

Energy Sector – Neutral

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

News Update

Mixed bag

- **US crude, gasoline stocks rise on strong import**
- **Subdue coal price outlook ahead**
- **Drone attacks on Russian refineries intensify**
- **Global trade flows have showed signs of accelerating**

China's portside thermal coal prices continued the moderate decline on March 28, owing to an excess of supply coupled with weakened demand, fueling pessimism about the near-term market outlook. Meanwhile, the oil markets are increasingly putting their trust into OPEC+ production cuts to remain in place throughout this year, a feat which combined with an improving macroeconomic outlook could bring \$90 per barrel sooner than assumed

Weekly US data: US crude, gasoline stocks rise on strong import

- Crude inventories rose by 3.2 million barrels to 448.2 million barrels in the week ended March 22, the EIA said, compared with analysts' expectations of 0.7 million-barrel draw. The crude build was supported by a net increase in U.S. crude imports by 1.12 million barrels per day.
- U.S. gasoline stocks rose by 1.3 million barrels in the week to 232.1 million barrels, the EIA said, as gasoline demand fell by about 94,000 barrels per day. Distillate stockpiles, which include diesel and heating oil, fell by 1.2 million barrels in the week to 117.3 million barrels, versus expectations for a 0.5 million-barrel rise, the EIA data showed.

Subdue coal price outlook ahead

- **Lower China coal output.** Domestic raw coal production declined by 4.2% YoY to 710mt in 2M24, largely due to declines in Shanxi.
- **Largely due to lower coal demand.** This softness is linked to the expected deceleration in China's thermal power output expansion as energy security concerns ease. Kpler Insight forecasts a mere 1% yoy increase in China's annual coal production in 2024, with total coal imports potentially witnessing a 3% decline.
- **Easing coal price.** We have tracked a plummet in thermal coal price and China's domestic coal prices since mid-March. We expect no sudden price surge due to the supply controls from mostly balanced supply-demand dynamics in 2024 thus far and elevated inventory levels at China coal-fired power IPPs. We maintain our SELL rating on BANPU.

Bullish diesel market ahead

- **Drone attacks on Russian refineries intensify.** The last couple of days have seen Ukraine intensify its drone attacks against Russian refineries. Tangible damage forcing reduced operational rates so far has been seen at Ust-Luga, Ilsky (repaired by now), alongside Tuapse, Nizhny Novgorod, Ryazan, and Syzran. Overall, the effect on primary runs solely stemming from Ukrainian drone attacks is seen at about 530 k bpd over March and April and falling to 400 k bpd in May with a knock-on effect to gasoil

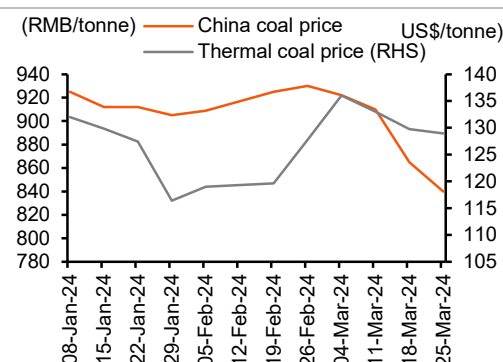
Ex 1: US Weekly data

(m bbls)	Weekly change	Consensus	Last week
Crude Oil	3.165	-0.700	-1.952
Gasoline	1.299	-1.650	-3.310
Distillates	-1.185	0.518	0.642

(k bpd)	Weekly change	% Change	Current number
Production	0.0	0.0%	13,100
Refinery Runs	+147	+0.9%	15,932

Source: EIA

Ex 2: Thermal Coal Price

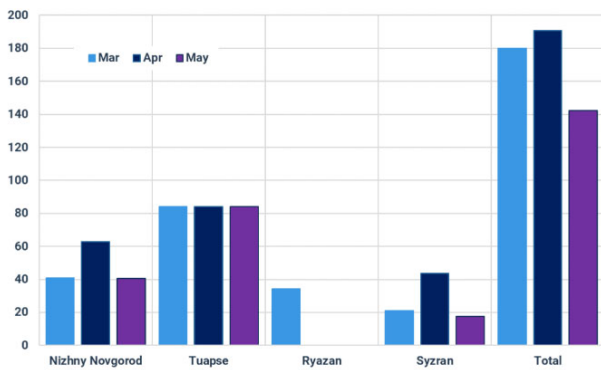


Sources: Bloomberg

supply in the region of 180 k bpd over March and April and 140 k bpd in May. This represent about 15% of Russia normal gasoil export and 0.5% of global diesel capacity.

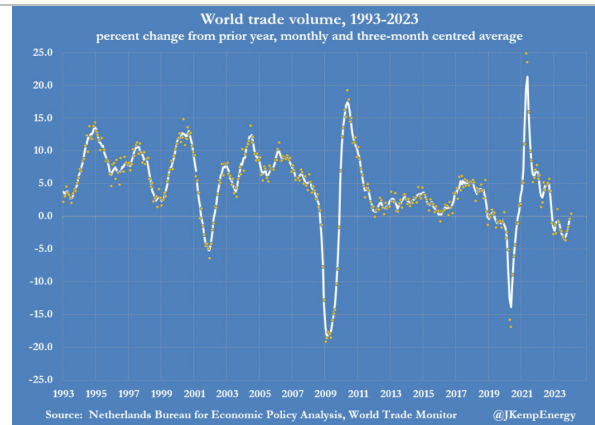
- **Global trade flows have showed signs of accelerating** at the start of 2024, as the major industrial economies began to pull out of the slump that started in late 2022, which should boost demand for transport fuels such as diesel. Seasonally adjusted world trade volumes hit a 10-month high in January 2024, according to data compiled by the Netherlands Bureau of Economic Policy Analysis (CPB).
- **Impact.** Russia’s refinery capacity outages as well as recovery in global trade activities could add a significant risk premium to the middle distillates market which is the key product for Thai refineries. We maintain our Buy rating on BSRC/BCP/TOP/SPRC.

Ex 3: Russia’s Gasoil Supply Loss Due To Drone Strikes



Source: Kepler

Ex 4: Global Trade Showing Sign Of Recovery



Source: JkempEnergy

Ex 5: Prices And Spreads

Unit	This week	Last week	% chg	Quarterly						Yearly			
				4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2022	2023	2024	
Upstream													
Dubai (US\$/bbl)	87	85	1.8%	84	80	78	87	84	82	97	81	82	
Brent (US\$/mmbtu)	87	85	2.4%	89	82	78	86	83	82	99	82	82	
Henry hub (US\$/mmbtu)	1.8	1.7	6.3%	6.1	2.8	2.3	2.7	2.9	2.1	6.5	2.6	2.1	
JKM Spot (US\$/mmbtu)	9.4	9.5	-1.3%	31.2	18.4	11.1	12.3	15.6	9.7	34.0	13.9	9.7	
Dutch TTF (EUR/MWh)	27	28	-1.6%	123	53	35	34	43	28	132	41	28	
NEX coal price (US\$/tonne)	129	128	1.1%	380	255	161	147	136	126	357	188	126	
Crack spreads over Dubai													
Gasoline (US\$/bbl)	18.3	18.4	-0.3%	9.4	18.7	16.6	18.9	12.6	17.5	18.8	16.7	17.5	
Jet fuel (US\$/bbl)	14.6	18.8	-22.3%	33.5	26.5	14.0	26.1	23.6	20.9	30.3	22.5	20.9	
Diesel (US\$/bbl)	16.5	18.7	-12.1%	39.3	25.2	14.6	26.9	21.1	21.2	34.3	21.9	21.2	
HSFO (US\$/bbl)	(8.2)	(8.9)	-8.0%	(22.5)	(16.3)	(8.7)	(5.4)	(11.0)	(9.6)	(14.1)	(10.3)	(9.6)	
SG GRM (US\$/bbl)	6.4	7.4	-13.3%	7.0	8.9	5.4	10.9	6.3	8.1	11.5	7.9	8.1	
Aromatics													
PX-naphtha (US\$/tonne)	299	313	-4.5%	289	318	407	407	349	323	299	378	323	
BZ-naphtha (US\$/tonne)	339	358	-5.3%	184	252	275	273	269	326	267	267	326	
Olefin													
HDPE-naphtha (US\$/tonne)	329	328	0.3%	336	373	436	361	350	333	392	390	333	
LDPE-naphtha (US\$/tonne)	449	448	0.2%	523	476	443	363	372	454	683	427	454	
PP-naphtha (US\$/tonne)	299	288	3.8%	301	369	403	305	303	302	386	359	302	
Others													
Integrated PET (US\$/tonne)	136	132	3.1%	212	201	194	114	135	136	278	161	136	
Phenol-BZ (US\$/tonne)	(61)	(69)	-11.6%	269	87	79	89	86	(36)	279	85	(36)	
BPA -Phenol (US\$/tonne)	298	298	0.0%	368	282	299	270	306	319	551	289	319	

Sources: TOP, Bloomberg

Ex 6: Valuation

	Rating	Current	Target	Upside/	Market	Norm EPS grw		Norm PE		EV/EBITDA		— P/BV —		— Yield —		— ROE —	
		price	price	(Downside)	cap	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F
		(Bt)	(Bt)	(%)	(US\$ m)	(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)	(%)	(%)
BANPU	SELL	5.55	7.00	26.1	1,528	(2.0)	(30.4)	6.9	9.9	5.2	5.0	0.4	0.4	3.6	2.5	6.0	4.0
BCP	BUY	45.50	53.00	16.5	1,722	(2.8)	11.7	6.6	5.9	4.6	4.2	0.8	0.7	3.6	4.0	12.5	12.8
BSRC	BUY	10.10	12.00	18.8	961	93.5	14.4	7.1	6.2	5.4	4.5	1.1	1.0	5.3	6.1	16.5	17.0
IRPC	SELL	1.90	1.50	(21.1)	1,067	na	104.6	63.5	31.0	12.2	10.8	0.5	0.5	0.0	0.7	0.8	1.6
IVL	SELL	23.70	23.00	(3.0)	3,657	111.2	100.4	26.6	13.3	7.1	6.1	0.8	0.7	1.1	2.3	3.0	5.7
OR	SELL	17.90	16.00	(10.6)	5,903	(14.6)	13.5	22.7	20.0	11.8	10.6	1.9	1.8	2.5	2.8	8.5	9.3
PTG	SELL	8.90	8.00	(10.1)	408	(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)	26,689	(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	153.00	187.00	22.2	16,693	(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	38.25	33.00	(13.7)	4,740	na	77.5	30.8	17.4	10.5	9.0	0.6	0.6	2.0	2.2	1.9	3.4
SCC	BUY	256.00	325.00	27.0	8,443	34.0	31.6	15.3	11.6	18.5	9.5	0.8	0.8	3.3	4.3	5.4	6.9
SPRC	BUY	9.00	9.80	8.9	1,072	na	(3.3)	11.4	11.8	6.6	6.1	1.0	1.0	2.2	2.3	9.1	8.3
TOP	BUY	59.50	61.00	2.5	3,653	(49.0)	50.8	9.5	6.3	9.4	7.6	0.8	0.7	3.5	5.4	8.3	11.7

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. 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 TNS or TCAP 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 TNS, TCAP 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, TNS, TCAP 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.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP 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.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued Derivative Warrants underlying securities before making investment decisions.

Note: Our major shareholder TCAP (Thanachart Capital Pcl) which holding 89.96% of Thanachart Securities and also TCAP holding 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 Co. Ltd has stake in THANI for 60% and being the major shareholder of THANI.

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 24.31% of the shareholding in TMBThanachart Bank Pcl.

Note: Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

Note: Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED No. 2/2024 (B.E. 2567) tranche 1-3 which its maturity at 2026-28 (B.E. 2569-71)”, therefore investors need to be aware that there could be conflicts of interest in this research.

Note: Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of SRISAWAD CAPITAL 1969 PUBLIC COMPANY LIMITED No. 1/2024 (B.E. 2567) tranche 1-3 which its maturity at 2026-28 (B.E. 2569-71)”, therefore investors need to be aware that there could be conflicts of interest in this research.

Disclosure of Interest of Thanachart Securities

Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Moshi Moshi Retail Corporation Pcl. (MOSHI TB) and Euroasia Total Logistics Pcl (ETL TB).