

- Renew fear on trade war
- Bearish US inventory data
 - Trump proposes 50% tariff on EU goods from June 1
 - Opec+ eyes major output hike
 - U.S. storage demand soars

What initially looked like a calm, rangebound week for ICE Brent—hovering around US\$64–65 per barrel—was disrupted by President Trump’s surprise threat to impose a 50% tariff on EU imports. The move sparked fresh macroeconomic concerns and renewed fears of a trade war. If U.S.-EU tensions continue to escalate, and with OPEC+ expected to unwind 411,000 bpd in July, next week’s meeting could trigger Brent prices to fall below US\$60 per barrel.

Weekly US data: Bearish US inventory data

- U.S. crude oil inventories booked another weekly climb, which invariably sours trader sentiment as it is automatically taken to mean weaker demand regardless of size. For last week, the EIA reported a stock build of 1.3 million barrels.
- For total motor gasoline, the EIA estimated that inventories increased by 800,000 barrels for the week to May 16. This compares with an inventory decrease of 1 million barrels for the previous week. For middle distillates, the EIA estimated an increase of 600,000 barrels. This compares to an inventory dip of 3.2 million barrels in the week prior. Distillate inventories are now 16% below the five-year average for this time of year

Trump proposes 50% tariff on EU goods from June 1

- **Renew trade tension on EU:** A May 23 proposal by US President Donald Trump to impose blanket 50% tariffs on the European Union has reignited recession fears that could slash oil consumption and put pressure on refiners. The proposed 50% tariff sits well above the previous 20% rate for the EU that was announced by Trump on April 2, but later paused for 90 days and dropped to 10% in the interim.
- **EU at risk of -0.6 percentage point GDP impact:** ING estimates the proposed tariffs could shave 0.6 percentage points off EU GDP growth, potentially pushing the eurozone toward recession. The impact will depend on whether talks succeed or spiral into a full-blown trade war. The EU has already prepared €95 billion in retaliatory tariffs, currently on hold until July 14 to allow for negotiations.
- **Impact:** Many see this as a tough negotiating tactic, but Trump’s strong words and tariff threats have unsettled markets and raised concerns. If the situation escalates, businesses could face higher costs, and prices may go up for consumers.

US Weekly data			
(m bbls)	Weekly change	Consensus	Last week
Crude Oil	1.328	-0.900	3.454
Gasoline	0.816	-1.760	-1.022
Distillates	0.579	-1.200	-3.155

(k bpd)	Weekly change	% Change	Current number
Production	+5	0.0%	13,392
Refinery Runs	+89	+0.5%	16,490

Source: EIA

Weak Oil Market Outlook

- **Opec+ eyes major output hike:** As part of efforts to undercut high-cost producers and reclaim market share, OPEC+ is considering a 411,000 b/d production increase for July. This could unwind up to 2.2 million b/d in voluntary cuts by October, with a final decision expected at the June 1 meeting.
- **Kazakhstan expects to top its oil output plan:** Kazakhstan expects to exceed its 2025 production target of 96.2 million tons (~2 million bpd), defying its OPEC+ quota of under 1.5 million bpd. The boost is driven by the Chevron-led expansion at the Tengiz oil field.
- **U.S. storage demand soars:** Anticipating a supply glut and falling prices, traders are racing to secure U.S. crude storage—June requests hit 3 million barrels, levels last seen during the pandemic. Rising inventories and bearish sentiment are weighing further on prices.
- **Outlook:** Without a major supply disruption or coordinated production cuts, the oil market faces mounting pressure, with further price declines likely. We maintain our SELL rating on PTTEP.

Ex 1: Prices And Spreads

Unit		This	Last	%	Quarterly						Yearly		
		week	week	chg	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	2023	2024	2025
Upstream													
Dubai	(US\$/bbl)	63	64	-1.3%	82	85	79	74	76	65	81	80	71
Brent	(US\$/mmbtu)	65	65	-1.0%	82	85	79	74	75	65	82	80	70
Henry hub	(US\$/mmbtu)	3.3	3.3	0.0%	2.1	2.3	2.2	3.0	3.9	3.5	2.6	2.4	3.7
JKM Spot	(US\$/mmbtu)	12.5	11.9	5.0%	9.7	11.2	13.0	14.0	14.0	11.9	13.9	11.9	13.0
Dutch TTF	(EUR/MWh)	36	35	3.7%	28	32	36	43	47	35	41	35	41
NEX coal price	(US\$/tonne)	100	99	1.4%	127	136	140	139	108	97	188	136	103
Crack spreads over Dubai													
Gasoline	(US\$/bbl)	12.7	13.1	-2.7%	17.9	11.6	11.1	11.4	7.7	11.0	16.7	13.0	9.0
Jet fuel	(US\$/bbl)	14.8	14.6	1.4%	21.1	13.6	13.1	14.8	13.2	13.9	22.5	15.7	13.5
Diesel	(US\$/bbl)	16.5	15.6	5.8%	21.7	14.0	12.7	14.7	13.2	15.0	21.9	15.8	14.2
HSFO	(US\$/bbl)	4.2	2.3	81.2%	(9.7)	(3.4)	(5.3)	(2.3)	(2.0)	1.6	(10.3)	(5.2)	(0.5)
SG GRM	(US\$/bbl)	8.7	8.2	5.2%	8.1	4.8	4.8	6.4	4.6	6.2	7.9	6.1	5.3
Aromatics													
PX-naphtha	(US\$/tonne)	260	205	26.8%	323	336	262	174	188	193	378	274	188
BZ-naphtha	(US\$/tonne)	190	140	35.7%	326	391	352	271	245	185	267	335	245
Olefin													
HDPE-naphtha	(US\$/tonne)	380	375	1.3%	333	350	336	333	324	393	390	338	324
LDPE-naphtha	(US\$/tonne)	590	595	-0.9%	454	519	550	489	497	605	427	503	497
PP-naphtha	(US\$/tonne)	420	415	1.2%	302	331	331	339	338	433	359	326	338
Others													
Integrated PET	(US\$/tonne)	130	135	-3.5%	138	130	145	145	123	159	161	140	138
Phenol-BZ	(US\$/tonne)	85	111	(0.2)	(52)	(38)	68	47	41	106	80	6	75
BPA -Phenol	(US\$/tonne)	360	380	-5.3%	317	303	271	307	325	374	294	300	344

Sources: TOP, Bloomberg

Ex 2: Valuation

	Rating	Current price	Target price	Upside/ (Downside)	Market cap	Norm EPS grw		Norm PE		EV/EBITDA		— P/BV —		— Yield —		— ROE —	
		(Bt)	(Bt)	(%)	(US\$ m)	25F (%)	26F (%)	25F (x)	26F (x)	25F (x)	26F (x)	25F (x)	26F (x)	25F (%)	26F (%)	25F (%)	26F (%)
BANPU	HOLD	4.72	4.00	(15.3)	1,452	na	400.4	84.0	16.8	7.1	6.0	0.4	0.4	0.7	3.6	0.5	2.5
BCP	SELL	37.00	29.00	(21.6)	1,564	(38.8)	26.5	12.6	9.9	3.9	4.1	0.8	0.8	2.0	2.5	6.6	8.0
BSRC	SELL	5.25	4.70	(10.5)	558	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	0.83	0.70	(15.7)	521	na	na	na	na	12.8	8.6	0.3	0.3	0.0	0.0	na	na
IVL	BUY	20.00	22.00	10.0	3,447	(10.1)	40.9	20.3	14.4	6.6	6.1	0.8	0.8	1.5	2.1	4.9	6.4
OR	SELL	13.00	11.40	(12.3)	4,789	17.2	7.8	17.2	16.0	6.7	6.5	1.4	1.3	3.6	3.9	8.2	8.5
PTG	SELL	6.40	5.80	(9.4)	328	(12.8)	6.9	12.0	11.2	3.4	3.4	1.1	1.1	3.8	4.0	9.6	9.8
PTT	BUY	30.50	35.00	14.8	26,742	(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	101.00	93.00	(7.9)	12,308	(29.4)	(8.9)	7.3	8.0	2.0	2.1	0.7	0.7	6.9	6.7	10.0	8.7
PTTGC	HOLD	19.70	16.00	(18.8)	2,727	na	na	na	19.3	9.0	7.3	0.3	0.3	3.8	1.6	na	1.8
SCC	SELL	171.50	110.00	(35.9)	6,317	(41.7)	41.7	43.8	30.9	18.5	16.0	0.6	0.6	2.9	3.5	1.3	1.9
SPRC	HOLD	5.55	4.80	(13.5)	739	6.5	(13.6)	9.6	11.1	5.0	4.8	0.6	0.6	5.4	4.6	6.4	5.5
TOP	SELL	28.50	20.00	(29.8)	1,954	(43.5)	(7.3)	6.5	7.0	8.8	9.4	0.4	0.3	4.6	4.7	5.9	5.9

Sources: Company data, Thanachart estimates

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