# Energy Sector – Neutral

News Update

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## Oil Market's 'Worst Fears' Are Here

- **US crude oil inventories rebound**
- **Ships avoid Hormuz as Iran raises threats**
- **Diesel jumps 17%, outpacing crude**
- **Major LNG producer Qatar halts production**

Oil surged as the first impacts of the war in the Middle East began to be felt, with a near halt to traffic through the Strait of Hormuz and disruption at a big refinery in Saudi Arabia and Qatar LNG facilities.

**Weekly US data: US crude oil inventories rebound**

- **Crude Oil:** Crude oil inventories in the United States increased by 15.9 million barrels which reverse from a draw from last week and beat market expectation.
- **Gasoline:** The EIA reported that inventories had decreased by another 1.1 million barrels after lower by 3.4 barrels in the week prior.
- **Distillates:** Inventories increase marginally after a big draw in a prior week.

**Ships avoid Hormuz as Iran raises threats**

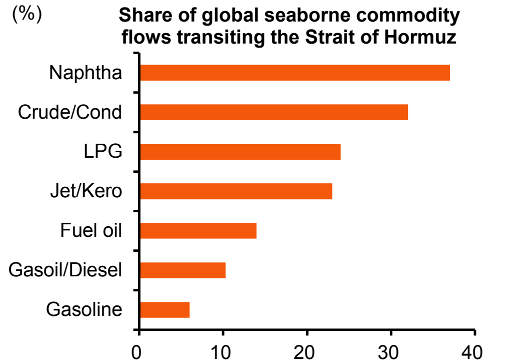
- **Shipping halted:** Oil and gas traffic through the Strait of Hormuz remains largely paused as Iran escalates threats. The Joint Maritime Information Center raised its alert to "critical" after confirmed missile and drone attacks on commercial vessels in the Gulf of Oman, Musandam approaches, and UAE waters. ~40 VLCCs (~2 million barrels each) are idling, waiting for the situation to stabilize.
- **Supply buffer:** Assuming ~3 million b/d is rerouted via pipelines, about ~10.7 million b/d of exports remain at risk. According to Bloomberg, global crude stocks—including Russia's floating oil and China's reserves (~688 million barrels)—could cover 50–64 days, though actual coverage may be lower due to sanctioned crude. Thai refiners hold ~40–60 days of inventory, and may source crude from the Far East, West Africa, and the US to ease short-term pressures.
- **Impact**: We believe the market's outlook will hinge on how long the conflict lasts. Reports suggest Trump expects the disruption to last 4–5 weeks, so current global supply may be sufficient. However, oil prices could still exceed US$100/bbl if tanker flows through the strait aren't quickly restored, benefiting PTTEP (BUY) and refiners through potential inventory gains (TOP, SPRC, BCP).

**US Weekly data (as of 25 Feb 2026)**

| (m bbls) | Weekly change | Consensus | Last week |
|---|---|---|---|
| Crude Oil | 15.989 | 1.800 | -9.014 |
| Gasoline | -1.011 | 0 | -3.213 |
| Distillates | 0.252 | 0 | -4.566 |

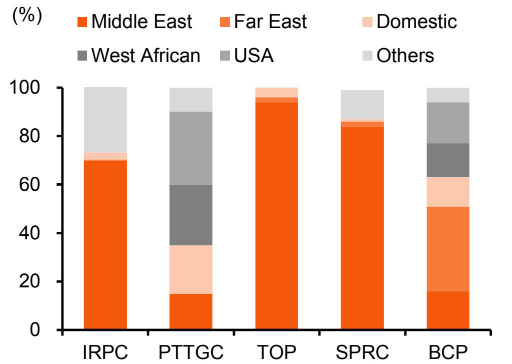
Source: EIA

**Ex 1: % Commodity Flow Through Hormuz**



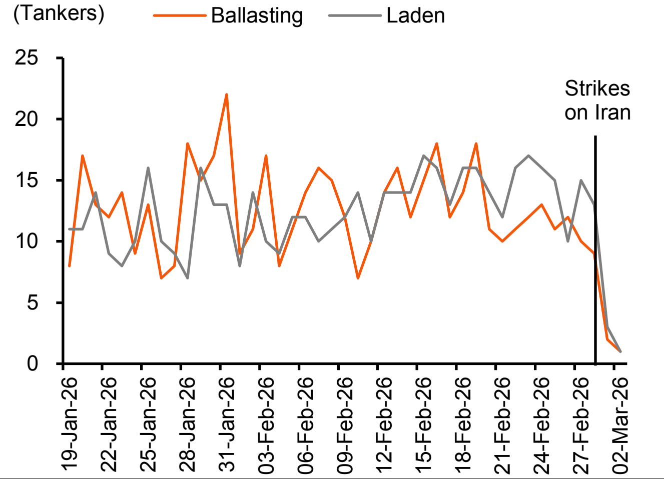

Source: Bloomberg

**Ex 2: Thai Refinery Feedstock Breakdown**



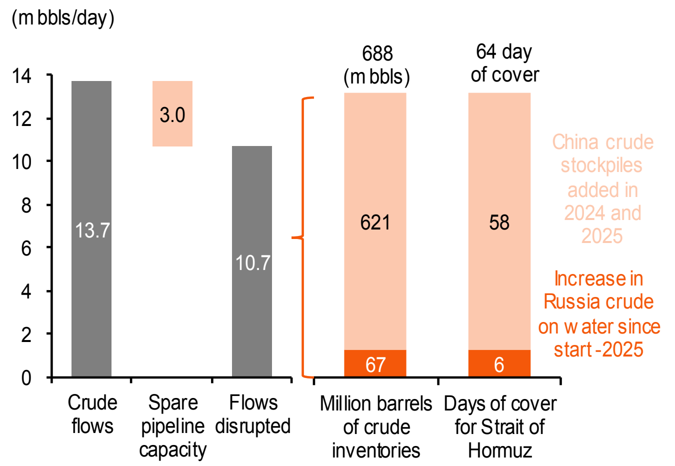

Source: Company data

**Ex 3: No. Of Large Tanker Through Hormuz**




Sources: Bloomberg

**Ex 4: Strait Of Hormuz Closure: Crude Flow Impact**

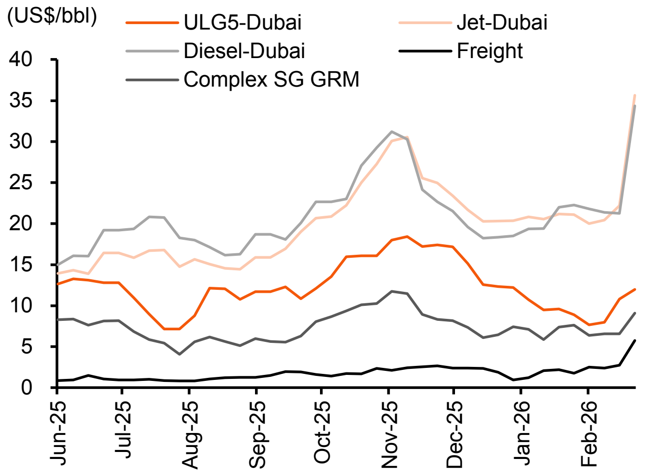



Sources: Bloomberg

**Diesel jumps 17%, outpacing crude**

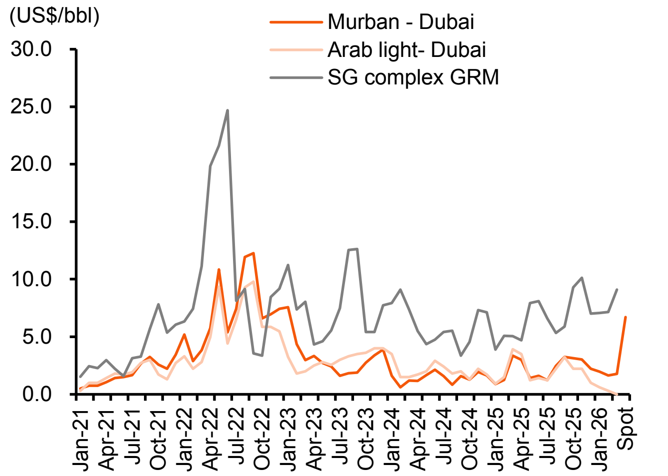
- **Diesel leads the rally:** Diesel (gasoil) prices jumped about 17%, outpacing crude after the weekend conflict. The diesel crack spread widened to US$34/bbl (from US$21/bbl previously). Other product cracks also strengthened, with gasoline rising to US$12/bbl (vs US$10.8/bbl previously).
- **Refinery outage raises supply risk:** Saudi Arabia halted operations at the Ras Tanura Refinery (~550k bpd) after drone strikes, disrupting crude and refined product flows. The situation is now under control, but the refinery remains temporarily shut for damage and safety checks, increasing near-term refined product supply risk in the Middle East. According to Kpler, diesel faces the most acute supply pressure as it is critical for military logistics, regionally concentrated, and harder to replace quickly. Around 10.3% of global seaborne gasoil, 19.4% of jet fuel, and 16% of gasoline/naphtha trade pass through the Strait of Hormuz.
- **Crack spread > shipping cost:** While freight and insurance costs have surged due to rising war-risk premiums in the Gulf, the increase in crack spreads has risen more than shipping costs, reinforcing refining margins expansion.
- **Impact:** Net positive for refiners, as stronger product cracks should more than offset higher shipping costs and crude premiums, with potential inventory gains. We **maintain BUY on TOP, BCP, SPRC.**

**Ex 5: Crack Spread Vs. Freight Cost**




Sources: Bloomberg

**Ex 6: GRM Vs. Crude Premium**

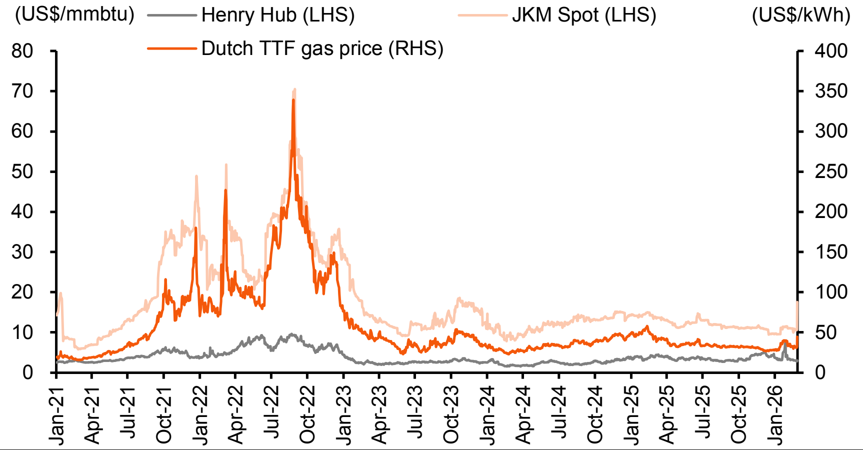



Source: Bloomberg

**Major LNG producer Qatar halts production**

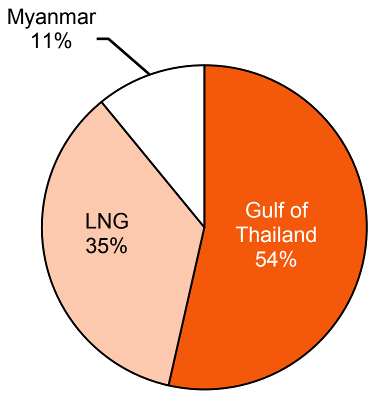
- **LNG production halted after strikes:** On 2 March, Qatar Energy announced a complete halt to LNG production after Iranian drone strikes hit key facilities at Ras Laffan Industrial City and Mesaieed Industrial City. The restart timeline remains unclear as damage assessments continue, while the conflict is also disrupting maritime security across the Gulf.
- **Critical to global LNG supply**: Qatar is a cornerstone of the global LNG market. In 2025, it shipped ~81mt of LNG, supporting gas balances in both Asia and Europe. More than 80% of exports go to Asian markets, including China, Japan, India, and South Korea, with Europe also a major long-term buyer. The shutdown effectively removes ~20% of global LNG export capacity in a single geopolitical shock.
- **Global gas price surge:** European TTF benchmark gas prices jumped ~50%, marking one of the sharpest moves since the 2022 energy crisis. LNG spot prices surge 65% to US$17.6/mmbtu and the U.S. Henry Hub benchmark are also rise as markets reprice supply risks.
- **Limited replacement supply**: Some producers may try to fill the gap. U.S. LNG exports are already near record highs and largely committed under long-term contracts. Australia has capacity but spot LNG cargo availability is limited and expensive.
- **Impact:** Thailand imported LNG equivalent to ~35% of its total gas supply in 2024, with about ~8% sourced from Qatar, its largest supplier under a ~2mt long-term contract. A spike in LNG prices would lift Thailand's pool gas price, pressuring **PTT (BUY)** margins on industrial and NGV sales (~11% of total volume), partially offset by higher oil prices but raising the risk of government subsidy intervention. Meanwhile, **Banpu (BUY)** and **BCP (BUY)** should benefit, and coal prices have also risen amid broader geopolitical energy risks.

**Ex 7: Global Gas Price**



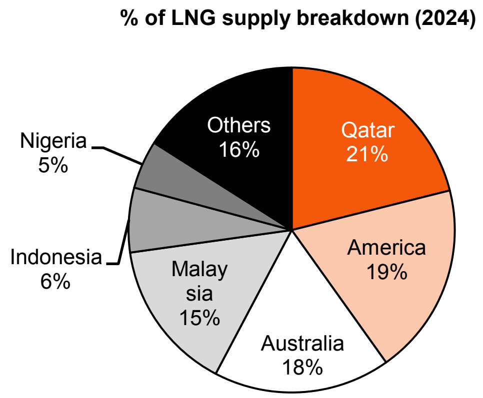

Source: Bloomberg

**Ex 8: Thailand Gas Supply Breakdown (2024)**




Sources: Ministry of Energy

**Ex 9: Thailand LNG Supply Breakdown (2024)**




Sources: Ministry of Energy

## Ex 10: Prices And Spreads

| | Unit | This week | Last week | % chg | Quarterly 4Q24 | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 1Q26 | Yearly 2024 | 2025 | 2026 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Upstream** | | | | | | | | | | | | | |
| Dubai | (US$/bbl) | 78 | 70 | 11.3% | 63 | 76 | 66 | 68 | 63 | 66 | 80 | 71 | 67 |
| Brent | (US$/mmbtu) | 79 | 72 | 9.9% | 63 | 75 | 67 | 68 | 63 | 67 | 80 | 71 | 67 |
| Henry hub | (US$/mmbtu) | 3.0 | 3.0 | -1.4% | 4.1 | 3.9 | 3.5 | 3.1 | 4.1 | 3.7 | 2.4 | 3.7 | 3.3 |
| JKM Spot | (US$/mmbtu) | 17.6 | 10.6 | 65.4% | 10.8 | 14.0 | 12.4 | 11.8 | 10.8 | 10.6 | 11.9 | 13.2 | 12.1 |
| Dutch TTF | (EUR/MWh) | 45 | 32 | 39.0% | 30 | 47 | 36 | 33 | 30 | 34 | 35 | 41 | 34 |
| NEX coal price | (US$/tonne) | 126 | 116 | 8.3% | 108 | 108 | 100 | 109 | 108 | 112 | 136 | 104 | 105 |
| **Crack spreads over Dubai** | | | | | | | | | | | | | |
| Gasoline | (US$/bbl) | 12.0 | 10.8 | 10.9% | 15.7 | 7.7 | 11.5 | 10.3 | 15.7 | 10.0 | 13.0 | 11.3 | 10.0 |
| Jet fuel | (US$/bbl) | 35.7 | 22.2 | 60.6% | 24.6 | 13.2 | 14.2 | 16.1 | 24.6 | 21.0 | 15.7 | 17.0 | 21.0 |
| Diesel | (US$/bbl) | 34.4 | 21.3 | 61.4% | 24.5 | 13.2 | 15.8 | 18.7 | 24.5 | 21.0 | 15.8 | 18.0 | 21.0 |
| HSFO | (US$/bbl) | (1.9) | (3.3) | -43% | (7.0) | (2.0) | 1.7 | (5.5) | (7.0) | (2.8) | (5.2) | (3.2) | (2.8) |
| Freight cost | (US$/bbl) | (5.8) | (2.8) | 109% | (2.2) | (1.1) | (1.2) | (1.2) | (2.2) | (2.5) | (1.1) | (1.4) | (2.5) |
| **SG GRM** | **(US$/bbl)** | **9.1** | **6.6** | **38.6%** | **8.8** | **4.6** | **7.0** | **5.9** | **8.8** | **7.1** | **6.1** | **6.6** | **7.1** |
| **Aromatics** | | | | | | | | | | | | | |
| PX-naphtha | (US$/tonne) | 273 | 297 | -8.2% | 243 | 188 | 207 | 236 | 243 | 311 | 274 | 188 | 207 |
| BZ-naphtha | (US$/tonne) | 143 | 167 | -14.5% | 123 | 245 | 173 | 158 | 123 | 155 | 335 | 245 | 173 |
| **Olefin** | | | | | | | | | | | | | |
| HDPE-naphtha | (US$/tonne) | 263 | 287 | -8.4% | 331 | 324 | 374 | 348 | 331 | 300 | 338 | 324 | 374 |
| LDPE-naphtha | (US$/tonne) | 443 | 467 | -5.2% | 496 | 497 | 587 | 568 | 496 | 471 | 503 | 497 | 587 |
| PP-naphtha | (US$/tonne) | 263 | 287 | -8.4% | 307 | 338 | 414 | 373 | 307 | 289 | 326 | 338 | 414 |
| **Others** | | | | | | | | | | | | | |
| Integrated PET | (US$/tonne) | 160 | 160 | 0.0% | 116 | 116 | 134 | 113 | 116 | 154 | 140 | 119 | 154 |
| Phenol-BZ | (US$/tonne) | 77 | 72 | 7% | 118 | 41 | 55 | 56 | 118 | 71 | 6 | 76 | 71 |
| BPA -Phenol | (US$/tonne) | 293 | 293 | 0% | 291 | 325 | 337 | 337 | 291 | 302 | 300 | 333 | 302 |

Sources: TOP, Bloomberg

## Ex 11: Valuation

| | Rating | Current price (Bt) | Target price (Bt) | *Upside/ (Downside) (%)* | Market cap (US$ m) | Norm EPS grw 26F (%) | 27F (%) | Norm PE 26F (x) | 27F (x) | EV/EBITDA 26F (x) | 27F (x) | P/BV 26F (x) | 27F (x) | Yield 26F (%) | 27F (%) | ROE 26F (%) | 27F (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BANPU | BUY | 5.70 | 6.00 | *5.3* | 1,837 | na | 19.1 | 13.8 | 11.6 | 6.4 | 6.1 | 0.5 | 0.5 | 4.7 | 5.3 | 3.7 | 4.3 |
| BCP | BUY | 37.75 | 37.00 | *(2.0)* | 1,789 | (40.3) | 2.6 | 7.5 | 7.3 | 3.0 | 2.4 | 0.8 | 0.7 | 4.0 | 4.1 | 10.3 | 10.0 |
| IRPC | SELL | 1.42 | 0.77 | *(45.8)* | 934 | na | na | na | na | 9.6 | 8.4 | 0.5 | 0.5 | 2.1 | 2.1 | na | na |
| IVL | SELL | 22.90 | 14.00 | *(38.9)* | 4,137 | na | 16.0 | 27.2 | 23.5 | 7.2 | 6.8 | 1.0 | 1.0 | 3.0 | 3.1 | 4.6 | 4.9 |
| OR | BUY | 13.40 | 15.50 | *15.7* | 5,174 | 13.5 | 6.6 | 14.1 | 13.3 | 5.5 | 5.1 | 1.3 | 1.3 | 3.9 | 4.1 | 9.7 | 9.9 |
| PTG | HOLD | 9.95 | 7.90 | *(20.6)* | 535 | 1.4 | 15.3 | 16.0 | 13.9 | 4.0 | 3.4 | 1.7 | 1.6 | 4.0 | 4.0 | 10.5 | 11.9 |
| PTT | BUY | 37.00 | 40.00 | *8.1* | 34,004 | 31.8 | 3.5 | 11.7 | 11.3 | 4.0 | 3.5 | 0.9 | 0.9 | 5.7 | 5.7 | 7.8 | 7.7 |
| PTTEP | BUY | 137.00 | 159.00 | *16.1* | 17,500 | 3.4 | 9.0 | 9.4 | 8.6 | 3.0 | 2.7 | 0.9 | 0.9 | 6.4 | 6.4 | 10.4 | 10.4 |
| PTTGC | SELL | 28.25 | 18.00 | *(36.3)* | 4,098 | na | 72.3 | 32.6 | 18.9 | 9.7 | 8.2 | 0.5 | 0.5 | 1.8 | 1.8 | 1.4 | 2.6 |
| SCC | SELL | 225.00 | 128.00 | *(43.1)* | 8,687 | 74.3 | 87.0 | 31.2 | 16.7 | 18.8 | 15.0 | 0.8 | 0.7 | 3.1 | 3.1 | 2.5 | 4.5 |
| SPRC | BUY | 7.60 | 7.00 | *(7.9)* | 1,060 | (35.6) | 37.2 | 11.1 | 8.1 | 5.5 | 4.4 | 0.8 | 0.8 | 4.6 | 7.2 | 7.4 | 9.5 |
| TOP | BUY | 54.75 | 56.00 | *2.3* | 3,935 | (3.3) | (2.9) | 10.9 | 11.2 | 8.6 | 7.8 | 0.6 | 0.6 | 3.7 | 3.6 | 6.7 | 6.0 |

Sources: Company data, Thanachart estimates

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