

Energy Market Stability Returns: Favoring Downstream Plays

- The US-Iran agreement is positive for Thailand's downstream energy sector.
- Refiners, petrochemical producers, SPPs, and oil stations are the key beneficiaries.
- Top Picks: SCC, IVL, SPRC, BCP

The Return of Energy Market Stability

The US-Iran agreement signals a significant easing of geopolitical tensions. The framework includes Iran's commitment to keep the Strait of Hormuz open and continue nuclear discussions, while the US is expected to ease certain sanctions and reduce military pressure. The agreement has eased concerns over potential supply disruptions, leading to a sharp pullback in oil prices, with Brent crude falling 5% to USD83/bbl, while improving risk sentiment across global markets. While implementation remains a key watchpoint, we view the deal as a positive development for energy-importing countries and fuel-intensive sectors, as it reduces near-term geopolitical risks and supports greater stability in global energy markets.

From Tightness to Surplus?

We believe the energy price outlook remains skewed to the downside. Easing sanctions could bring additional Iranian oil and gas supply back to the market, while higher OPEC+ production and softer global demand growth may gradually loosen market balances. With the IEA forecasting oil demand growth of only 0.8–1.0mbpd in 2026 and potential supply additions of more than 1–2mbpd from Iran and other producers, we expect Brent crude to trend lower from current levels and gradually normalise toward our long-term assumption of around USD80/bbl. Similarly, easing tensions should support lower spot LNG and JKM prices. A faster-than-expected recovery in supply remains the key downside risk.

Downstream Benefits Outweigh Upstream Risks

We view this as a positive development for Thailand's energy sector, particularly for refiners, petrochemical, and power producers. Lower energy costs should support SPP margin recovery in 2H26. While refiners may face short-term inventory losses from lower oil prices, we expect 2Q26 GRMs to remain healthy at USD14-15/bbl, supported by strong product spreads amid tighter supply from lower Chinese exports and disruptions to Russian refining capacity. We expect GRMs to remain robust at USD5–8/bbl in 2H26, supported by resilient product margins but partly offset by lagged crude premiums. Petrochemical should also benefit from lower feedstock costs, while upstream earnings could moderate after Brent normalises toward USD80/bbl.

Oil Marketers Back in the Driver's Seat

We have a positive view on oil operators. Although lower crude oil prices may lead to short-term inventory losses, we expect marketing margins to recover from 1Q26 levels. Lower oil prices should also reduce procurement costs and ease working capital requirements. In addition, stronger fuel demand and resilient non-oil earnings should support performance, particularly for OR, where non-oil contribute 30% of EBITDA. PTG should benefit from stronger diesel demand and growth across its non-oil, while SUSCO remains a direct beneficiary of improving fuel consumption trends.

Top Picks: SCC, IVL, SPRC, BCP

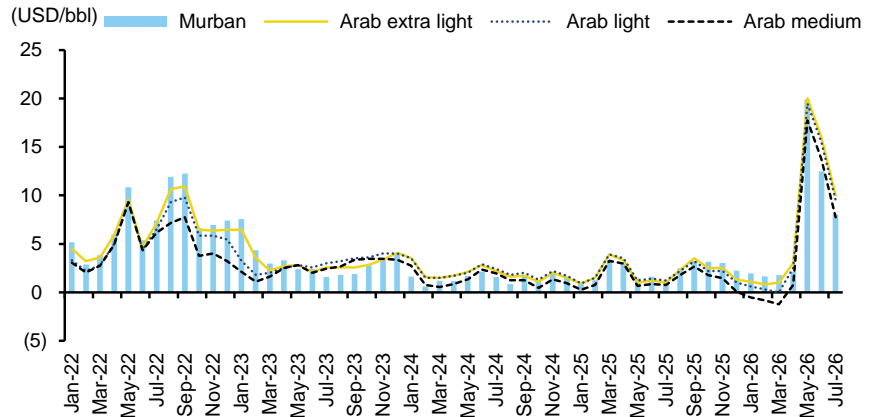
Our top picks are SCC and IVL in petrochemicals, as both should benefit from lower feedstock costs and a recovery in product spreads. For refiners, we prefer SPRC and BCP, which are well positioned to benefit from lower crude costs and improving refining margins, despite potential short-term inventory losses.

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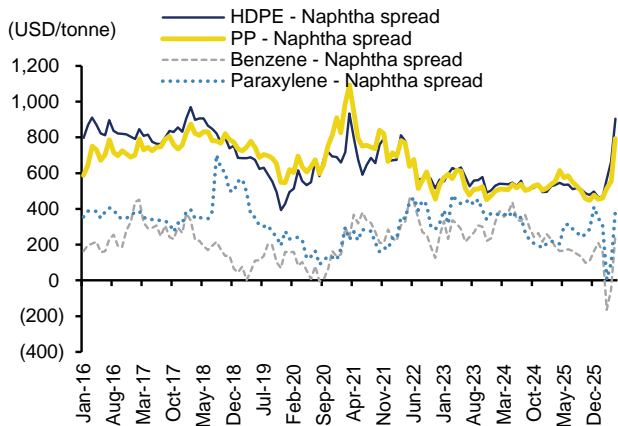
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Exhibit 1: Crude premium



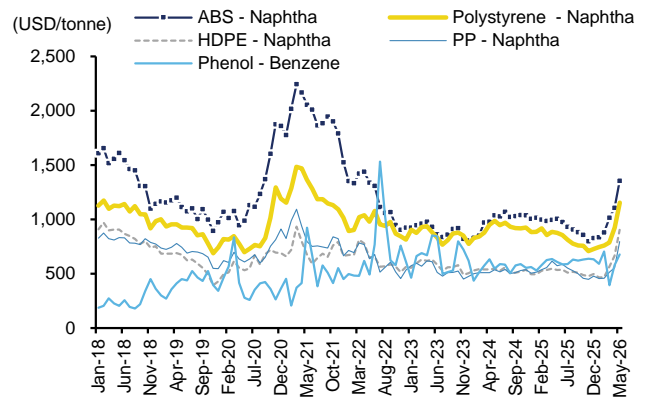
Sources: TOP; Globlex Research

Exhibit 2: Naphtha spread – HDPE, PP, BZ, PX



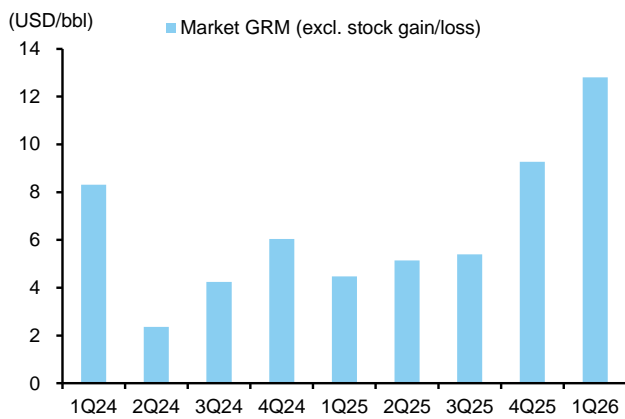
Sources: Bloomberg; Globlex Research

Exhibit 3: Naphtha spread – ABS, Polystyrene, HDPE, PP, Phenol



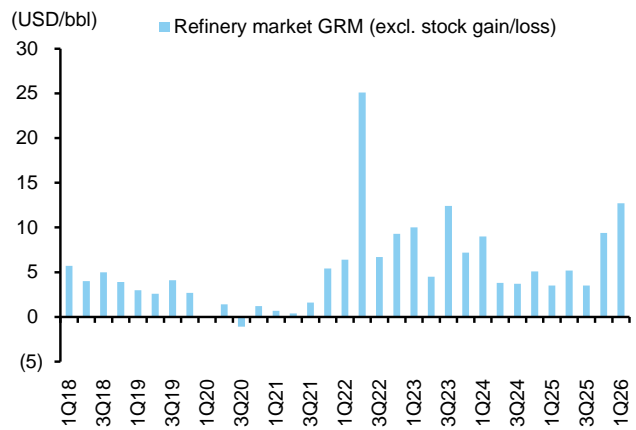
Sources: Bloomberg; Globlex Research

Exhibit 4: SPRC's market GRM



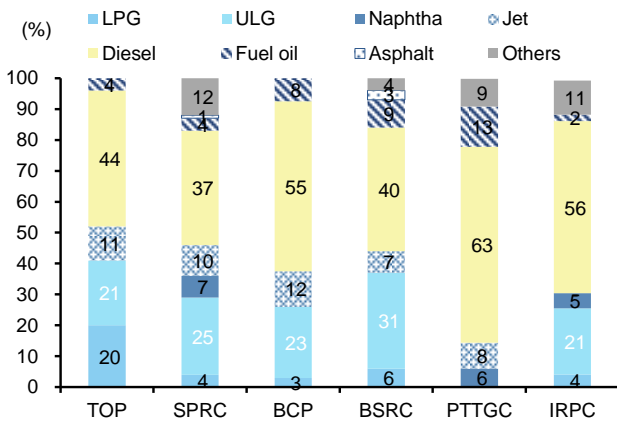
Sources: SPRC; Globlex Research Name of source

Exhibit 5: TOP's market GRM



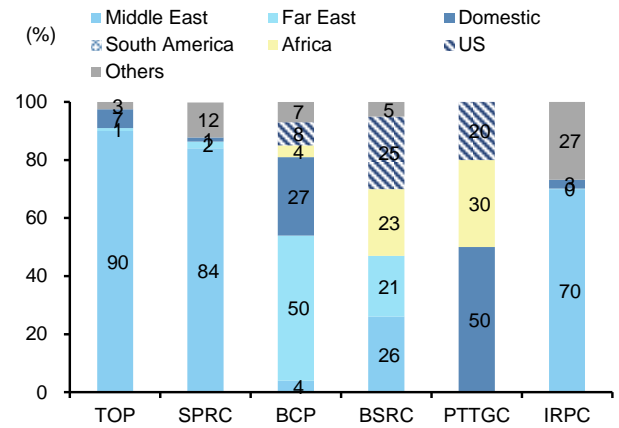
Sources: TOP; Globlex Research

Exhibit 6: Product yield as of 2025



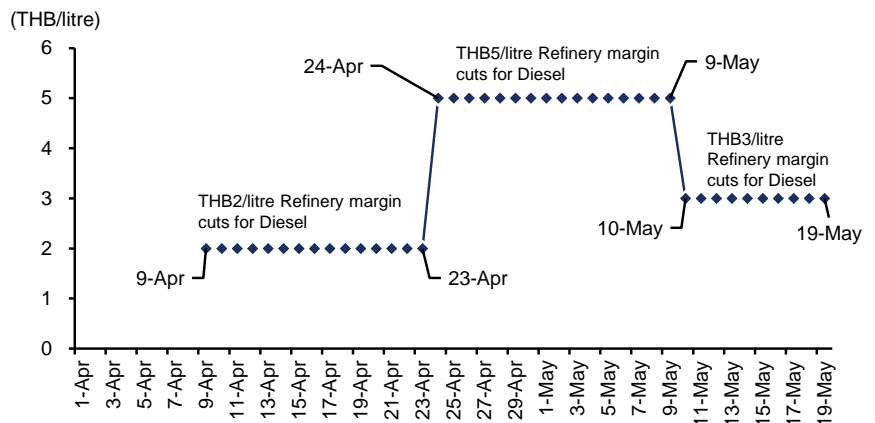
Sources: Companies; Globlex Research

Exhibit 7: Crude mix as of 2025



Sources: Companies; Globlex Research

Exhibit 8: Refinery margin cuts for Diesel timeline



Sources: Globlex Research

Exhibit 9: Refinery margin cuts for Diesel analysis

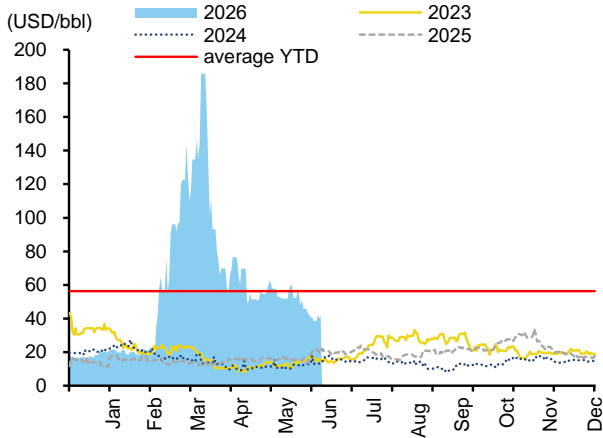
	9Apr - 23Apr	24Apr - 9May	10May - 19May	
Refinery margin cuts for Diesel (THB/litre)	2.0	5.0	3.0	
Number of days (day)	15.0	16.0	10.0	

Diesel sales volume (m litre)	Diesel sales volume per month	9Apr - 23Apr	24Apr - 9May	10May - 19May	Total
TOP	600	300	320	200	820
SPRC	250	125	133	83	342
BCP	600	300	320	200	820

Net profit loss (THB m)	9Apr - 23Apr	24Apr - 9May	10May - 19May	Total
TOP	600	1,600	600	2,800
SPRC	250	667	250	1,167
BCP	600	1,600	600	2,800

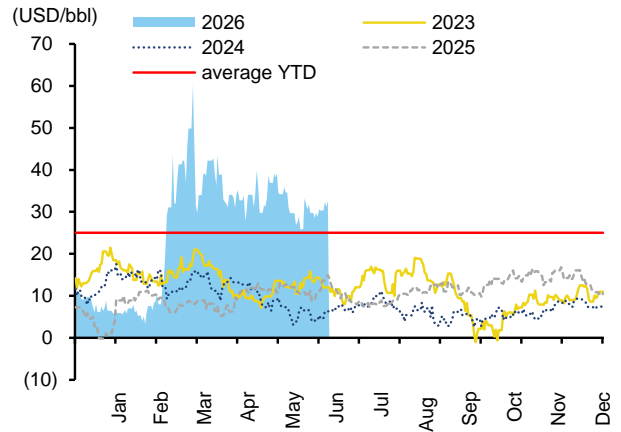
Sources: Companies; Globlex Research

Exhibit 10: Gasoil 0.5% Sulfur fob SG Spot Price - Dubai crude oil price



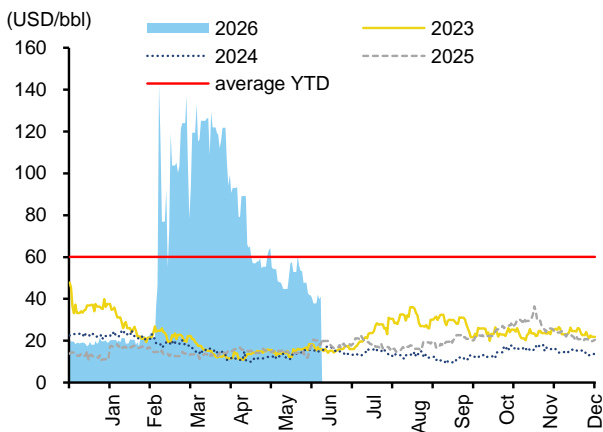
Sources: Bloomberg, Glolex Research

Exhibit 11: 92 Octane Gasoline fob Spot Price - Dubai crude oil price



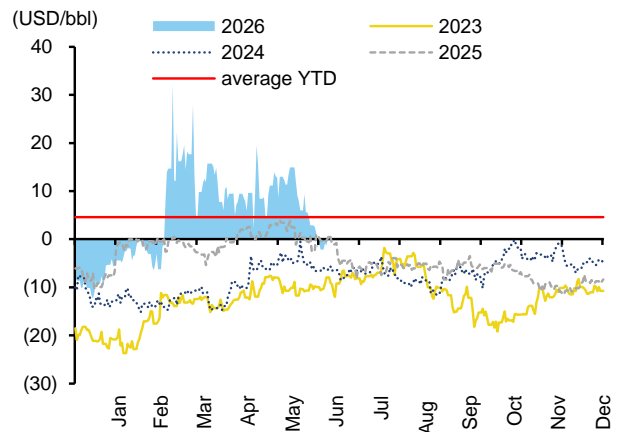
Sources: Bloomberg, Glolex Research

Exhibit 12: Jet Kerosene fob Spot Price - Dubai crude oil price



Sources: Bloomberg, Glolex Research

Exhibit 13: High Sulfur fuel Oil Spot fob Singapore - Dubai crude oil price



Sources: Bloomberg, Glolex Research

GENERAL DISCLAIMER

Analyst Certification

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

- BUY:** Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

- Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.