

- Supply fear gaining momentum
- Mixed movement in US inventory
 - IEA revises up oil surplus forecast for 2025F
 - Further sanctions on Russia in focus
 - Europe’s diesel woes turn even worse

Oil prices rose over 2% on Friday as the International Energy Agency said the market was tighter than it appears, while U.S. tariffs and possible further sanctions on Russia were also in focus.

Weekly US data: Mixed movement in US inventory

- U.S. commercial crude oil inventories increased by 7.1 million barrels to 426 million barrels, defying analyst expectations of a 2.1 million-barrel draw.
- Gasoline inventories fell by 2.7 million barrels to 229.5 million barrels, nearly double the expected draw. Gasoline demand surged by 6% to 9.2 million barrels per day, driven by July 4th travel. Distillate fuel stocks, including diesel and heating oil, declined by 825,000 barrels to 102.8 million barrels, marking a 23% deficit compared to the five-year average.

IEA revises up oil surplus forecast for 2025F

- Surplus outlook raised:** The International Energy Agency (IEA) now expects a global oil market surplus of 2.1 million barrels per day (bpd) in 2025, as supply growth is set to significantly exceed demand. In its July Oil Market Report, the IEA lifted its supply growth forecast by 300,000 bpd to 2.1m bpd, driven largely by OPEC+’s surprise production hike for August. In contrast, global demand is projected to rise by just 700,000 bpd—the slowest pace since 2009, excluding the 2020 pandemic year.
- Summer demand keeps market tight for now:** Despite the bearish full-year outlook, the expected surplus has yet to materialize. The IEA notes that summer peak refinery runs, strong travel demand, and power generation needs are tightening the current market. A key indicator of short-term strength is Saudi Arabia’s plan to ship 51 million barrels of crude to China in August—the largest monthly volume in over two years.
- Impact:** Oil prices held up after the recent OPEC+ decision, suggesting the market is not overly concerned about an immediate glut and remains sensitive to geopolitical risks. This backdrop supports a positive near-term outlook for PTTEP. Even under our conservative oil price assumptions of US\$70/65 per barrel for 2025–26F, PTTEP looks attractive, trading at 6.8x 2025F PE with a 7% dividend yield. We maintain our BUY rating.

US Weekly data			
(m bbls)	Weekly change	Consensus	Last week
Crude Oil	7.070	-1.700	3.845
Gasoline	-2.658	-1.700	4.188
Distillates	-0.825	-0.300	-1.710

(k bpd)	Weekly change	% Change	Current number
Production	-48	-.04%	13,385
Refinery Runs	-99	-0.6%	17,006

Source: EIA

Further sanctions on Russia in focus

- **Trump to Announce Major Russia Statement Monday:** US. President Donald Trump confirmed that American weapons will continue to flow to Ukraine, with NATO covering the costs of these deliveries. He also teased a "major statement" on Russia set for Monday and is weighing new sanctions against Moscow.
- **Trump is working on the bill:** Trump is reviewing legislation sponsored by Senators Lindsey Graham and Richard Blumenthal that would impose sanctions and tariffs on countries supporting Russia's war effort, alongside targeting Russia's banking system. The bill proposes broad sanctions on Russian individuals, government bodies, and financial institutions, and would punish countries trading with Moscow by imposing 500% tariffs on Russian oil, gas, uranium, and other exports.
- **Impact:** The tough Russia sanctions bill is gaining support in Congress but still needs Trump's approval. He's interested but hasn't fully backed it. The bill targets buyers of Russian energy to pressure Moscow, though some see it as mostly symbolic since Trump already has wide executive powers for sanctions. With Congress nearing its August break, the bill's fate depends on Trump's stance. Despite Western sanctions causing some strain, their overall impact has been limited as Russia adapts and continues exporting around 3 million barrels of oil per day.

Europe's diesel woes turn even worse

- **European diesel price surge:** Europe's diesel supply issues have worsened, with the July price gap between Asia and Europe diesel reaching a huge US\$120 per metric tonne—the widest since October 2022—largely due to the UK's bankrupt Lindsey refinery pushing Northwest European refiners to pay more for limited spot cargoes.
- **Supporting Asian diesel spread:** This sharp rise in European diesel prices has opened up arbitrage opportunities, encouraging shipments from the U.S. Gulf Coast and Asia to Europe. Diesel crack spread remains high at US\$19/bbl—up from US\$14 in 1Q25 and at its highest level in over a year despite de-escalation between Iran-Israel war.

Ex 1: Prices And Spreads

Unit		This week	Last week	% <i>chg</i>	Quarterly						Yearly		
					1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	2023	2024	2025
Upstream													
Dubai	(US\$/bbl)	69	68	1.4%	82	85	79	74	76	66	81	80	71
Brent	(US\$/mmbtu)	70	68	3.0%	82	85	79	74	75	67	82	80	71
Henry hub	(US\$/mmbtu)	3.3	3.4	-2.8%	2.1	2.3	2.2	3.0	3.9	3.5	2.6	2.4	3.7
JKM Spot	(US\$/mmbtu)	13.1	13.0	1.1%	9.7	11.2	13.0	14.0	14.0	12.4	13.9	11.9	13.2
Dutch TTF	(EUR/MWh)	36	33	6.3%	28	32	36	43	47	36	41	35	41
NEX coal price	(US\$/tonne)	112	110	1.9%	127	136	140	139	108	100	188	136	104
Crack spreads over Dubai													
Gasoline	(US\$/bbl)	11.0	12.8	-14.3%	17.9	11.6	11.1	11.4	7.7	11.7	16.7	13.0	9.6
Jet fuel	(US\$/bbl)	15.8	16.4	-3.5%	21.1	13.6	13.1	14.8	13.2	13.8	22.5	15.7	13.7
Diesel	(US\$/bbl)	19.4	19.2	1.0%	21.7	14.0	12.7	14.7	13.2	15.3	21.9	15.8	14.7
HSFO	(US\$/bbl)	(3.5)	(0.6)	442%	(9.7)	(3.4)	(5.3)	(2.3)	(2.0)	2.2	(10.3)	(5.2)	(0.1)
SG GRM	(US\$/bbl)	6.9	8.2	-15.9%	8.1	4.8	4.8	6.4	4.6	7.0	7.9	6.1	5.8
Aromatics													
PX-naphtha	(US\$/tonne)	239	247	-3.1%	323	336	262	174	188	207	378	274	188
BZ-naphtha	(US\$/tonne)	154	162	-4.7%	326	391	352	271	245	173	267	335	245
Olefin													
HDPE-naphtha	(US\$/tonne)	364	372	-2.1%	333	350	336	333	324	374	390	338	324
LDPE-naphtha	(US\$/tonne)	594	602	-1.3%	454	519	550	489	497	587	427	503	497
PP-naphtha	(US\$/tonne)	404	412	-1.9%	302	331	331	339	338	414	359	326	338
Others													
Integrated PET	(US\$/tonne)	122	123	-0.9%	138	130	145	145	123	134	161	140	129
Phenol-BZ	(US\$/tonne)	72	72	-	(52)	(38)	68	47	41	77	80	6	66
BPA -Phenol	(US\$/tonne)	350	350	0.0%	317	303	271	307	325	378	294	300	351

Sources: TOP, Bloomberg

Ex 2: 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	4.22	4.00	(5.2)	1,301	na	400.4	75.1	15.0	7.0	5.9	0.4	0.4	0.8	4.0	0.5	2.5
BCP	SELL	29.75	29.00	(2.5)	1,260	(38.8)	26.5	10.1	8.0	3.6	3.8	0.7	0.6	2.5	3.1	6.6	8.0
BSRC	SELL	4.36	4.70	7.8	464	40.5	23.6	10.1	8.1	5.5	3.7	0.6	0.6	2.2	3.2	5.9	7.1
IRPC	SELL	0.81	0.70	(13.6)	509	na	na	na	na	12.7	8.5	0.3	0.3	0.0	0.0	na	na
IVL	BUY	21.20	22.00	3.8	3,663	(10.1)	40.9	21.5	15.2	6.7	6.3	0.9	0.9	1.4	2.0	4.9	6.4
OR	SELL	11.40	11.40	0.0	4,209	17.2	7.8	15.1	14.0	5.6	5.5	1.2	1.2	4.1	4.5	8.2	8.5
PTG	BUY	5.85	6.90	17.9	301	2.3	4.3	9.3	9.0	3.3	2.8	1.0	1.0	6.0	6.8	11.3	11.2
PTT	BUY	30.50	35.00	14.8	26,807	(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	BUY	109.00	125.00	14.7	13,316	(18.5)	(8.7)	6.8	7.4	2.0	2.2	0.8	0.7	7.3	7.1	11.5	9.9
PTTGC	HOLD	20.90	16.00	(23.4)	2,900	na	na	na	20.5	9.2	7.4	0.4	0.4	3.6	1.5	na	1.8
SCC	SELL	176.00	128.00	(27.3)	6,499	(9.7)	18.9	29.0	24.4	18.8	16.9	0.6	0.6	3.4	4.0	2.1	2.4
SPRC	HOLD	5.10	4.80	(5.9)	680	6.5	(13.6)	8.8	10.2	4.7	4.4	0.6	0.6	5.8	5.0	6.4	5.5
TOP	SELL	28.75	20.00	(30.4)	1,976	(43.5)	(7.3)	6.6	7.1	8.8	9.4	0.4	0.3	4.5	4.7	5.9	5.9

Sources: Company data, Thanachart estimates

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