IRPC	SELL	0.89	0.70	(21.3)	550	na	na	na	na	13.0	8.7	0.3	0.3	0.0	0.0	na	na
IVL	BUY	19.30	22.00	14.0	3,278	(10.1)	40.9	19.6	13.9	6.5	6.0	0.8	0.8	1.5	2.2	4.9	6.4
OR	SELL	14.50	10.40	(28.3)	5,263	(13.9)	22.5	26.2	21.4	9.1	8.4	1.6	1.5	2.4	2.9	6.0	7.2
PTG	SELL	7.15	5.80	(18.9)	361	(12.8)	6.9	13.4	12.5	3.6	3.6	1.3	1.2	3.4	3.6	9.6	9.8
PTT	BUY	31.25	35.00	12.0	27,000	(6.8)	(5.5)	10.4	11.0	4.2	3.8	0.8	0.8	6.4	6.4	7.4	6.9
PTTEP	SELL	97.50	93.00	(4.6)	11,709	(29.4)	(8.9)	7.0	7.7	1.9	2.1	0.7	0.7	7.2	6.9	10.0	8.7
PTTGC	HOLD	17.00	16.00	(5.9)	2,319	na	na	na	16.7	8.6	7.0	0.3	0.3	4.4	1.9	na	1.8
SCC	SELL	160.50	110.00	(31.5)	5,826	(41.7)	41.7	41.0	28.9	18.0	15.6	0.5	0.5	3.1	3.7	1.3	1.9
SPRC	HOLD	5.45	4.80	(11.9)	715	6.5	(13.6)	9.4	10.9	4.9	4.7	0.6	0.6	5.5	4.7	6.4	5.5
TOP	SELL	26.00	20.00	(23.1)	1,757	(43.5)	(7.3)	6.0	6.4	8.5	9.1	0.3	0.3	5.0	5.2	5.9	5.9

Sources: Company data, Thanachart estimates

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