Energy Sector - Neutral

News Update

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Multiple risk to crude/refined product supply

- **Unexpected US crude build**
- **Strait of Hormuz crossings drop 70%**
- **Houthis fire on Saudi Red Sea oil sites**
- **Russia is considering extending a diesel-export ban**

Brent surged to a six-week high, briefly trading above US$100/bbl, as escalating U.S.-Iran hostilities and Houthi threats to Red Sea shipping heightened concerns over supply disruptions.

Weekly US data: Unexpected US crude build

- **Crude Oil:** +2.0 million barrels to 411.7 million barrels, versus market expectations for a 2.0-million-barrel draw. Despite the build, commercial crude inventories remain ~6% below the five-year seasonal average.
- **Product:** Gasoline stocks rose 0.8mb and distillate inventories increased 1.4mb. However, both remain below their five-year averages, while demand for gasoline, diesel, and jet fuel continues to be resilient.

Strait of Hormuz crossings drop 70%

- **Hormuz traffic remains severely disrupted:** During the truce period (7 June–7 July), vessel crossings through the Strait of Hormuz averaged around 45 per day. Following the resumption of conflict, crossings dropped to approximately 13 per day, a 70% decline, with only 9 crossings on 21 July and 15 on 22 July.
- **Recovery timeline pushed back**: Kpler has delayed its Middle East supply normalization outlook from year-end 2026 to early 2027, with pre-war output of around 27 mbd unlikely to return this year amid prolonged conflict risks.
- **Impact:** The prolonged disruption supports upside risk to our oil and GRM assumptions. We forecast Brent in 2026F at US$80/bbl versus US$87/bbl YTD, which could provide near-term support for PTTEP earnings. However, we maintain SELL due to our bearish long-term oil price outlook. Refiners remain preferred beneficiaries, with SPRC (BUY) and TOP (BUY) positioned to benefit from sustained tight product markets and elevated GRMs.

Houthis fire on Saudi Red Sea oil sites

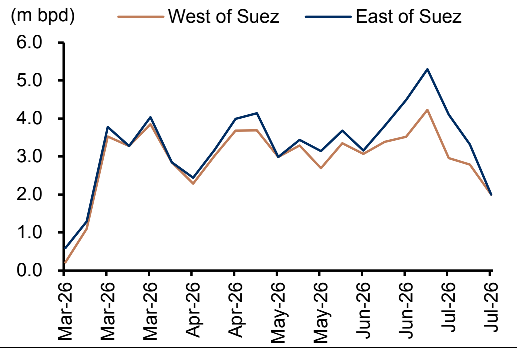
- **Conflict expands to Saudi energy infrastructure:** Iran-backed Houthi militants in Yemen attacked Saudi oil facilities at Yanbu and Jizan on the Red Sea, prompting retaliatory airstrikes by Saudi-backed forces and further escalating regional tensions. Yanbu, Saudi Arabia's major Red Sea crude export hub, is a strategic alternative route to bypass the Strait of Hormuz, while Jizan hosts the Kingdom's 400kbd refinery, one of Saudi Arabia's largest refining complexes, accounting for around 4% of Aramco's crude and liquids production capacity under normal operations.
- **Red Sea flows face additional pressure:** Renewed security risks have reduced crude movements through the Bab el-Mandeb route, with loadings reportedly falling to around 6.1 mbd from a previous peak of 9.5 mbd.

US Weekly data (as of 17 July 2026)

(m bbls)	Weekly change	Consensus	Last week
Crude Oil	2.010	-2.000	-1.692
Gasoline	0.765	-1.540	-1.533
Distillates	1.395	0.830	4.556

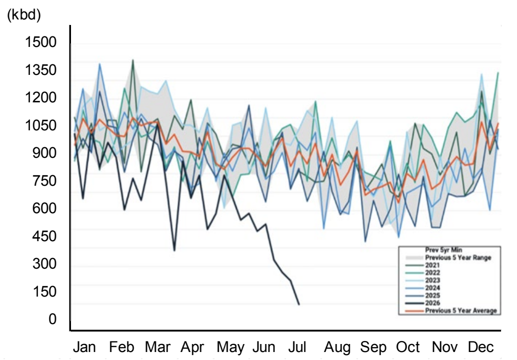
Source: EIA

Ex 1: Saudi Red Sea Crude Loading



Source: Kpler

Ex 2: Russian Weekly Gasoil/diesel Export



Source: Kpler

- **Impact:** The attacks reinforce concerns over Middle East crude and product supply disruptions, supporting higher regional refining margins. We remain positive on refiners, with **SPRC as our top pick**, while **BCP** and **TOP** also benefits from tighter product balances.

Russia is considering extending a diesel-export ban

- **Russia may extend fuel export bans:** Authorities are considering extending the diesel export ban by one month and the gasoline export ban by six months as Ukrainian attacks continue to disrupt Russia's refining sector. The diesel export ban initially expects to expire by 31 July 2026.
- **Russia diesel export plummeted**: Russia is one of the world's largest middle-distillate exporters, typically supplying around 1.0–1.5 mbd of diesel/gasoil exports, accounting for approximately 10–15% of global diesel trade (and around 1–2% of global oil demand). According to Kpler, Russia diesel export now drops to c. 100kbpd in July. Meanwhile, Russia's crude processing is estimated at 3.51mbd in July, the lowest since May 2002 and more than one-third below seasonal norms, reflecting sustained damage from Ukrainian strikes.
- **Global diesel market remains tight:** Any extension would further reduce global middle-distillate supply, adding pressure to an already constrained market due to Middle East disruptions and lower Russian export.

Ex 3: Prices And Spreads

	Unit	This week	Last week	% chg	Quarterly 2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	Yearly 2024	2025	2026
Upstream													
Dubai	(US$/bbl)	85	80	6%	66	68	63	78	88	77	80	71	83
Brent	(US$/mmbtu)	100	89	12%	67	68	63	79	97	84	80	71	90
Henry hub	(US$/mmbtu)	2.9	2.9	1%	3.5	3.1	4.1	3.5	2.9	3.0	2.4	3.7	3.0
JKM Spot	(US$/mmbtu)	22.1	21.1	5%	12.4	11.8	10.8	13.2	17.4	18.7	11.9	13.2	18.1
Dutch TTF	(EUR/MWh)	62	59	5%	36	33	30	40	46	53	35	41	49
NEX coal price	(US$/tonne)	131	130	0%	100	109	108	119	137	130	136	104	133
Crack spreads over Dubai													
Gasoline	(US$/bbl)	31.1	30.9	1%	11.5	10.3	15.7	9.6	28.4	30.9	13.0	11.3	29.7
Jet fuel	(US$/bbl)	63.6	67.3	-5%	14.2	16.1	24.6	36.3	62.9	57.6	15.7	17.0	60.3
Diesel	(US$/bbl)	70.4	67.6	4%	15.8	18.7	24.5	35.4	63.0	58.5	15.8	18.0	60.8
HSFO	(US$/bbl)	(2.8)	3.6	-178%	1.7	(5.5)	(7.0)	(2.6)	2.5	2.3	(5.2)	(3.2)	2.4
Freight cost	(US$/bbl)	(9.3)	(8.8)	5%	(1.6)	(1.7)	(2.8)	(5.4)	(8.9)	(8.1)	(1.1)	(1.9)	(8.5)
SG GRM	**(US$/bbl)**	**24.0**	**25.3**	**-5%**	**7.0**	**5.9**	**8.8**	**8.3**	**22.7**	**22.5**	**6.1**	**6.1**	**22.6**
Aromatics													
PX-naphtha	(US$/tonne)	56	200	-72%	207	236	243	262	274	199	274	188	237
BZ-naphtha	(US$/tonne)	(4)	140	-103%	173	158	123	93	162	119	335	245	140
Olefin													
HDPE-naphtha	(US$/tonne)	166	310	-46%	374	348	331	322	532	346	338	324	439
LDPE-naphtha	(US$/tonne)	386	530	-27%	587	568	496	484	743	581	503	497	662
PP-naphtha	(US$/tonne)	116	260	-55%	414	373	307	313	460	279	326	338	370
Others													
Integrated PET	(US$/tonne)	191	184	4%	134	113	116	177	275	195	140	119	235
Phenol-BZ	(US$/tonne)	98	111	-12%	55	56	118	103	97	115	6	76	106
BPA -Phenol	(US$/tonne)	257	257	0%	337	337	291	323	444	306	300	333	375

Sources: TOP, Bloomberg

Ex 4: Valuation

	Rating	Current price (Bt)	Target price (Bt)	*Upside/ (Downside) (%)*	Market cap (US$ m)	Norm EPS grw 26F (%)	Norm EPS grw 27F (%)	Norm PE 26F (x)	Norm PE 27F (x)	EV/EBITDA 26F (x)	EV/EBITDA 27F (x)	— P/BV — 26F (x)	— P/BV — 27F (x)	— Yield — 26F (%)	— Yield — 27F (%)	— ROE — 26F (%)	— ROE — 27F (%)
BANPU	BUY	5.80	7.20	*24.1*	1,726	na	22.1	11.5	9.4	5.5	5.0	0.5	0.5	5.6	6.4	4.5	5.4
BCP	BUY	45.00	41.00	*(8.9)*	1,969	(11.9)	(24.0)	6.0	7.9	3.4	3.5	0.8	0.7	6.0	3.1	14.1	9.6
IRPC	SELL	2.24	1.45	*(35.3)*	1,360	na	(66.4)	12.8	38.0	5.0	5.8	0.6	0.6	1.3	1.3	5.2	1.7
IVL	SELL	24.80	21.00	*(15.3)*	4,136	na	(22.5)	18.9	24.4	7.1	6.8	1.1	1.0	2.8	3.4	6.7	4.9
OR	BUY	12.80	13.50	*5.5*	4,563	(14.6)	31.4	17.9	13.7	6.5	5.3	1.3	1.3	3.1	4.0	7.4	9.4
PTG	BUY	7.50	10.50	*40.0*	372	(27.4)	63.4	16.9	10.3	4.0	3.1	1.2	1.2	5.3	5.3	7.4	11.7
PTT	BUY	39.50	43.00	*8.9*	33,516	49.6	(9.7)	11.0	12.2	4.1	4.0	0.9	0.9	6.3	5.8	8.8	7.7
PTTEP	SELL	150.00	111.00	*(26.0)*	17,690	13.2	(9.9)	9.4	10.4	3.1	3.1	1.0	1.0	6.0	5.3	11.3	9.4
PTTGC	SELL	39.75	31.00	*(22.0)*	5,324	na	(47.2)	19.7	37.3	7.2	7.9	0.6	0.6	1.3	1.3	3.3	2.4
SCC	SELL	254.00	192.00	*(24.4)*	9,054	157.9	33.3	23.8	17.9	15.6	10.6	0.9	0.9	2.4	2.8	3.7	4.9
SPRC	BUY	10.50	8.50	*(19.0)*	1,352	37.6	(30.2)	7.2	10.3	4.4	5.2	1.1	1.0	7.1	5.2	15.6	10.1
TOP	BUY	63.75	60.00	*(5.9)*	4,230	26.3	(18.2)	9.7	11.9	6.6	7.4	0.7	0.7	4.4	3.4	7.8	6.3

Sources: Company data, ttb wealth estimates

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