Energy Sector – Neutral

News Update

Yupapan Polpornprasert | Email: yupapan.pol@thanachartsec.co.th

Rising uncertainty

- **China tightens rare earth exports**
- **Trump retaliates with tariff threat**
- **China to unveil new five-year plan**
- **Domestic diesel oil fund collection hike**

Oil price trended lower w-w due to rising trade tension. Meanwhile, China is expected to unveil new five-year plan next week.

U.S.-China tensions escalate

- **China tightens rare earth exports:** Beijing announced new export controls on rare earths and other critical materials, citing national security. From Nov 8, overseas exporters using China-sourced rare earths will need export licenses, while restrictions will also extend to lithium-ion batteries, graphite anodes, and synthetic diamonds.
- **Trump retaliates with tariff threat:** President Donald Trump declared the US is now "in a trade war with China" and threatened 100% tariffs on Chinese goods by Nov 1, following Beijing's move. Treasury Secretary Scott Bessent, however, signaled room for negotiation through an extended tariff pause. Trump and Xi had planned to meet during the summit of the Asia-Pacific Economic Cooperation forum hosted by South Korea in late October.
- **Impact:** The escalating tit-for-tat raises fears of a renewed trade war, heightening uncertainty for global supply chains. We see this as negative for the energy sector, particularly petrochemicals, and maintain **SELL** on **SCC, IRPC, and PTTGC.**

China to unveil new five-year plan

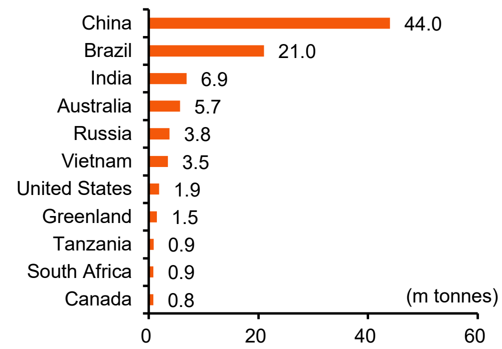
- **Plenum dates**: China's Communist Party will hold a key plenum from October 20–23, 2025, to outline the 15th Five-Year Plan (2026–2030), which will guide the country's economic and social development.
- **High-tech focus:** The plan is expected to prioritize high-tech industries, including homegrown semiconductors, AI, and robotics, as China seeks to strengthen its global position amid rising U.S. tensions. Early insights are expected from next week's meeting, with full details to be released at the March 2026 parliamentary session.
- **Impact**: For the refinery and petrochemical sectors, the Ministry of Industry and Information Technology (MIIT) has already announced the 2025–2026 Work Plan for Stabilizing Growth in the Petrochemical and Chemical Industry. The plan focuses on improving competitiveness and quality rather than reducing capacity. Potential new stimulus measures in China's upcoming five-year plan could provide short-term positive sentiment. However, longer-term pressure may build on Thai energy companies if Chinese producers become more competitive. We maintain our **SELL** rating on **SCC, IRPC**, and **PTTGC.**

US Weekly Data (As Of 8 Oct)

(m bbls)	Weekly change	Consensus	Last week
Crude Oil	3.715	2.250	1.792
Gasoline	-1.601	-1.050	4.125
Distillates	-2.018	-1.230	0.578

Source: EIA

Ex 1: Saudi Arabia Oil Output



Source: Bloomberg

Domestic diesel oil fund collection hike

- **Diesel oil fund hike:** The oil fund contribution for diesel rises from Bt0.50 to Bt1.00 per liter on 16 Oct, while retail prices remain unchanged. This move is largely neutral, offsetting recent drops in global oil prices.
- **Short-term margin gain for oil retailer**: Oil retailers saw a temporary margin gain over the non-working day as ex-refinery prices fell by Bt0.54/liter from October 10 (Fri), while retail prices stayed fixed at Bt31.44/liter. Oil fund collection normally adjust on a working day, so this lag adjustment lead to short-term margin gain.
- **Impact:** Overall, the effect on oil retailer margins is minimal. The government is using lower oil prices to rebuild the oil fund balance without increasing retail prices. We maintain a **BUY** stance on **PTG** and **OR.**

Ex 2: Diesel Price Structure

(Bt/liter)	Ex-Refin.	Excise Tax	M. Tax	Oil Fund	Consv. Fund	Wholesale (Ws)	Vat (Ws)	Ws&Vat	Marketing Margin	Vat (Mm)	Retail
10 Oct (Fri)	19.31	6.92	0.69	0.50	0.05	27.47	1.92	29.40	1.91	0.13	31.44
15 Oct (Wed)	18.77	6.92	0.69	0.50	0.05	26.93	1.89	28.81	2.45	0.17	31.44
Change	*-0.54*	*0.00*	*0.00*	*0.00*	*0.00*	*-0.54*	*-0.04*	*-0.58*	*0.54*	*0.04*	*0.00*

Source: EPPO

Ex 3: Prices And Spreads

	Unit	This	Last	%	Quarterly						Yearly		
		week	week	chg	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	2023	2024	2025
Upstream													
Dubai	(US$/bbl)	63	67	-5.9%	79	74	76	66	68	65	81	80	71
Brent	(US$/mmbtu)	63	66	-5.0%	79	74	75	67	68	64	82	80	71
Henry hub	(US$/mmbtu)	3.0	3.3	-8.6%	2.2	3.0	3.9	3.5	3.1	3.2	2.6	2.4	3.7
JKM Spot	(US$/mmbtu)	11.1	11.1	0.2%	13.0	14.0	14.0	12.4	11.8	11.0	13.9	11.9	13.2
Dutch TTF	(EUR/MWh)	32	33	-2.7%	36	43	47	36	33	32	41	35	41
NEX coal price	(US$/tonne)	106	105	1.1%	140	139	108	100	109	105	188	136	104
Crack spreads over Dubai													
Gasoline	(US$/bbl)	16.0	13.6	17.9%	11.1	11.4	7.7	11.5	10.3	13.2	16.7	13.0	10.2
Jet fuel	(US$/bbl)	22.3	20.9	6.5%	13.1	14.8	13.2	14.2	16.1	21.1	22.5	15.7	15.2
Diesel	(US$/bbl)	22.7	22.7	0.1%	12.7	14.7	13.2	15.8	18.7	23.1	21.9	15.8	16.6
HSFO	(US$/bbl)	(4.2)	(3.8)	10%	(5.3)	(2.3)	(2.0)	1.7	(5.5)	(3.8)	(10.3)	(5.2)	(2.1)
SG GRM	**(US$/bbl)**	**9.3**	**8.7**	**7.3%**	**4.8**	**6.4**	**4.6**	**7.0**	**5.9**	**8.7**	**7.9**	**6.1**	**6.1**
Aromatics													
PX-naphtha	(US$/tonne)	231	196	17.7%	262	174	188	207	236	216	378	274	188
BZ-naphtha	(US$/tonne)	161	126	27.5%	352	271	245	173	158	146	267	335	245
Olefin													
HDPE-naphtha	(US$/tonne)	371	336	10.3%	336	333	324	374	348	353	390	338	324
LDPE-naphtha	(US$/tonne)	541	516	4.8%	550	489	497	587	568	530	427	503	497
PP-naphtha	(US$/tonne)	361	326	10.7%	331	339	338	414	373	343	359	326	338
Others													
Integrated PET	(US$/tonne)	127	123	2.8%	145	145	116	134	113	126	161	140	124
Phenol-BZ	(US$/tonne)	110	95	0.2	68	47	41	55	56	108	80	6	67
BPA -Phenol	(US$/tonne)	307	307	0.0%	271	307	325	337	337	307	294	300	343

Sources: TOP, Bloomberg

Ex 4: Valuation

	Rating	Current price (Bt)	Target price (Bt)	*Upside/ (Downside) (%)*	Market cap (US$ m)	Norm EPS grw 25F (%)	26F (%)	Norm PE 25F (x)	26F (x)	EV/EBITDA 25F (x)	26F (x)	— P/BV — 25F (x)	26F (x)	— Yield — 25F (%)	26F (%)	— ROE — 25F (%)	26F (%)
BANPU	HOLD	4.36	4.00	*(8.3)*	1,342	na	400.4	77.6	15.5	7.0	5.9	0.4	0.4	0.8	3.9	0.5	2.5
BCP	BUY	28.50	37.00	*29.8*	1,206	(16.5)	25.6	7.1	5.6	2.5	2.7	0.6	0.6	3.9	5.3	9.0	10.5
BSRC	BUY	4.16	5.20	*25.0*	442	51.8	43.4	8.9	6.2	5.1	3.2	0.6	0.5	2.7	4.6	6.3	8.8
IRPC	SELL	1.14	0.77	*(32.5)*	716	na	na	na	na	12.2	9.0	0.4	0.4	2.6	2.6	na	na
IVL	SELL	20.40	18.00	*(11.8)*	3,519	(32.9)	53.7	27.7	18.0	6.7	6.2	0.9	0.9	2.2	2.8	3.8	5.5
OR	BUY	13.60	15.50	*14.0*	5,014	37.1	7.4	15.4	14.4	6.0	5.6	1.4	1.4	3.9	3.8	9.5	9.7
PTG	BUY	9.20	8.50	*(7.6)*	472	10.7	12.3	13.6	12.1	4.2	3.7	1.6	1.5	3.8	4.3	12.1	12.8
PTT	BUY	30.75	40.00	*30.1*	26,984	(7.9)	6.6	10.4	9.8	4.0	3.6	0.8	0.7	6.8	6.8	7.3	7.7
PTTEP	BUY	107.50	125.00	*16.3*	13,112	(18.5)	(8.7)	6.7	7.3	2.0	2.2	0.7	0.7	7.4	7.2	11.5	9.9
PTTGC	SELL	24.80	18.00	*(27.4)*	3,435	na	na	na	28.6	14.3	9.3	0.4	0.4	2.0	2.0	na	1.5
SCC	SELL	204.00	128.00	*(37.3)*	7,521	(9.7)	18.9	33.7	28.3	20.0	18.0	0.7	0.7	2.9	3.4	2.1	2.4
SPRC	BUY	4.40	5.70	*29.5*	586	(18.3)	(52.9)	9.9	21.0	4.6	5.2	0.5	0.5	5.7	5.7	4.9	2.4
TOP	BUY	35.00	41.00	*17.1*	2,402	(27.5)	(21.2	6.3	7.9	5.8	7.1	0.4	0.4	6.3	4.3	6.8	5.7

Sources: Company data, Thanachart estimates

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