

Energy Sector – Neutral

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News Update

Bullish momentum

- **Mixed movement in US inventory**
- **U.S. and EU reach historic tariff agreement**
- **OPEC+ to meet this week**
- **EU delays 18th Russia sanctions on crude and diesel**

While the U.S.–EU deal may have provided an early boost for oil prices, that upward momentum could quickly fade if OPEC+ confirms further supply increases.

Weekly US data: Mixed movement in US inventory

- Crude oil stocks fell by 3.2 million barrels to a total of 419.0 million barrels—a significantly larger draw than the ~1.6 million-barrel consensus estimate.
- Gasoline inventories dropped by 1.7 million barrels to 231.1 million barrels, nearly double the forecasted draw. Distillate stocks rose by 2.9 million barrels to about 109.9 million barrels, reversing expectations for a ~1.1 million-barrel draw.

U.S. and EU reach historic tariff agreement

- **A big and huge deal for the EU and the US:** US president Donald Trump and European Commission president Ursula von der Leyen announce an agreement on a trade deal, bringing 15% tariffs on almost all European exports to the US, except for steel, aluminum and pharmaceuticals. Also, according to US president Trump, the EU agreed to purchase US\$750bn in energy over the next three years and invest US\$600bn in American industries, and purchase “hundreds of billions” worth of U.S. military equipment.
- **Impact:** A tentative US-EU trade agreement has eased fears of a major escalation, avoiding the steep 30–50% tariffs previously threatened. The agreed 15% rate matches the EU’s own proposal and is below the earlier 20% Trump tariff, though steel, aluminum, and pharmaceuticals remain excluded. However, nothing is signed yet, leaving uncertainty over ratification by the European Parliament and national governments. The investment commitments also look shaky, as they depend on follow-through from member states and businesses. For now, worst-case trade war risks have been averted, but as in all trade negotiations, only a signed deal is a real deal. This will likely generate short-term positive sentiment for China-related plays, mainly petrochemical stocks (SCC, PTTGC, IVL, and IRPC). However, fundamentals remain challenging as new supply continues to enter the market.

US Weekly data

(m bbls)	Weekly change	Consensus	Last week
Crude Oil	-3.169	-1.400	-3.859
Gasoline	2.931	-1.100	4.173
Distillates	-1.738	-0.900	3.399

(k bpd)	Weekly change	% Change	Current number
Production	-102	-0.8%	13,273
Refinery Runs	+87	+0.5%	16,936

Source: EIA

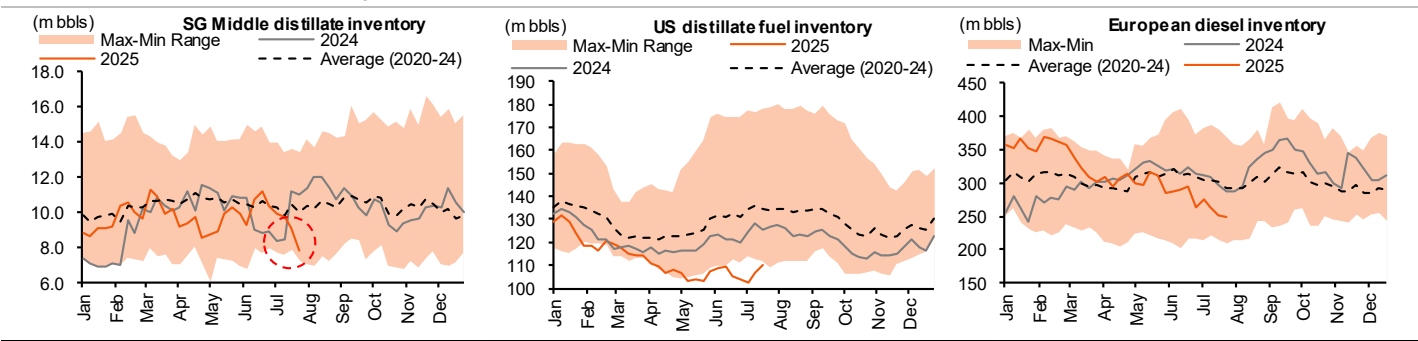
OPEC+ to meet this week

- **OPEC meeting on 3rd August:** Attention now turns to the OPEC+, with a Joint Ministerial Monitoring Committee convening on Monday ahead of the August 3 full ministerial meeting setting September output. Expectations are that the panel is likely to maintain its plan to boost production by 548,000 barrels per day (bpd) in August—and likely another 548,000 bpd in September, pushing the unwind of 2.2 million bpd in voluntary cuts close to completion.
- **Impact:** We expect that OPEC+ will at least complete the full return of 2.2m bpd of the additional voluntary supply cuts by the end of September. This would work out to a supply hike in September of at least 280k bpd. However, there is clearly room for a more aggressive hike. The group may feel emboldened to go with yet another large supply hike for September, given that prices are holding up relatively well despite supply increases already announced in recent months. We forecast Brent of US\$70/65/65 over 2025-27F. Despite low oil price assumptions, we rate PTTEP BUY for its attractive valuation, strong balance sheet, and high dividend yield.

EU delays 18th Russia sanctions on crude and diesel

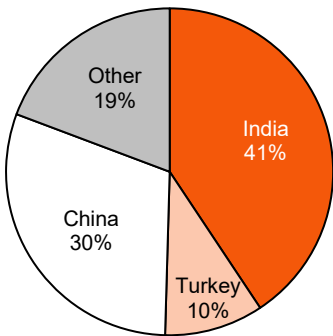
- **The sanction to be effective on Jan 2026:** The EU has postponed its 18th sanctions package on Russian crude and diesel until January 21, 2026. The new rules will ban imports of refined fuels made from Russian crude—even if processed in third countries—mainly affecting supplies from Turkey and India, which together supply about 15% of the EU's diesel. For the first time, the EU has also sanctioned Nayara Energy's Vadinar refinery (405 kbd) due to Rosneft's 49.13% ownership stake. This marks a major escalation, targeting not only Russian crude products but also foreign refineries with Russian ownership links.
- **Diesel market already tight:** ARA gasoil and diesel stocks stand at just 13.8 million barrels—about 14% below normal and near multi-year lows—keeping supplies tight. Diesel demand has also grown faster than expected, with middle distillate imports rising at their fastest pace since late 2024. This summer, diesel use surged in the Mediterranean due to delayed LNG supplies from Egypt and new emission rules, pushing shipments above the usual nine-year seasonal range. In Asia, India's trucking fuel demand increased thanks to lighter monsoon rains. Diesel consumption has also been high in South and East Africa since January, while South America's West Coast hit record diesel arrivals in June and saw continued strong demand in July, driven by agriculture, mining, and unexpected refinery outages.
- **Impact:** Looking ahead, diesel margins may ease in Q4 2025 as Mediterranean power demand cools with new Egyptian LNG supplies. However, low inventories, winter heating needs, refinery maintenance, and hurricane risks should keep margins supported into the colder months. We remain positive on refinery stocks, favoring SPRC, BCP, BSRC, and TOP.

Ex 1: Global Distillate Inventory



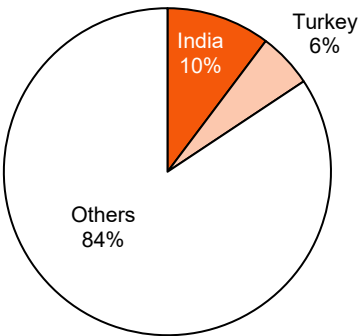
Sources: Bloomberg, EIA

Ex 2: Russia Crude Oil Export



Source: Bloomberg

Ex 3: European Diesel Import



Source: Bloomberg

Ex 4: Prices And Spreads

Unit		This week	Last week	% chg	Quarterly						Yearly		
					2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	2023	2024	2025
Upstream													
Dubai	(US\$/bbl)	69	70	-2.1%	85	79	74	76	66	69	81	80	71
Brent	(US\$/mmbtu)	68	69	-1.2%	85	79	74	75	67	69	82	80	71
Henry hub	(US\$/mmbtu)	3.1	3.6	-12.8%	2.3	2.2	3.0	3.9	3.5	3.4	2.6	2.4	3.7
JKM Spot	(US\$/mmbtu)	11.9	12.0	-0.9%	11.2	13.0	14.0	14.0	12.4	12.6	13.9	11.9	13.2
Dutch TTF	(EUR/MWh)	32	34	-3.3%	32	36	43	47	36	34	41	35	41
NEX coal price	(US\$/tonne)	110	110	-0.2%	136	140	139	108	100	111	188	136	104
Crack spreads over Dubai													
Gasoline	(US\$/bbl)	7.0	9.0	-22.4%	11.6	11.1	11.4	7.7	11.5	9.8	16.7	13.0	9.6
Jet fuel	(US\$/bbl)	16.9	16.7	1.3%	13.6	13.1	14.8	13.2	14.2	16.2	22.5	15.7	14.1
Diesel	(US\$/bbl)	20.5	20.8	-1.8%	14.0	12.7	14.7	13.2	15.8	20.1	21.9	15.8	15.5
HSFO	(US\$/bbl)	(5.9)	(5.6)	5%	(3.4)	(5.3)	(2.3)	(2.0)	1.7	(4.5)	(10.3)	(5.2)	(0.8)
SG GRM	(US\$/bbl)	5.4	5.9	-7.6%	4.8	4.8	6.4	4.6	7.0	6.6	7.9	6.1	5.9
Aromatics													
PX-naphtha	(US\$/tonne)	244	249	-1.8%	336	262	174	188	207	245	378	274	188
BZ-naphtha	(US\$/tonne)	169	174	-2.5%	391	352	271	245	173	165	267	335	245
Olefin													
HDPE-naphtha	(US\$/tonne)	369	374	-1.2%	350	336	333	324	374	370	390	338	324
LDPE-naphtha	(US\$/tonne)	589	594	-0.7%	519	550	489	497	587	595	427	503	497
PP-naphtha	(US\$/tonne)	399	404	-1.1%	331	331	339	338	414	405	359	326	338
Others													
Integrated PET	(US\$/tonne)	119	119	0.0%	130	145	145	123	134	120	161	140	128
Phenol-BZ	(US\$/tonne)	31	31	-	(38)	68	47	41	77	37	80	6	62
BPA -Phenol	(US\$/tonne)	370	370	0.0%	303	271	307	325	378	372	294	300	354

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	4.62	4.00	(13.4)	1,430	na	400.4	82.3	16.4	7.1	6.0	0.4	0.4	0.7	3.7	0.5	2.5
BCP	BUY	33.75	37.00	9.6	1,435	(16.5)	25.6	8.4	6.7	2.7	2.9	0.7	0.7	3.3	4.5	9.0	10.5
BSRC	BUY	4.90	5.20	6.1	524	51.8	43.4	10.5	7.3	5.6	3.6	0.7	0.6	2.3	3.9	6.3	8.8
IRPC	SELL	0.87	0.77	(11.5)	549	na	na	na	na	11.4	8.3	0.3	0.3	3.4	3.4	na	na
IVL	SELL	21.30	18.00	(15.5)	3,693	(32.9)	53.7	28.9	18.8	6.8	6.3	0.9	0.9	2.1	2.7	3.8	5.5
OR	SELL	13.00	11.40	(12.3)	4,818	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	BUY	6.40	6.90	7.8	330	2.3	4.3	10.2	9.8	3.5	3.0	1.1	1.1	5.5	6.3	11.3	11.2
PTT	BUY	32.25	37.00	14.7	28,448	(8.4)	2.8	11.0	10.7	4.1	3.7	0.8	0.8	6.5	6.5	7.3	7.4
PTTEP	BUY	116.00	125.00	7.8	14,222	(18.5)	(8.7)	7.2	7.9	2.2	2.3	0.8	0.8	6.9	6.7	11.5	9.9
PTTGC	SELL	21.60	18.00	(16.7)	3,008	na	na	na	24.9	13.6	8.8	0.4	0.4	2.3	2.3	na	1.5
SCC	SELL	200.00	128.00	(36.0)	7,412	(9.7)	18.9	33.0	27.7	19.8	17.9	0.7	0.7	3.0	3.5	2.1	2.4
SPRC	BUY	5.40	6.20	14.8	723	27.6	(19.0)	7.8	9.6	4.1	4.3	0.6	0.6	6.5	6.5	7.6	6.1
TOP	BUY	32.50	34.00	4.6	2,242	(40.4)	3.2	7.1	6.8	6.9	7.6	0.4	0.4	5.8	5.0	5.6	6.1

Sources: Company data, Thanachart estimates

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