

Energy Sector – Neutral

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News Update

Oil falls below \$70 as sentiment sours

- **Mixed US inventory data**
- **India to maintain Russian oil purchases**
- **Indian Naraya refined cut utilization**
- **China ramps up exports of refined fuels as margins rise**

Crude oil futures fell for a second straight session Friday, ahead of a likely increase in production by OPEC and its allies, while a weaker than expected U.S. employment report rekindled worries about oil demand.

Weekly US data: Mixed US inventory data

- Inventories rose by 7.7 million barrels, reaching 426.7 million barrels — a surprise build compared to the expected decline of around 1.3 million barrels.
- Gasoline stocks declined by 2.1 million barrels, placing inventories about 3% below the 5-year average for this time of year. Distillate stocks dropped by 0.825 million barrels, following a larger draw of ~1.71 million barrels the previous week

India to maintain Russian oil purchases

- **Indian officials deny policy change on Russian oil imports:** India will keep purchasing oil from Russia despite U.S. President Donald Trump's threats of penalties, two Indian government sources told Reuters on Saturday, not wishing to be identified due to the sensitivity of the matter.
- **Tariff Threat from Trump:** Trump warned of imposing 100% tariffs on nations buying Russian oil unless Russia agrees to a major peace deal with Ukraine. India, the world's third-largest oil importer, now buys up to 2 million barrels per day from Russia—about 2% of global supply—making Russia its top supplier with a 35% share.
- **Russia-backed Indian refiner Nayara Energy has reduced operations** at its 400,000-barrel-per-day refinery in the aftermath of new European Union sanctions that targeted the firm, five sources familiar with the matter said. Privately-held Nayara, which runs India's third-biggest refinery at the port of Vadinar in the western state of Gujarat, controls nearly 8% of the country's total refining capacity of about 5.2 million bpd. One source said Nayara was operating the refinery at 70% of capacity, while another put the figure at 80%.
- **Impact:** The potential impact of new sanctions on the global crude oil market remains uncertain due to current supply-demand dynamics. However, OPEC retains room to raise output, supported by still-ample spare capacity. As of June, Saudi Arabia held 2.3 million bpd of capacity that could be brought online within 90 days, while the UAE and Kuwait held 900,000 bpd and 600,000 bpd, respectively. In contrast, the refinery sector faces a tighter outlook, particularly in the diesel market, which is already constrained. Any disruption to India's refinery supply could exacerbate this tightness further.

US Weekly data

| (m bbls) | Weekly change | Consensus | Last week |
|-------------|---------------|-----------|-----------|
| Crude Oil | 7.698 | -2.300 | -3.169 |
| Gasoline | -2.724 | -1.100 | -1.738 |
| Distillates | 3.635 | -0.900 | -1.738 |

| (k bpd) | Weekly change | % Change | Current number |
|---------------|---------------|----------|----------------|
| Production | +41 | +0.3% | 13,314 |
| Refinery Runs | -25 | -0.1% | 16,911 |

Source: EIA

China ramps up exports of refined fuels as margins rise

- **China's exports of key refined fuels are on track to jump to the highest in 16 months** as refiners take advantage of rising profit margins. Shipments in July of middle and light distillates, which include diesel and gasoline, are forecast to reach 26.63 million barrels, or 859,000 bpd, data compiled by commodity analysts Kpler shows. China's gasoil exports are forecast at 6.22 million barrels in July by Kpler, the highest since June 2024 and up from just 3.56 million last month.
- **More to come:** There is also scope for China to increase shipments in coming months, as refiners still have unused export quotas. Total export quotas granted by Beijing to refiners' amount to 45 million metric tons and official customs data shows total refined product exports of 27.19 million in the first half of 2025, a decline of 9.7% from the corresponding period in 2024. China's refiners have been increasing output, with throughput rising 8.5% in June to 15.15 million bpd, official data showed on July 15.
- **Impact:** China's increased gasoil exports could pressure diesel crack spreads, as we had anticipated. While this may weigh on sentiment in the near term, we maintain our view that refining margins will remain at mid-cycle levels, supported by limited new global capacity. Moreover, tighter sanctions from the US and Europe may prompt Indian refiners to cut output, posing an upside risk to refining margins. We maintain our BUY rating on Thai refineries (BCP, BSRC, SPRC, TOP).

Ex 1: Prices And Spreads

| Unit | | This | Last | % | Quarterly | | | | | | Yearly | | |
|--------------------------|--------------|-------|-------|--------|-----------|-------|-------|-------|------|-------|--------|-------|-------|
| | | week | week | chg | 2Q24 | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | 2023 | 2024 | 2025 |
| Upstream | | | | | | | | | | | | | |
| Dubai | (US\$/bbl) | 72 | 69 | 5.2% | 85 | 79 | 74 | 76 | 66 | 69 | 81 | 80 | 71 |
| Brent | (US\$/mmbtu) | 70 | 68 | 1.8% | 85 | 79 | 74 | 75 | 67 | 69 | 82 | 80 | 71 |
| Henry hub | (US\$/mmbtu) | 3.1 | 3.1 | -0.9% | 2.3 | 2.2 | 3.0 | 3.9 | 3.5 | 3.3 | 2.6 | 2.4 | 3.7 |
| JKM Spot | (US\$/mmbtu) | 12.0 | 11.9 | 1.1% | 11.2 | 13.0 | 14.0 | 14.0 | 12.4 | 12.5 | 13.9 | 11.9 | 13.2 |
| Dutch TTF | (EUR/MWh) | 34 | 32 | 4.5% | 32 | 36 | 43 | 47 | 36 | 34 | 41 | 35 | 41 |
| NEX coal price | (US\$/tonne) | 115 | 110 | 4.3% | 136 | 140 | 139 | 108 | 100 | 111 | 188 | 136 | 104 |
| Crack spreads over Dubai | | | | | | | | | | | | | |
| Gasoline | (US\$/bbl) | 7.2 | 7.1 | 0.1% | 11.6 | 11.1 | 11.4 | 7.7 | 11.5 | 9.1 | 16.7 | 13.0 | 9.5 |
| Jet fuel | (US\$/bbl) | 14.8 | 16.8 | -11.9% | 13.6 | 13.1 | 14.8 | 13.2 | 14.2 | 16.3 | 22.5 | 15.7 | 14.1 |
| Diesel | (US\$/bbl) | 18.3 | 20.8 | -12.1% | 14.0 | 12.7 | 14.7 | 13.2 | 15.8 | 20.3 | 21.9 | 15.8 | 15.5 |
| HSFO | (US\$/bbl) | (8.3) | (5.7) | 44% | (3.4) | (5.3) | (2.3) | (2.0) | 1.7 | (4.9) | (10.3) | (5.2) | (0.8) |
| SG GRM | (US\$/bbl) | 4.1 | 5.5 | -25.6% | 4.8 | 4.8 | 6.4 | 4.6 | 7.0 | 6.1 | 7.9 | 6.1 | 5.9 |
| Aromatics | | | | | | | | | | | | | |
| PX-naphtha | (US\$/tonne) | 256 | 244 | 4.6% | 336 | 262 | 174 | 188 | 207 | 249 | 378 | 274 | 188 |
| BZ-naphtha | (US\$/tonne) | 166 | 169 | -2.2% | 391 | 352 | 271 | 245 | 173 | 165 | 267 | 335 | 245 |
| Olefin | | | | | | | | | | | | | |
| HDPE-naphtha | (US\$/tonne) | 336 | 369 | -9.1% | 350 | 336 | 333 | 324 | 374 | 355 | 390 | 338 | 324 |
| LDPE-naphtha | (US\$/tonne) | 566 | 589 | -4.0% | 519 | 550 | 489 | 497 | 587 | 582 | 427 | 503 | 497 |
| PP-naphtha | (US\$/tonne) | 376 | 399 | -5.9% | 331 | 331 | 339 | 338 | 414 | 392 | 359 | 326 | 338 |
| Others | | | | | | | | | | | | | |
| Integrated PET | (US\$/tonne) | 102 | 119 | -14.2% | 130 | 145 | 145 | 123 | 134 | 55 | 161 | 140 | 118 |
| Phenol-BZ | (US\$/tonne) | 10 | 31 | (0.7) | (38) | 68 | 47 | 41 | 77 | 34 | 80 | 6 | 61 |
| BPA -Phenol | (US\$/tonne) | 365 | 370 | -1.4% | 303 | 271 | 307 | 325 | 378 | 370 | 294 | 300 | 354 |

Sources: TOP, Bloomberg

Ex 2: 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 | 4.92 | 4.00 | (18.7) | 1,500 | na | 400.4 | 87.6 | 17.5 | 7.2 | 6.0 | 0.4 | 0.4 | 0.7 | 3.4 | 0.5 | 2.5 |
| BCP | BUY | 33.75 | 37.00 | 9.6 | 1,414 | (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 | 516 | 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 | 0.99 | 0.77 | (22.2) | 616 | na | na | na | na | 11.8 | 8.6 | 0.3 | 0.3 | 3.0 | 3.0 | na | na |
| IVL | SELL | 22.40 | 18.00 | (19.6) | 3,827 | (32.9) | 53.7 | 30.4 | 19.8 | 6.9 | 6.4 | 1.0 | 0.9 | 2.0 | 2.5 | 3.8 | 5.5 |
| OR | SELL | 13.20 | 12.00 | (9.1) | 4,820 | 26.1 | 7.3 | 16.3 | 15.2 | 6.1 | 5.8 | 1.4 | 1.3 | 3.6 | 3.6 | 8.7 | 9.0 |
| PTG | BUY | 6.55 | 6.90 | 5.3 | 333 | 2.3 | 4.3 | 10.5 | 10.0 | 3.5 | 3.0 | 1.2 | 1.1 | 5.3 | 6.1 | 11.3 | 11.2 |
| PTT | BUY | 32.25 | 37.00 | 14.7 | 28,031 | (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 | 123.50 | 125.00 | 1.2 | 14,920 | (18.5) | (8.7) | 7.7 | 8.4 | 2.3 | 2.5 | 0.9 | 0.8 | 6.5 | 6.3 | 11.5 | 9.9 |
| PTTGC | SELL | 23.70 | 18.00 | (24.1) | 3,252 | na | na | na | 27.4 | 14.0 | 9.1 | 0.4 | 0.4 | 2.1 | 2.1 | na | 1.5 |
| SCC | SELL | 197.00 | 128.00 | (35.0) | 7,194 | (9.7) | 18.9 | 32.5 | 27.3 | 19.7 | 17.7 | 0.7 | 0.7 | 3.0 | 3.6 | 2.1 | 2.4 |
| SPRC | BUY | 5.55 | 6.20 | 11.7 | 732 | 27.6 | (19.0) | 8.0 | 9.9 | 4.2 | 4.5 | 0.6 | 0.6 | 6.3 | 6.3 | 7.6 | 6.1 |
| TOP | BUY | 33.75 | 34.00 | 0.7 | 2,294 | (40.4) | 3.2 | 7.3 | 7.1 | 7.0 | 7.7 | 0.4 | 0.4 | 5.6 | 4.8 | 5.6 | 6.1 |

Sources: Company data, Thanachart estimates

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