

- Bullish risk on oil market rebuild
- **Bullish U.S. Crude Inventory Data**
  - **Peace talks collapse**
  - **U.S. tariff pressure on India**
  - **China and S. Korea set for petrochemical overhauls**

Brent crude oil price rose 2.9% this week to US\$68/bbl as collapsing peace talks, and tariff moves against India reignited bullish sentiment.

Weekly US data: Bullish U.S. Crude Inventory Data

- **Crude Oil:** The U.S. Energy Information Administration (EIA) reported a 6-million-barrel decline in commercial crude oil inventories for the week ending August 15, 2025, bringing total stocks to 420.7 million barrels, approximately 6% below the five-year average.
- **Gasoline:** The EIA reported a decrease of 2.7 million barrels, after the week prior's 800,000-barrel dip.
- **Distillates:** Inventories increased by 2.3 million barrels. Distillate inventories are still 13% below the five-year average for this time of year.

Bullish risk on oil market rebuild

- **Peace talks collapse rebuilds geopolitical risk premium:** Traders were hoping for a deal that could ease sanctions on Russian oil after talks involving Trump, Zelenskiy, and the possibility of Russia joining a trilateral summit. But talks fell apart midweek, with both sides blaming each other. Russia carried out an air attack near the EU border, and Ukraine hit a Russian refinery in response. With no ceasefire in sight, concerns about geopolitical risks rose again.
- **U.S. tariff pressure on India:** President Trump's trade advisor, Peter Navarro, said secondary tariffs on India for buying Russian oil are expected next week, with an additional 25% tariff starting 27 August. Initially, Indian refiners reduced their Russian crude purchases, but attractive discounts are bringing them back. This creates upside risk for oil prices—if tariffs keep India from buying Russian oil and Russia can't find other buyers.
- **Impact:** These factors are bullish for oil, and we expect prices to rebound. PTTEP (BUY) is likely to benefit the most from higher oil prices, while refiners may see a short-term boost from inventory gains.

US Weekly data			
(m bbls)	Weekly change	Consensus	Last week
Crude Oil	-6.014	-0.800	3.036
Gasoline	-2.720	-0.800	-0.792
Distillates	2.343	0.450	0.714

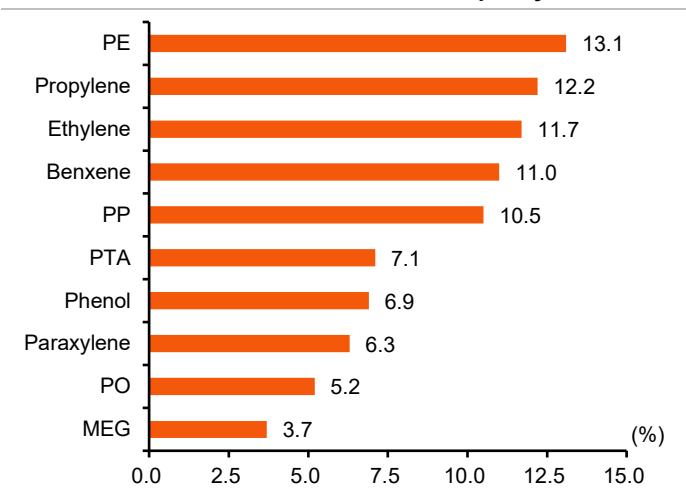
(k bpd)	Weekly change	% Change	Current number
Production	+55	+0.4%	13,382
Refinery Runs	+28	+0.2%	17,208

Source: EIA

China and S. Korea set for petchem overhauls

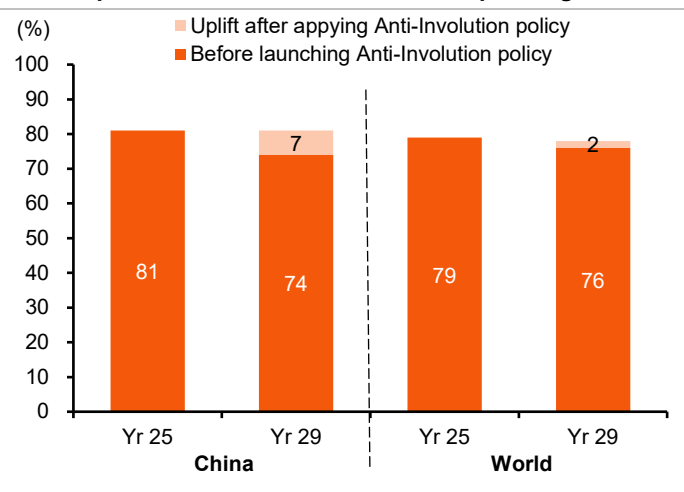
- **China plans major petrochemical and refinery overhaul.** China plans to revamp its petrochemical and oil refining sector by phasing out small and outdated plants and focusing investment on advanced materials. Petrochemical facilities over 20 years old will be upgraded and encouraged to produce specialty chemicals. China ethylene capacity is currently at 56 million tonne. In refining, plants under 2 million tons/year may be shut, as China aims to cap crude oil refining at 1 billion tons/year (~20 mbpd) by 2025. As of 2024, China's oil refining capacity has reached approximately 961 million metric tons per year, equating to about 19.3 million barrels per day (bpd). This move aims to streamline the country's vast refining sector, curb carbon emissions, and address overcapacity issues.
- **South Korea to cut capacity, undergo restructuring:** Ten major South Korean petrochemical companies have agreed—under government direction—to reduce annual naphtha-cracking capacity by 2.7 to 3.7 million metric tons, which equates to 18–25% of the nation's total capacity of roughly 14.7 million tons.
- **Impact:** This is positive for the petrochemical sector, although the overall impact may be limited. Polyethylene is likely the main market affected. Korea's petrochemical shutdown could reduce polyethylene capacity by 1.0–1.25 million tons, with additional cuts from China's anti-overcapacity policy. According to PTTGC, China's policy is expected to raise the polyolefin operating rate by 7% in 2029F and the global rate by 2%, implying 6–7 million tons of capacity could be shut. Even combined, these reductions may not fully offset potential new supply growth.

Ex 1: Share of China's Petrochemical Capacity Pre-2005



Source: Company data

Ex 2: Impact Of Anti-Involution On PE's Operating Rate



Source: Company data

## Ex 3: Prices And Spreads

Unit		This week	Last week	% <i>chg</i>	Quarterly						Yearly		
					2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	2023	2024	2025
Upstream													
Dubai	(US\$/bbl)	68	67	0.3%	85	79	74	76	66	69	81	80	71
Brent	(US\$/mmbtu)	68	66	2.9%	85	79	74	75	67	68	82	80	71
Henry hub	(US\$/mmbtu)	2.7	2.9	-7.5%	2.3	2.2	3.0	3.9	3.5	3.2	2.6	2.4	3.7
JKM Spot	(US\$/mmbtu)	11.6	11.9	-2.9%	11.2	13.0	14.0	14.0	12.4	12.2	13.9	11.9	13.2
Dutch TTF	(EUR/MWh)	34	31	8.2%	32	36	43	47	36	33	41	35	41
NEX coal price	(US\$/tonne)	111	111	0.4%	136	140	139	108	100	112	188	136	104
Crack spreads over Dubai													
Gasoline	(US\$/bbl)	12.0	12.0	0.1%	11.6	11.1	11.4	7.7	11.5	8.7	16.7	13.0	9.6
Jet fuel	(US\$/bbl)	14.8	15.2	-3.0%	13.6	13.1	14.8	13.2	14.2	15.9	22.5	15.7	14.2
Diesel	(US\$/bbl)	16.6	17.2	-3.5%	14.0	12.7	14.7	13.2	15.8	19.1	21.9	15.8	15.7
HSFO	(US\$/bbl)	(5.6)	(4.6)	22%	(3.4)	(5.3)	(2.3)	(2.0)	1.7	(5.0)	(10.3)	(5.2)	(1.4)
SG GRM	(US\$/bbl)	5.8	6.1	-6.1%	4.8	4.8	6.4	4.6	7.0	6.0	7.9	6.1	5.8
Aromatics													
PX-naphtha	(US\$/tonne)	224	256	-12.6%	336	262	174	188	207	246	378	274	188
BZ-naphtha	(US\$/tonne)	169	166	1.7%	391	352	271	245	173	166	267	335	245
Olefin													
HDPE-naphtha	(US\$/tonne)	354	336	5.3%	350	336	333	324	374	355	390	338	324
LDPE-naphtha	(US\$/tonne)	584	566	3.2%	519	550	489	497	587	582	427	503	497
PP-naphtha	(US\$/tonne)	374	376	-0.6%	331	331	339	338	414	390	359	326	338
Others													
Integrated PET	(US\$/tonne)	112	111	1.0%	130	145	145	123	134	119	161	140	126
Phenol-BZ	(US\$/tonne)	49	46	0.1	(38)	68	47	41	77	25	80	6	56
BPA -Phenol	(US\$/tonne)	332	332	0.0%	303	271	307	325	378	370	294	300	356

Sources: TOP, Bloomberg

## Ex 4: 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	4.84	4.00	(17.4)	1,485	na	400.4	86.2	17.2	7.2	6.0	0.4	0.4	0.7	3.5	0.5	2.5
BCP	BUY	33.00	37.00	12.1	1,392	(16.5)	25.6	8.2	6.5	2.6	2.9	0.7	0.7	3.4	4.6	9.0	10.5
BSRC	BUY	4.78	5.20	8.8	507	51.8	43.4	10.2	7.1	5.5	3.5	0.6	0.6	2.3	4.0	6.3	8.8
IRPC	SELL	1.03	0.77	(25.2)	645	na	na	na	na	11.9	8.7	0.3	0.3	2.9	2.9	na	na
IVL	SELL	22.80	18.00	(21.1)	3,921	(32.9)	53.7	30.9	20.1	7.0	6.5	1.0	1.0	1.9	2.5	3.8	5.5
OR	SELL	12.80	12.00	(6.3)	4,705	26.1	7.3	15.8	14.7	5.9	5.6	1.3	1.3	3.7	3.7	8.7	9.0
PTG	BUY	7.15	8.50	18.9	366	10.7	12.3	10.6	9.4	3.6	3.2	1.2	1.2	4.9	5.6	12.1	12.8
PTT	BUY	32.00	37.00	15.6	27,999	(8.4)	2.8	10.9	10.6	4.1	3.7	0.8	0.8	6.6	6.6	7.3	7.4
PTTEP	BUY	112.50	125.00	11.1	13,681	(18.5)	(8.7)	7.0	7.7	2.1	2.3	0.8	0.7	7.1	6.9	11.5	9.9
PTTGC	SELL	27.00	18.00	(33.3)	3,729	na	na	na	31.2	14.7	9.6	0.5	0.5	1.9	1.9	na	1.5
SCC	SELL	223.00	128.00	(42.6)	8,197	(9.7)	18.9	36.8	30.9	20.8	18.8	0.8	0.8	2.7	3.1	2.1	2.4
SPRC	BUY	4.66	6.20	33.0	619	27.6	(19.0)	6.7	8.3	3.6	3.8	0.5	0.5	7.5	7.5	7.6	6.1
TOP	BUY	32.00	34.00	6.3	2,190	(40.4)	3.2	7.0	6.7	6.8	7.6	0.4	0.3	5.9	5.1	5.6	6.1

Sources: Company data, Thanachart estimates

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