

Energy Sector – Neutral

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News Update

Supply Risk Rising

- **Another crude inventory build**
- **Ukraine escalates attacks on Russia's oil infrastructure**
- **EU considers faster Russian oil and gas exit**
- **China's teapot refiners face fresh test from crackdown**

Brent rose to US\$67/bbl after Ukrainian drone strikes on Russia's Primorsk port, with U.S. push for wider sanctions on India and China adding to geopolitical support. Meanwhile, China has introduced stricter rules to curb tax evasion in the refined oil market.

Weekly US data: Another crude inventory build

- **Crude Oil:** Commercial inventories rose 3.9 million barrels to 424.6 million barrels, about 3% below the five-year average.
- **Gasoline:** Inventories decreased 1.5 million barrels, roughly in line with the five-year average.
- **Distillates:** Inventories rose 4.7 million barrels, but remain about 9% below the five-year average, indicating relatively tight suppl.

Ukraine escalates attacks on Russia's oil infrastructure

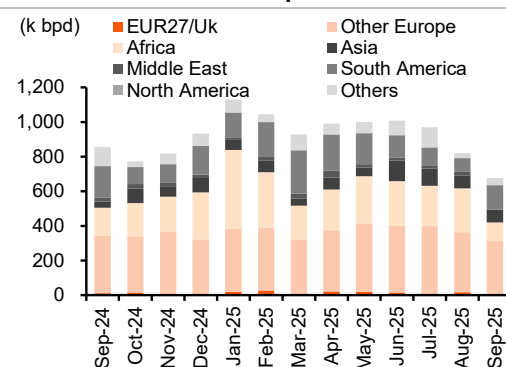
- **Primorsk port attacked:** Ukraine struck Russia's Primorsk port, damaging a ship in the first-ever attack on one of the country's largest oil export terminals. The strike, part of one of Ukraine's biggest overnight drone campaigns in months, marks a clear escalation, shifting focus from refineries and inland facilities to key energy infrastructure. Primorsk handles nearly 1 million b/d of crude and 400,000 b/d of diesel (S&P Global Commodities at Sea) and is a vital hub for Urals crude exports.
- **Kirishi refinery hit:** At least 361 drones targeted Russian facilities overnight, causing a brief fire at the Kirishi refinery, which processes 355,000 b/d of crude (c. 6.4% of Russia's total refining capacity).
- **Falling exports:** Early September data show Russian refined-product exports at 1.96 million b/d in the first week, driven by sharp declines in diesel and naphtha. If trends continue, September could be the lowest monthly average in a year, down about 10% from August (Bloomberg/Vortexa).
- **Impact:** The attacks mark a clear escalation in Ukraine's campaign, now targeting major Russian oil infrastructure and threatening further disruptions to crude oil and refining output and exports.

US Weekly data

(m bbls)	Weekly change	Consensus	Last week
Crude Oil	3.939	-1.900	2.415
Gasoline	-1.458	-0.100	-3.795
Distillates	4.715	0.200	1.681

Source: EIA

Ex 1: Russian Diesel Exports



Source: Bloomberg

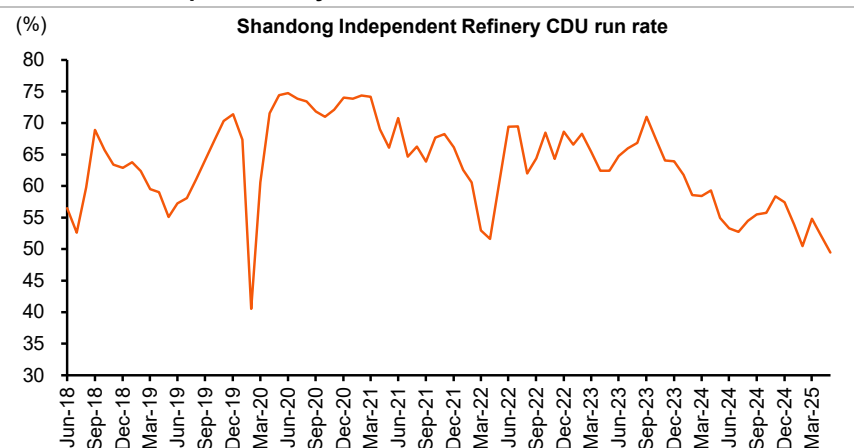
EU considers faster Russian oil and gas exit after US pressure

- **EU response:** The European Union is considering a faster phase-out of Russian fossil fuels under new sanctions, following U.S. pressure. A ban on seaborne Russian crude has already cut EU imports by 90%, though Hungary and Slovakia continue pipeline flows. Europe is expected to source about 13% of its gas from Russia this year, down from 45% before the 2022 invasion.
- **U.S. pressure:** President Donald Trump has urged Europe to halt Russian oil purchases and called for punitive measures on major buyers, including China and India. He has imposed an extra 25% tariff on Indian imports (bringing total duties to 50%) to curb discounted Russian crude sales. No new tariffs have been applied to China, as the U.S. manages a delicate trade truce.
- **Impacts:** We see this as largely neutral for the oil market. Russian crude and gas can be redirected to other markets, so unless third countries are also pressured to stop buying, the overall supply effect is limited.

China's teapot refiners face fresh test from crackdown on tax evasion

- **New rules under anti-involution plan:** China has introduced stricter rules to curb tax evasion in the refined oil market. Independent “teapot” refiners must now file monthly online reports on purchases, sales, and inventories, replacing paper ledgers.
- **Scale of the problem:** Industry estimates show 30–40% of gasoline and diesel is sold without paying consumption tax. Skipping the levy boosts profits by about 600 yuan/ton for diesel (c. US\$7.45/bbl).
- **Systemic enforcement:** The new system aims to secure more tax revenue and cut off illegal fuel supply. Unlike past short-term crackdowns, this is seen as a lasting change. Experts note this marks a structural shift — a permanent monitoring system rather than another short-lived compliance campaign.
- **Impact:** The teapot sector ran at under half capacity in 1H25 as weak demand and rising EV adoption weighed on fuel sales. Beijing's tax crackdown may cut utilization or force shutdowns, tightening supply and supporting domestic refining margins. Teapots account for 4.2–5.0 mb/d (c. 25% of China's total). We maintain BUY on SPRC, TOP, BCP, and BSRC.

Ex 2: China Teapot Refinery Run Rate



Source: Bloomberg

Ex 3: Prices And Spreads

Unit		This	Last	%	Quarterly						Yearly		
		week	week	chg	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	2023	2024	2025
Upstream													
Dubai	(US\$/bbl)	69	67	3.0%	85	79	74	76	66	68	81	80	71
Brent	(US\$/mmbtu)	67	66	2.3%	85	79	74	75	67	68	82	80	71
Henry hub	(US\$/mmbtu)	2.9	3.0	-3.5%	2.3	2.2	3.0	3.9	3.5	3.1	2.6	2.4	3.7
JKM Spot	(US\$/mmbtu)	11.4	11.3	0.5%	11.2	13.0	14.0	14.0	12.4	12.0	13.9	11.9	13.2
Dutch TTF	(EUR/MWh)	33	32	2.2%	32	36	43	47	36	33	41	35	41
NEX coal price	(US\$/tonne)	101	108	-6.4%	136	140	139	108	100	111	188	136	104
Crack spreads over Dubai													
Gasoline	(US\$/bbl)	11.4	11.5	-1.0%	11.6	11.1	11.4	7.7	11.5	10.3	16.7	13.0	9.9
Jet fuel	(US\$/bbl)	15.8	15.3	3.7%	13.6	13.1	14.8	13.2	14.2	15.5	22.5	15.7	14.3
Diesel	(US\$/bbl)	18.5	17.7	4.4%	14.0	12.7	14.7	13.2	15.8	18.2	21.9	15.8	15.9
HSFO	(US\$/bbl)	(7.5)	(6.8)	10%	(3.4)	(5.3)	(2.3)	(2.0)	1.7	(5.8)	(10.3)	(5.2)	(2.0)
SG GRM	(US\$/bbl)	5.3	5.6	-5.6%	4.8	4.8	6.4	4.6	7.0	5.8	7.9	6.1	5.8
Aromatics													
PX-naphtha	(US\$/tonne)	217	234	-7.4%	336	262	174	188	207	242	378	274	188
BZ-naphtha	(US\$/tonne)	142	149	-4.9%	391	352	271	245	173	162	267	335	245
Olefin													
HDPE-naphtha	(US\$/tonne)	342	344	-0.7%	350	336	333	324	374	352	390	338	324
LDPE-naphtha	(US\$/tonne)	542	554	-2.2%	519	550	489	497	587	574	427	503	497
PP-naphtha	(US\$/tonne)	352	354	-0.6%	331	331	339	338	414	380	359	326	338
Others													
Integrated PET	(US\$/tonne)	112	108	4.3%	130	145	145	123	134	112	161	140	123
Phenol-BZ	(US\$/tonne)	83	85	(0.0)	(38)	68	47	41	77	46	80	6	59
BPA -Phenol	(US\$/tonne)	310	310	0.0%	303	271	307	325	378	346	294	300	350

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)	1,529	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	31.00	37.00	19.4	1,346	(16.5)	25.6	7.7	6.1	2.6	2.8	0.7	0.6	3.6	4.9	9.0	10.5
BSRC	BUY	4.62	5.20	12.6	504	51.8	43.4	9.9	6.9	5.4	3.4	0.6	0.6	2.4	4.2	6.3	8.8
IRPC	SELL	1.27	0.77	(39.4)	818	na	na	na	na	12.6	9.3	0.4	0.4	2.4	2.4	na	na
IVL	SELL	23.80	18.00	(24.4)	4,213	(32.9)	53.7	32.3	21.0	7.1	6.6	1.0	1.0	1.9	2.4	3.8	5.5
OR	SELL	14.20	12.00	(15.5)	5,373	26.1	7.3	17.5	16.3	6.7	6.4	1.5	1.4	3.4	3.4	8.7	9.0
PTG	BUY	8.40	8.50	1.2	442	10.7	12.3	12.4	11.0	4.0	3.5	1.5	1.4	4.2	4.8	12.1	12.8
PTT	BUY	33.50	37.00	10.4	30,170	(8.4)	2.8	11.4	11.1	4.2	3.8	0.8	0.8	6.3	6.3	7.3	7.4
PTTEP	BUY	113.00	125.00	10.6	14,145	(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	27.75	18.00	(35.1)	3,945	na	na	na	32.0	14.9	9.7	0.5	0.5	1.8	1.8	na	1.5
SCC	SELL	228.00	128.00	(43.9)	8,627	(9.7)	18.9	37.6	31.6	21.1	19.0	0.8	0.8	2.6	3.1	2.1	2.4
SPRC	BUY	4.96	5.70	14.9	678	(18.3)	(52.9)	11.2	23.7	5.0	5.9	0.6	0.6	5.0	5.0	4.9	2.4
TOP	BUY	35.50	34.00	(4.2)	2,500	(40.4)	3.2	7.7	7.5	7.2	7.9	0.4	0.4	5.3	4.6	5.6	6.1

Sources: Company data, Thanachart estimates

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