

## Energy Sector – Neutral

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News Update

### Mixed bag

- **Strong product inventory draw**
- **Asia's exports of diesel slumped to a multi-year low in Feb**
- **Refinery maintenance season underway in Mar-May**
- **Low gas price prompt US producers cut productions**

The flatlining of oil prices continued this week despite positive China oil import data in Jan-Feb. A continued build-up in US crude inventories offsetting positive momentum.

#### Weekly US data: Strong product inventory draw

- Commercial crude inventories recorded a 1.4 million barrel increase last week vs market expectation of 2.4 million barrel. This is lower than market expected, and we think this is partly due to higher US refinery run rate.
- As for refined product inventories, both fell over 4-million-barrel w-w which surprise market expectation.

#### Asia's exports of diesel slumped to a multi-year low in Feb

- **Feb diesel export slipped 19% m-m.** A total of 6.6 million metric tons of diesel were exported from Asia in February, down from 8.13 million tonnes in Jan 2024 and the weakest monthly figure for at least two years, according to data compiled by LSEG Oil Research. This is mainly lead by China which diesel export dropped 27% m-m and 67% y-y to 0.7 million tonnes. This is given Chinese refiners kept more of the fuel for the domestic market to meet any increased demand over the week-long Lunar New Year holidays, when millions of people travel to see relatives.
- **Likely higher export in March.** The profit on diesel is likely to come under further pressure this month as higher volumes of diesel are expected to be shipped in Asia, especially from leading exporters China and India. India has switched its diesel export from Europe to Asia due to the attacks on shipping in the Red Sea by Yemen's Houthi rebels. India's exports to Asia were 700,440 tonnes in February and 716,420 in January, up from 371,320 in December and November's 393,050.
- **Maintenance season underway.** The main factor that may ease some downward pressure is Asia's refinery maintenance season gets underway in March and typically lasts through April and May.
- **Impact.** Singapore complex GRM fell to US\$7.1/bbl this week from US\$8.3/bbl last week led by a drop in gasoline spread. Both Jet and diesel spreads are also easing as well. However, we expect refinery margin to remain high supporting by lower crude premium. Saudi Arabia has confirmed that it raises its Arab light OSP by only US\$20 cent per barrel m-m to US\$1.7/bbl in April which is lowest since Jun 2021. Buy TOP/SPRC/BCP/BSRC.

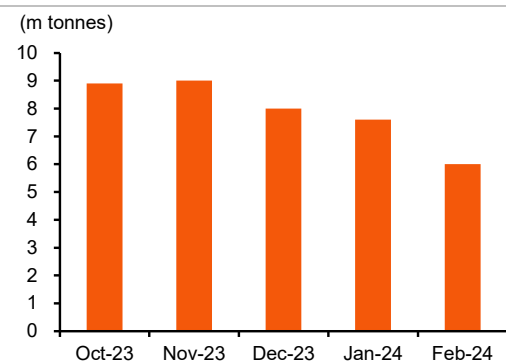
#### Ex 1: US Weekly data

(m bbls)	Weekly change	Consensus	Last week
Crude Oil	1.367	2.400	4.199
Gasoline	-4.460	-1.640	-2.832
Distillates	-4.131	-1.000	-0.510

(k bpd)	Weekly change	% Change	Current number
Production	-100.0	-0.8%	13,200
Refinery Runs	+594	+4.0%	15,268

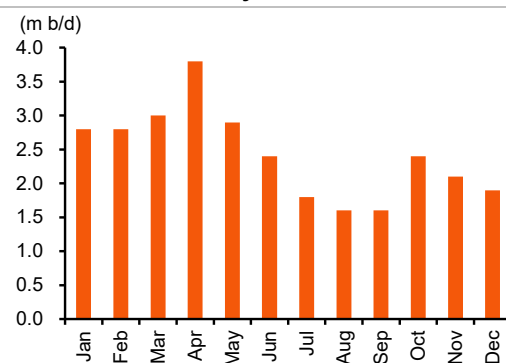
Source: EIA

#### Ex 2: Asia's Exports Of Diesel Slumped



Source: Reuter

#### Ex 3: Global Refinery Maintenance

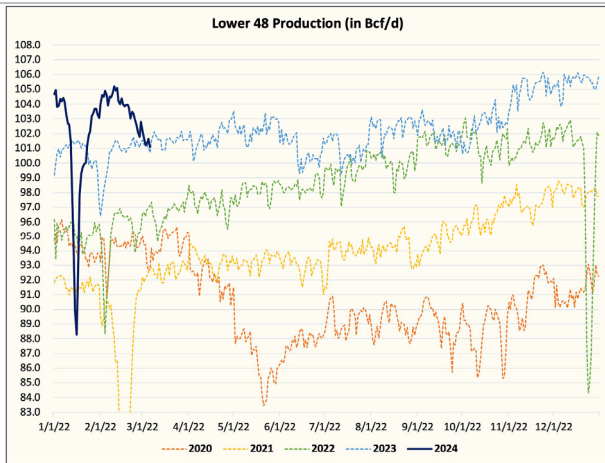


Sources: TOP

**Low gas price prompt US producers cut productions**

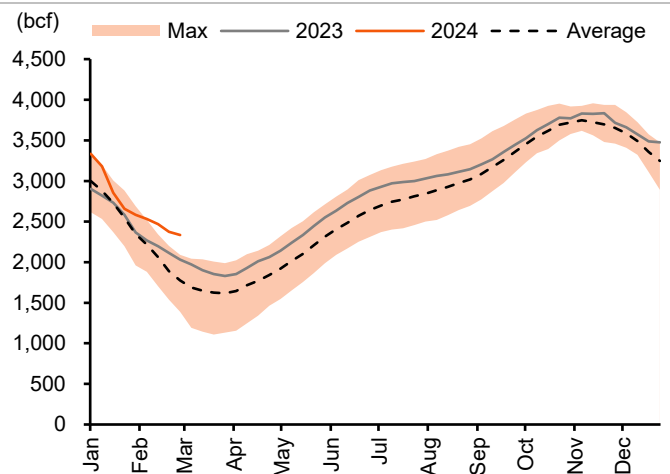
- **Henry hub gas price rebound from bottom.** Natural gas prices have staged a remarkable recovery since bottoming around US\$1.5/mmbtu to US\$1.8/mmbtu currently. Chesapeake Energy was the first US gas producer to announce a sizable production cut (~0.73 Bcf/d), and EQT joined the gang with a production cut of ~1 Bcf/d for March.
- **Remarkable drop in US gas production.** Lower 48 gas production as of today is running around 101 Bcf/d, a remarkable decline since hitting 105 Bcf/d just last month. However, inventory remain above 5-year average suggesting impact from production cut could be limited.
- **Impact.** The dilemma for the market going forward will be dependent on how production reacts to recovering prices. The moment prices recover, producers will likely increase production, which would then push prices back down. The rebound in US gas price will provide short-term positive sentiment for Banpu (SELL, TP Bt7.0). However, we think the rebound could be short-lived amid disappointing demand and high inventory level.

**Ex 4: Lower 48 Gas Production**



Sources: EIA

**Ex 5: US Gas Inventory**



Sources: EIA

## Ex 6: Prices And Spreads

Unit	This week	Last week	% chg	Quarterly						Yearly			
				4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2022	2023	2024	
<b>Upstream</b>													
Dubai (US\$/bbl)	84	82	2.9%	84	80	78	87	84	81	97	81	81	
Brent (US\$/mmbtu)	82	82	-0.1%	89	82	78	86	83	81	99	82	81	
Henry hub (US\$/mmbtu)	1.8	1.9	-3.4%	6.1	2.8	2.3	2.7	2.9	2.2	6.5	2.6	2.2	
JKM Spot (US\$/mmbtu)	8.4	8.2	2.8%	31.2	18.4	11.1	12.3	15.6	9.9	34.0	13.9	9.9	
Dutch TTF (EUR/MWh)	26	25	4.9%	123	53	35	34	43	28	132	41	28	
NEX coal price (US\$/tonne)	134	131	2.6%	380	255	161	147	136	125	357	188	125	
<b>Crack spreads over Dubai</b>													
Gasoline (US\$/bbl)	15.8	19.0	-17.0%	9.4	18.7	16.6	18.9	12.6	17.2	18.8	16.7	17.2	
Jet fuel (US\$/bbl)	18.9	20.4	-7.3%	33.5	26.5	14.0	26.1	23.6	21.9	30.3	22.5	21.9	
Diesel (US\$/bbl)	19.9	21.2	-6.1%	39.3	25.2	14.6	26.9	21.1	22.1	34.3	21.9	22.1	
HSFO (US\$/bbl)	(8.9)	(11.2)	-20.4%	(22.5)	(16.3)	(8.7)	(5.4)	(11.0)	(9.8)	(14.1)	(10.3)	(9.8)	
<b>SG GRM (US\$/bbl)</b>	<b>7.1</b>	<b>8.3</b>	<b>-14.6%</b>	<b>7.0</b>	<b>8.9</b>	<b>5.4</b>	<b>10.9</b>	<b>6.3</b>	<b>8.4</b>	<b>11.5</b>	<b>7.9</b>	<b>8.4</b>	
<b>Aromatics</b>													
PX-naphtha (US\$/tonne)	300	322	-6.9%	289	318	407	407	349	332	299	378	332	
BZ-naphtha (US\$/tonne)	310	377	-17.9%	184	252	275	273	269	322	267	267	322	
<b>Olefin</b>													
HDPE-naphtha (US\$/tonne)	330	332	-0.7%	336	373	436	361	350	336	392	390	336	
LDPE-naphtha (US\$/tonne)	460	472	-2.6%	523	476	443	363	372	457	683	427	457	
PP-naphtha (US\$/tonne)	300	302	-0.8%	301	369	403	305	303	305	386	359	305	
<b>Others</b>													
Integrated PET (US\$/tonne)	142	142	0.0%	212	201	194	114	135	135	278	161	135	
Phenol-BZ (US\$/tonne)	(16)	(16)	0.0%	269	87	79	89	86	(29)	279	85	(29)	
BPA -Phenol (US\$/tonne)	313	313	0.0%	368	282	299	270	306	325	551	289	325	

Sources: TOP, Bloomberg

## Ex 7: Valuation

	Rating	Current	Target	Upside/	Market cap	Norm EPS grw		Norm PE		EV/EBITDA		— P/BV —		— Yield —		— ROE —	
		price	price	(Downside)		24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F
		(Bt)	(Bt)	(%) (US\$ m)	(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)	(%)	(%)	
BANPU	SELL	5.65	7.00	23.9	1,598	(2.0)	(30.4)	7.0	10.1	5.2	5.1	0.4	0.4	3.6	2.5	6.0	4.0
BCP	BUY	42.75	45.00	5.3	1,662	(12.4)	6.5	6.9	6.5	4.1	3.7	0.8	0.7	3.3	3.7	11.6	11.6
BSRC	BUY	9.60	11.50	19.8	938	(8.9)	24.3	7.6	6.1	5.5	4.4	1.0	0.9	3.7	4.6	14.5	15.9
IRPC	SELL	1.91	1.50	(21.5)	1,102	na	104.6	63.8	31.2	12.2	10.8	0.5	0.5	0.0	0.6	0.8	1.6
IVL	SELL	24.00	23.00	(4.2)	3,804	111.2	100.4	27.0	13.5	7.2	6.2	0.8	0.8	1.1	2.2	3.0	5.7
OR	SELL	18.00	16.00	(11.1)	6,098	(14.6)	13.5	22.8	20.1	11.8	10.7	1.9	1.8	2.5	2.8	8.5	9.3
PTG	SELL	8.95	8.00	(10.6)	422	(1.9)	5.3	16.0	15.2	4.5	3.9	1.6	1.5	2.8	3.0	10.4	10.3
PTT	SELL	34.00	30.00	(11.8)	27,418	(2.2)	(1.7)	10.0	10.1	3.8	3.3	0.9	0.8	5.9	5.9	8.6	8.3
PTTEP	BUY	152.50	187.00	22.6	17,093	(6.1)	(7.4)	8.2	8.9	2.4	2.6	1.1	1.0	5.6	5.2	14.1	12.1
PTTGC	HOLD	37.75	33.00	(12.6)	4,805	na	77.5	30.4	17.1	10.4	8.9	0.6	0.6	2.0	2.2	1.9	3.4
SCC	BUY	269.00	325.00	20.8	9,113	34.0	31.6	16.1	12.2	19.0	9.8	0.9	0.8	3.1	4.1	5.4	6.9
SPRC	BUY	8.80	9.80	11.4	1,077	na	(3.3)	11.2	11.5	6.4	6.0	1.0	0.9	2.3	2.4	9.1	8.3
TOP	BUY	57.50	61.00	6.1	3,626	(49.0)	50.8	9.2	6.1	9.3	7.5	0.7	0.7	3.7	5.6	8.3	11.7

Sources: Company data, Thanachart estimates

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