Energy Sector - Neutral

News Update

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

Chemical prices are starting to ease

- **US inventory remains supportive near term**
- **PP/PE plant restart emerge across Middle East**
- **OPEC cuts 2026 demand forecast**
- **UAE speeds up Fujairah crude export capacity expansion**

Oil prices climbed in early Asian trade on Monday as drone attacks on both the UAE and Saudi Arabia further dimmed hopes of any de-escalation in the region. The lack of a breakthrough on an Iran agreement during Trump's visit to China also added to upward pressure for oil prices, with fears of major global shortages now rising rapidly.

Weekly US data: US inventory remains supportive near term

- **Crude Oil:** Latest EIA data showed another bullish weekly draw, with US crude inventories falling 4.3m bbl. This is exceeding market expectation of 2m bbl.
- **Product:** Gasoline stocks declined 4.1m bbl and stock is now 5% below the 5-year average. Distillate inventories unexpectedly increased slightly by 0.2m bbl, although overall diesel stocks remain ~9-11% below the 5-year average. This suggests middle distillate fundamentals remain tighter than gasoline, but the pace of tightening is slowing.

PP/PE plant restart emerging across Middle East

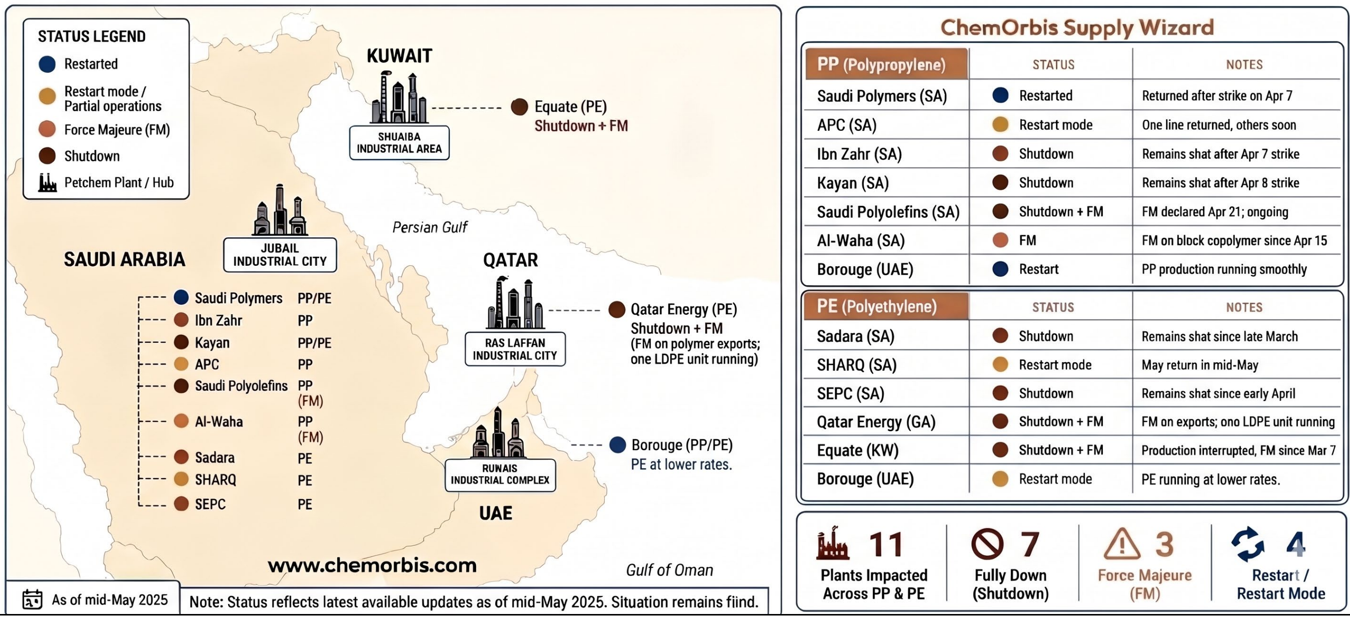
- **Middle East plant restarting**: According to ChemOrbis, the Middle East petrochemical sector is showing early signs of normalization, with 4 out of 11 affected PP/PE plants now entering restart or partial operation mode. While 7 plants remain fully shut and 3 are still under Force Majeure (FM), the gradual return of regional supply suggests the recent supply tightness could start easing from current elevated levels.
- **Large capacities gradually returning**: Key restarting assets include Borouge's Ruwais complex in the UAE, which has around 3.0mtpa PE and 2.2mtpa PP capacity, although PE lines are reportedly still running at lower rates. Saudi Polymers has also restarted its Jubail complex, which includes 1.1mtpa PE and 0.4mtpa PP capacity. Meanwhile, APC has resumed one PP line, while SHARQ's PE units (1.55mtpa) are reportedly moving toward restart mode.
- **HDPE spreads correcting sharply**: Chemical prices across the board have started to roll back significantly as the unsustainable peaks of early spring collapse under the weight of weak consumer buying interest. High-Density Polyethylene (HDPE) prices have taken a major hit, dropping to US$1,465/t this week. This marks a steep decline from the April high of US$1,589/t, wiping out weeks of gains in a matter of days. HDPE-naphtha spread has plummeted to US$443/t, falling rapidly from its April peak of US$557/t.
- **Impact:** Note that some plants in Asia also restart such as Chandra Asri. We maintain our cautious view on chemical names and view war related spike as unsustainable. Maintain SELL on SCC, PTTGC, and IRPC.

US Weekly data (as of 13 May 2026)

(m bbls)	Weekly change	Consensus	Last week
Crude Oil	-4.306	-2.000	-2.313
Gasoline	-4.084	-2.850	-2.504
Distillates	0.190	-2.830	-1.294

Source: EIA

Ex 1: Middle East Plants Status



PP (Polypropylene)	STATUS	NOTES
Saudi Polymers (SA)	Restarted	Returned after strike on Apr 7
APC (SA)	Restart mode	One line returned, others soon
Ibn Zahr (SA)	Shutdown	Remains shat after Apr 7 strike
Kayan (SA)	Shutdown	Remains shat after Apr 8 strike
Saudi Polyolefins (SA)	Shutdown + FM	FM declared Apr 21; ongoing
Al-Waha (SA)	FM	FM on block copolymer since Apr 15
Borouge (UAE)	Restart	PP production running smoothly

PE (Polyethylene)	STATUS	NOTES
Sadara (SA)	Shutdown	Remains shat since late March
SHARQ (SA)	Restart mode	May return in mid-May
SEPC (SA)	Shutdown	Remains shat since early April
Qatar Energy (GA)	Shutdown + FM	FM on exports; ono LDPE unit running
Equate (KW)	Shutdown + FM	Production interrupted, FM since Mar 7
Borouge (UAE)	Restart mode	PE running at lower rates.

Source: ChemOrbis

OPEC cuts 2026 demand forecast

- **Demand destruction**: Publishing its monthly oil market report this week, OPEC cut its full-year demand growth projection to 1.17 million barrels per day (bpd), down from its previous estimate of 1.38 million bpd. It also slashed its 2Q26 global demand estimate by 500,000 bpd. This price surge has triggered severe "demand destruction"—forcing consumers, logistics networks, and governments to aggressively cut back on fuel consumption and enforce conservation measures.
- **Deepening inventory deficit**: Even though global economies are consuming less oil due to high prices, the physical lack of supply far outstrips the drop in demand. The market remains severely undersupplied, draining global stockpiles at a record pace

UAE speeds up Fujairah crude export capacity expansion

- **UAE expanding export capacity**: The United Arab Emirates (UAE) has officially ordered the fast-tracking of its new West-East Pipeline project to the port of Fujairah. Abu Dhabi Crown Prince Sheikh Khaled bin Mohamed bin Zayed directed the Abu Dhabi National Oil Company (ADNOC) to accelerate construction to make the pipeline operational by 2027.
- **Capacity likely double by 207**: The project aims to double the UAE's crude export capacity through Fujairah on the eastern coast, moving it from the current 1.5–1.8 million barrels per day (bpd) up to 3.3 million bpd. The decision comes on the heels of the UAE's historic exit from OPEC on May 1, 2026. Freed from cartel quotas, the UAE is aggressively pursuing its target to increase total production capacity to 5 million bpd (and eventually 6 million bpd), making export infrastructure a critical priority.
- **Implication**: By the time the pipeline is operational in 2027, it will act as a major stabilizing—and potentially bearish—force on oil prices. Injecting up to 1.5 million bpd of additional, un-interruptible export capacity onto the market, unhindered by OPEC restrictions, structurally reduces global

supply vulnerability. This diminishes the long-term threat of supply spikes and signals lower future oil prices. Maintain HOLD on PTTEP.

Ex 2: Prices And Spreads

	Unit	This week	Last week	% chg	Quarterly 1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	Yearly 2024	2025	2026
Upstream													
Dubai	(US$/bbl)	100	96	4%	76	66	68	63	78	94	80	71	86
Brent	(US$/mmbtu)	111	104	7%	75	67	68	63	79	104	80	71	91
Henry hub	(US$/mmbtu)	3.0	2.8	9%	3.9	3.5	3.1	4.1	3.5	2.7	2.4	3.7	3.1
JKM Spot	(US$/mmbtu)	19.0	17.1	11%	14.0	12.4	11.8	10.8	13.2	17.3	11.9	13.2	15.2
Dutch TTF	(EUR/MWh)	51	45	14%	47	36	33	30	40	46	35	41	43
NEX coal price	(US$/tonne)	132	132	0%	108	100	109	108	119	134	136	104	127
Crack spreads over Dubai													
Gasoline	(US$/bbl)	31.9	29.9	7%	7.7	11.5	10.3	15.7	9.6	29.2	13.0	11.3	19.4
Jet fuel	(US$/bbl)	48.0	56.6	-15%	13.2	14.2	16.1	24.6	36.3	74.3	15.7	17.0	55.3
Diesel	(US$/bbl)	56.2	54.7	3%	13.2	15.8	18.7	24.5	35.4	72.7	15.8	18.0	54.1
HSFO	(US$/bbl)	8.0	9.4	-16%	(2.0)	1.7	(5.5)	(7.0)	(2.6)	6.5	(5.2)	(3.2)	2.0
Freight cost	(US$/bbl)	(9.2)	(9.4)	-2%	(1.6)	(1.6)	(1.7)	(2.8)	(5.4)	(9.1)	(1.1)	(1.9)	(7.3)
SG GRM	**(US$/bbl)**	**20.9**	**21.4**	**-2%**	**7.2**	**7.0**	**5.9**	**8.8**	**8.3**	**27.7**	**6.1**	**6.1**	**18.0**
Aromatics													
PX-naphtha	(US$/tonne)	147	247	-40%	188	207	236	243	262	183	274	188	222
BZ-naphtha	(US$/tonne)	27	127	-79%	245	173	158	123	93	81	335	245	87
Olefin													
HDPE-naphtha	(US$/tonne)	443	452	-2%	324	374	348	331	322	483	338	324	402
LDPE-naphtha	(US$/tonne)	707	717	-1%	497	587	568	496	484	703	503	497	593
PP-naphtha	(US$/tonne)	377	387	-3%	338	414	373	307	313	407	326	338	360
Others													
Integrated PET	(US$/tonne)	300	347	-13%	116	134	113	116	177	290	140	119	234
Phenol-BZ	(US$/tonne)	78	96	-19%	41	55	56	118	103	101	6	76	102
BPA -Phenol	(US$/tonne)	410	450	-9%	325	337	337	291	323	448	300	333	385

Sources: TOP, Bloomberg

Ex 3: 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	5.60	7.20	*28.6*	1,719	na	22.1	11.1	9.1	5.5	5.0	0.5	0.5	5.8	6.6	4.5	5.4
BCP	BUY	35.00	41.00	*17.1*	1,579	(11.9)	(24.0)	4.7	6.2	3.0	3.2	0.6	0.6	7.7	4.0	14.1	9.6
IRPC	SELL	2.00	1.45	*(27.5)*	1,252	na	(66.4)	11.4	34.0	4.6	5.4	0.6	0.6	1.5	1.5	5.2	1.7
IVL	SELL	24.20	21.00	*(13.2)*	4,162	na	(22.5)	18.5	23.8	7.0	6.8	1.1	0.9	2.9	3.5	6.7	4.9
OR	BUY	12.50	13.50	*8.0*	4,595	(14.6)	31.4	17.5	13.3	6.3	5.1	1.3	1.2	3.1	4.1	7.4	9.4
PTG	BUY	7.20	11.50	*59.7*	368	15.1	26.2	10.2	8.1	3.4	2.8	1.1	1.1	5.6	5.6	11.4	13.5
PTT	BUY	36.50	43.00	*17.8*	31,935	49.6	(9.7)	10.2	11.3	3.9	3.8	0.9	0.9	6.8	6.3	8.8	7.7
PTTEP	HOLD	154.00	159.00	*3.2*	18,727	8.1	5.3	10.1	9.6	3.1	3.1	1.0	1.0	5.8	5.7	10.8	10.4
PTTGC	SELL	38.50	31.00	*(19.5)*	5,317	na	(47.2)	19.1	36.1	7.1	7.8	0.6	0.6	1.3	1.3	3.3	2.4
SCC	SELL	226.00	192.00	*(15.0)*	8,307	157.9	33.3	21.2	15.9	14.7	9.9	0.8	0.8	2.7	3.1	3.7	4.9
SPRC	BUY	7.35	8.50	*15.6*	976	37.4	(30.4)	5.0	7.3	3.1	3.5	0.7	0.7	12.2	7.5	15.7	10.2
TOP	BUY	47.75	60.00	*25.7*	3,267	26.3	(18.2)	7.3	8.9	5.4	6.1	0.5	0.5	5.8	4.5	7.8	6.3

Sources: Company data, ttb wealth estimates

General Disclaimers And Disclosures:

This report is prepared and issued by ttb wealth securities public company limited (ttbwealth) which is owned 99.97% by TMBThanachart Bank Public Company Limited (TTB) as a resource only for clients of ttbwealth, TMBThanachart Bank Public Company Limited (TTB) and its group companies.

This report is prepared by analysts who are employed by the research department of ttbwealth. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which ttbwealth or TTB or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither ttbwealth, TTB nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, ttbwealth, TTB and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

ttbwealth, TTB and its group companies perform and seek to perform business with companies covered in this report. ttbwealth, TTB, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. ttbwealth, TTB or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Disclosure of Interest of ttb wealth securities public company limited

Investment Banking Relationship

Within the preceding 12 months, ttbwealth has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: -