

Energy Sector - Neutral

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News Update

Oil trades lower as US-Iran deal noise grows

- **US crude and gasoline inventories fell on strong demand**
- **US drilling activity jumps**
- **Indonesia's export shake-up hikes risks for miners**
- **Several Europe chemical crackers restart**

The oil market is trading lower at the start of the week, with signs of a deal between the US and Iran increasing.

Weekly US data: US crude and gasoline inventories fell on strong demand

- **Crude Oil:** Latest EIA data showed another bullish weekly draw, with US crude inventories falling 7.9m bbl. This exceeds market expectation of 2.5 m bbl.
- **Product:** Gasoline inventories also declined by 1.5mb on strong demand, although distillate stocks unexpectedly rose by 0.4mb.

US drilling activity jumps

- **US producers response to high oil prices:** There are further signs US producers are responding to higher oil prices. Baker Hughes data showed the US oil rig count rose by 10 last week to 425, the largest weekly increase since February 2023 and the highest level since July 2025. Primary Vision's frac spread count also increased, signaling stronger completion activity. US oil exports have reached record highs as buyers seek alternative supplies, although much of the rise has been supported by inventory drawdowns rather than actual supply growth.
- **Impact:** A higher rig count usually signals future production growth because more rigs mean more wells are being drilled. Once drilling is completed and wells are connected, oil output typically rises with a lag of several months, suggesting US supply could gradually increase into late 2026. However, the impact may not be immediate or very large, since the oil rig count at 425 is still 30 rigs below last year's level, implying production growth is likely to improve gradually rather than surge sharply. Maintain HOLD on PTTEP.

Indonesia's export shake-up hikes risks for miners

- **Indonesia's plan to centralize coal exports:** Indonesia plans to centralize coal exports through a state-owned enterprise (BUMN), unsettling the coal market and raising concerns over contract renegotiations, export disruptions, and tighter government control over pricing and supply. The move follows earlier measures including lower output quotas, export revenue retention rules, and potential export taxes, which have already pushed Indonesian coal prices to their highest level since May 2023.
- **Phased rollout planned:** The 20 May announcement marks the latest step in Jakarta's efforts to tighten control over the coal industry and support prices following a prolonged downturn that began in 2022.

US Weekly data (as of 20 May 2026)

(m bbls)	Weekly change	Consensus	Last week
Crude Oil	-7.863	-2.500	-4.306
Gasoline	-1,548	-2.00	-4.084
Distillates	0.370	-1.100	0.190

Source: EIA

- **Uncertainty over existing contracts:** The policy raises concerns over slower export approvals, possible pricing intervention, contract renegotiations, and reduced export flexibility for coal producers and buyers.
- **Impact:** For BANPU, this could create uncertainty around export flexibility, contract execution, and margins from its Indonesian coal operations, particularly if the government gains more influence over export pricing or volumes. For now, clarity on how to implement the policy remain limited.

Several Europe chemical crackers restart

- **European steam crackers restart earlier than planned:** Europe's olefins supply is expected to improve as several steam crackers restart following maintenance shutdowns and earlier operating disruptions. Some facilities are returning to operation earlier than originally expected. Spanish energy and petrochemicals company Repsol is likely to resume operations at its Sines steam cracker and downstream butadiene extraction unit in Portugal, five sources told Platts, part of S&P Global Energy, May 14. The unit has been offline since 2023. Shell is expected to restart its Moerdijk steam cracker by end-May following maintenance, earlier than the initial mid-June expectation, surprising some market participants. SABIC's Geleen steam cracker and butadiene unit in the Netherlands are expected to restart in mid-May following a nine-week turnaround, while BASF's Ludwigshafen cracker and butadiene unit in Germany are set to return in mid-June. Meanwhile, rising US ethylene imports are helping ease regional supply tightness.
- **Impact:** The supply recovery follows a prolonged period of tightness driven by low operating rates, outages, and weak margins. Improving feedstock economics are encouraging producers to gradually raise utilization rates, which could pressure olefins and downstream chemical spreads. Maintain SELL on SCC, PTTGC, and IRPC.

Ex 1: Recent Olefins Production Updates

Producer	Location	Nature of restart	Restart date	Capacity (mt/year)	
				Ethylene	Propylene
Repsol	Sines, Portugal	Restart of idled steam cracker	May-June 2026	400,000	215,000
Sabic	Geleen, Netherlands	Restart from turnaround	May 15 (steam cracker); May 15-18 (butadiene unit)	675,000	485,000
Shell	Moerdijk, Netherlands	Restart from turnaround	end-May 2026	910,000	510,000
BASF	Ludwigshafen, Germany	Restart from turnaround	mid-June 2026	620,000	340,000

Source: SP Platts

Ex 2: Prices And Spreads

Unit	This week	Last week	% chg	Quarterly						Yearly			
				1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	2024	2025	2026	
Upstream													
Dubai (US\$/bbl)	88	100	-12%	76	66	68	63	78	94	80	71	86	
Brent (US\$/mmbtu)	99	111	-11%	75	67	68	63	79	104	80	71	91	
Henry hub (US\$/mmbtu)	2.9	3.0	-5%	3.9	3.5	3.1	4.1	3.5	2.8	2.4	3.7	3.1	
JKM Spot (US\$/mmbtu)	18.0	19.0	-5%	14.0	12.4	11.8	10.8	13.2	17.5	11.9	13.2	15.3	
Dutch TTF (EUR/MWh)	46	51	-9%	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	126	
Crack spreads over Dubai													
Gasoline (US\$/bbl)	23.8	31.9	-25%	7.7	11.5	10.3	15.7	9.6	29.1	13.0	11.3	19.4	
Jet fuel (US\$/bbl)	43.0	48.0	-10%	13.2	14.2	16.1	24.6	36.3	73.7	15.7	17.0	55.0	
Diesel (US\$/bbl)	49.5	56.2	-12%	13.2	15.8	18.7	24.5	35.4	60.5	15.8	18.0	48.0	
HSFO (US\$/bbl)	3.2	8.0	-59%	(2.0)	1.7	(5.5)	(7.0)	(2.6)	3.0	(5.2)	(3.2)	0.2	
Freight cost (US\$/bbl)	(8.7)	(9.2)	-5%	(1.6)	(1.6)	(1.7)	(2.8)	(5.4)	(9.0)	(1.1)	(1.9)	(7.2)	
SG GRM (US\$/bbl)	15.3	20.9	-27%	7.2	7.0	5.9	8.8	8.3	24.8	6.1	6.1	16.5	
Aromatics													
PX-naphtha (US\$/tonne)	351	147	138%	188	207	236	243	262	204	274	188	233	
BZ-naphtha (US\$/tonne)	226	27	735%	245	173	158	123	93	99	335	245	96	
Olefin													
HDPE-naphtha (US\$/tonne)	671	443	51%	324	374	348	331	322	506	338	324	414	
LDPE-naphtha (US\$/tonne)	861	707	22%	497	587	568	496	484	722	503	497	603	
PP-naphtha (US\$/tonne)	561	377	49%	338	414	373	307	313	426	326	338	370	
Others													
Integrated PET (US\$/tonne)	322	300	7%	116	134	113	116	177	289	140	119	233	
Phenol-BZ (US\$/tonne)	81	78	4%	41	55	56	118	103	100	6	76	102	
BPA -Phenol (US\$/tonne)	420	410	2%	325	337	337	291	323	445	300	333	384	

Sources: TOP, Bloomberg

Ex 3: Valuation

	Rating	Current price (Bt)	Target price (Bt)	Upside/Downside (%)	Market cap (US\$ m)	Norm EPS grw		Norm PE		EV/EBITDA		P/BV		Yield		ROE	
						26F (%)	27F (%)	26F (x)	27F (x)	26F (x)	27F (x)	26F (%)	27F (%)	26F (%)	27F (%)		
BANPU	BUY	5.95	7.20	21.0	1,836	na	22.1	11.8	9.7	5.5	5.1	0.5	0.5	5.5	6.2	4.5	5.4
BCP	BUY	34.25	41.00	19.7	1,553	(11.9)	(24.0)	4.6	6.0	3.0	3.1	0.6	0.6	7.8	4.1	14.1	9.6
IRPC	SELL	1.94	1.45	(25.3)	1,221	na	(66.4)	11.1	32.9	4.5	5.3	0.5	0.5	1.5	1.5	5.2	1.7
IVL	SELL	24.70	21.00	(15.0)	4,270	na	(22.5)	18.8	24.3	7.1	6.8	1.1	1.0	2.8	3.4	6.7	4.9
OR	BUY	12.60	13.50	7.1	4,656	(14.6)	31.4	17.7	13.4	6.3	5.2	1.3	1.2	3.1	4.1	7.4	9.4
PTG	BUY	7.25	10.50	44.8	373	(27.4)	63.4	16.3	10.0	3.9	3.1	1.2	1.1	5.5	5.5	7.4	11.7
PTT	BUY	36.75	43.00	17.0	32,324	49.6	(9.7)	10.3	11.4	3.9	3.8	0.9	0.9	6.8	6.3	8.8	7.7
PTTEP	HOLD	148.50	159.00	7.1	18,154	8.1	5.3	9.8	9.3	3.1	3.0	1.0	0.9	6.1	5.9	10.8	10.4
PTTGC	SELL	36.25	31.00	(14.5)	5,033	na	(47.2)	18.0	34.0	6.8	7.5	0.5	0.5	1.4	1.4	3.3	2.4
SCC	SELL	227.00	192.00	(15.4)	8,388	157.9	33.3	21.3	16.0	14.8	10.0	0.8	0.8	2.6	3.1	3.7	4.9
SPRC	BUY	7.25	8.50	17.2	968	37.4	(30.4)	5.0	7.2	3.0	3.5	0.7	0.7	12.4	7.6	15.7	10.2
TOP	BUY	46.25	60.00	29.7	3,181	26.3	(18.2)	7.0	8.6	5.3	6.0	0.5	0.5	6.0	4.6	7.8	6.3

Sources: Company data, ttb wealth estimates

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