Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	45577.5	(1.0)	(2.1)	(6.6)	(5.2)
S&P 500	6506.5	(1.5)	(1.9)	(4.8)	(5.0)
FTSE 100	9918.3	(1.4)	(3.3)	(7.2)	(0.1)
AS30	8628.3	(0.7)	(2.4)	(6.7)	(4.3)
CSI 300	4567.0	(0.4)	(2.2)	(2.0)	(1.4)
FSSTI	4948.9	(0.4)	2.2	(1.8)	6.5
HSCEI	8574.1	(1.4)	(1.1)	(6.8)	(3.8)
HSI	25277.3	(0.9)	(0.7)	(6.7)	(1.4)
JCI	7106.8	1.2	(4.5)	(14.6)	(17.8)
KLCI	1720.7	(0.5)	0.6	(1.9)	2.4
KOSPI	5781.2	0.3	5.4	(1.1)	37.2
Nikkei 225	53372.5	(3.4)	(2.0)	(6.1)	6.0
SET	1433.0	1.1	1.7	(3.2)	13.8
TWSE	33543.9	(0.4)	0.4	(0.7)	15.8
BDI	2056	(0.0)	1.4	(2.7)	9.5
CPO (RM/mt)	4473	(1.5)	3.1	10.6	13.7
Brent Crude (US$/bbl)	111	(1.1)	10.7	55.2	82.4

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Analyst Marketing of Singapore Strategy by Adrian Loh	Thailand	24 Mar	25 Mar
Post-results Virtual Meeting with Horizon Robotics (9660 HK)	Hong Kong	27 Mar	27 Mar
Malaysia Gems Conference	Malaysia	09 Apr	09 Apr

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
Feb. Customs Trade Balance (Export-Import)	Thailand	31 Mar

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Top Stories

Sector Update | Oil & Gas Page 2

Crude supply risks are easing as PTT diversifies sourcing, with minimal impact on refinery product yields. However, LNG remains tight after disruptions at Ras Laffan, which supports higher JKM LNG prices. War premiums typically spike to US$20-45/bbl within 2-4 weeks of conflict before easing as supply adjusts itself. Petrochemical supply shocks favour feedstock-advantaged players like PTTGC and IVL, amid ongoing geopolitical uncertainties. Maintain MARKET WEIGHT, with TOP and IVL as our top picks in the O&G sector.

Oil & Gas

MARKET WEIGHT
(Maintained)

Crude Shortage Situation Has Eased, But Close Monitoring Remains Necessary

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Highlights

- The crude shortage situation has eased, with minimal impact on operations thus far. However, LNG faces a more vulnerable outlook, with a possible impact on supply over the next few years.
- The petrochemical supply shock supports feedstock-advantaged players.
- Maintain MARKET WEIGHT. Our top picks in the oil & gas sector remain as TOP and IVL.

Analysis

- The tone during UOB's Knowledge Sharing seminar on "Global Logistics: Crude & LNG" was positive.
- **Lower risk of crude shortage.** Following our Knowledge Sharing session on Global Logistics: Crude & Liquefied Natural Gas (LNG) with PTT, insights from PTT's trading team indicate improved feedstock management. Before the Middle East (ME) conflict, PTT sourced about 90% of its crude imports from the region, with the remaining 10% from non-ME sources. Following the outbreak of the conflict, PTT increased its non-ME crude imports to 30% in April and further to 70% in May. Despite its risk management efforts, PTT continues to import crude from the ME by routing shipments through the Port of Fujairah in the United Arab Emirates (UAE) via the Gulf of Oman, and the Port of Yanbu in Saudi Arabia on the Red Sea, in order to mitigate the risk of a potential closure of the Strait of Hormuz by Iran. As a result, we see reduced risk of crude shortages for refinery operations, although the situation still requires close monitoring.
- **Higher non-ME sourcing has minimal impact on refinery operations.** PTT has diversified its crude sourcing from non-ME regions, including the US, West Africa, Latin America, and other nearby regions, to reduce reliance on ME supply while the Strait of Hormuz remains closed. Management indicated that changes in crude slate will have only a limited impact on refinery product yields (expected deviation of less than 5%). Crude selection continues to be primarily based on refinery configuration and domestic demand.

Segmental Rating

Segment	Rating
Oil and Gas	MARKET WEIGHT (Maintained)

Source: UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price (Bt)	Target Price (Bt)
Thai Oil	TOP TB	BUY	46.00	58.00
Indorama Ventral	IVL TB	BUY	23.60	25.00

Source: Bloomberg, UOB Kay Hian

Peer Comparison

Company	Rec	Price 19 Mar 26 (Bt)	Target Price (Bt)	Upside Downside (%)	Market Cap (US$m)	Net Profit 2026F (Btm)	Net Profit 2027F (Btm)	PE 2026F (x)	PE 2027F (x)	Net EPS Growth 2026F (%)	P/B 2026F (x)	Yield 2026F (%)	ROE 2026F (%)
BCP TB	BUY	40.00	40.00	-	1,812	11,083	11,899	5.3	5.0	259.5	0.7	3.8	11.3
IRPC TB	HOLD	1.48	1.40	(5.4)	931	212	3,421	142.9	8.8	105.9	0.5	2.0	0.3
IVL TB	BUY	23.60	25.00	5.9	4,077	5,150	7,179	25.7	18.5	170.1	1.1	3.0	4.0
OR TB	HOLD	11.10	14.50	30.6	4,098	9,853	11,696	13.5	11.4	(12.8)	0.6	5.4	4.2
PTT TB	BUY	34.25	41.00	19.7	30,101	103,797	118,426	9.4	8.3	15.1	0.8	6.4	8.7
PTTEP TB	BUY	155.00	150.00	(3.2)	18,934	59,831	64,944	10.3	9.5	(0.7)	1.1	6.2	10.8
PTTGC TB	BUY	32.25	31.00	(3.9)	4,474	1,731	397	84.0	366.3	111.9	0.4	1.6	0.5
SCC TB	SELL	181.50	180.00	(0.8)	6,702	7,848	8,390	27.8	26.0	(44.2)	0.6	2.8	2.1
SPRC TB	HOLD	7.30	7.00	(4.1)	974	2,717	3,817	11.6	8.3	12.4	0.7	5.5	6.7
TOP TB	BUY	46.00	58.00	26.1	3,162	11,728	11,282	8.8	9.1	(19.6)	0.6	3.9	6.6
Avg					75,265	213,950	241,451	11.4	10.1	25.7	0.8	5.3	7.5

Source: UOB Kay Hian

- **LNG market remains a larger concern after attacks on key facilities.** We view LNG as being more vulnerable than crude oil following missile attacks on Ras Laffan Industrial City, Qatar's main LNG hub (liquefaction and export terminal). At least two LNG trains were damaged. According to QatarEnergy, the damage represents around 17% of Qatar's LNG capacity, equivalent to roughly 12m tonnes per year (MTPA) (3-4% of global LNG supply). Recovery is expected to take 3-5 years, forcing Qatar to declare force majeure on long-term contracts with customers in China, Korea, and Europe. In addition, the North Field expansion project is likely to be delayed by at least one year. These developments are expected to drive Japan Korea Marker (JKM) LNG prices higher going forward.
- **Crude oil prices have been volatile amid ongoing uncertainty.** Based on our analysis of past major events impacting crude oil prices, war premiums typically surge sharply and peak within the first 2-4 weeks of a conflict, before gradually easing as the market adjusts - either by sourcing alternative crude supplies or through releases from strategic petroleum reserves. In severe cases with meaningful impact on oil prices, the war premium can rise by US$20-45/bbl. In the current situation, alternative crude sourcing has already begun, along with rerouting of shipments through other channels such as the Red Sea. Saudi Arabia, for example, has increased export volumes via the port of Yanbu from 2.0MBD to 5.0MBD. Meanwhile, the global economic backdrop remains weak, even prior to the escalation of the ME conflict. As a result, we expect limited upside in crude oil prices going forward, although prices are likely to remain elevated in the range of US$100-110/bbl, assuming ongoing conflict and continued attacks on oil production facilities.

Historical Comparison: Brent Crude Oil Price Spikes & War Premiums (1973-2026)

Historical Event	*Year*	*Pre-Crisis Price (US$/bbl)*	*Peak Price (US$/bbl)*	*War Premium (US$/bbl) (%Chg.)*	*Primary Driver*
First Oil Shock	1973	US$3.00	US$12.00	+US$9.00 (+300%)	Arab Oil Embargo
Iranian Revolution	1979	US$14.00	US$39.00	+US$25.00 (+78%)	Production collapse in Iran
Gulf War	1990	US$17.00	US$36.00	+US$19.00 (+112%)	Iraq invasion of Kuwait
Iraq War	2003	US$25.00	US$40.00	+US$15.00 (+60%)	Supply disruption fears
Russia-Ukraine War	2022	US$75.00	US$120.00	+US$45.00 (+60%)	Sanctions on Russian energy
Middle East Conflict	2026	US$70.00	US$119.50	+US$49.50 (+70.7%)	Hormuz Strait Blockade

Source: UOB Kay Hian

- **Olefins crackers across the region have begun declaring force majeure.** The petrochemical market is currently facing a significant supply shock driven by the escalating ME conflict, particularly attacks on energy infrastructure and the risk of a closure of the Strait of Hormuz, which handles roughly 20% of global oil shipments. This has led to a sharp contraction in crude supply and key feedstocks, especially naphtha and LPG. According to the International Energy Agency, global supply in March could decline by around 8m barrels per day. Meanwhile, Asia, which is highly dependent on ME naphtha (over 50–70%), is facing an acute shortage, forcing many refineries and olefins crackers in Southeast Asia to cut operating rates or declare force majeure, accounting for more than 20% of capacity. In Thailand, Siam Cement Group has recently declared force majeure at its ROC plant due to limited naphtha availability.
- **Feedstock-advantaged players are the key beneficiaries in this cycle.** Disruptions to transportation and exports from the Arabian Gulf, along with attacks on refineries and major gas facilities, have further driven up energy costs and pushed petrochemical prices higher across the value chain. This reflects a near-term bullish but highly volatile outlook, with rising structural risks to Asia's petrochemical supply chain if the situation persists. As a result, both product prices and spreads are expected to increase. We maintain a positive view on petrochemical companies with secured feedstock access, such as PTT Global Chemical (PTTGC) and Indorama Ventures (IVL).

Global Oil Demand

Source: PTT

Strait Of Hormuz Disruption

Source: PTT

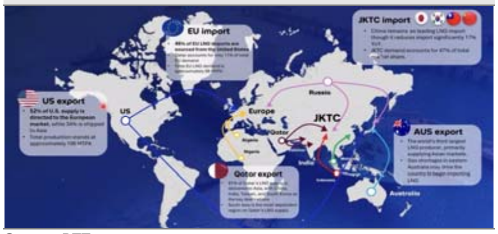
Crude Trading Process

Source: PTT

Import Crude Oil Seaborne Flow

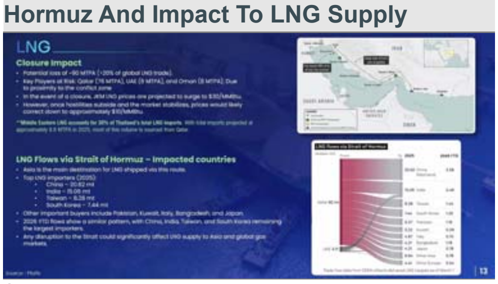
Source: PTT

LNG Global Trade Flow



Source: PTT

Hormuz And Impact To LNG Supply



Source: PTT

Improving Jet Fuel Demand

Valuation/Recommendation

- **Maintain MARKET WEIGHT.** In the oil & gas sector, we prefer Thai Oil (TOP TB/BUY/Target: Bt58.00) and Indorama Ventures (IVL TB/BUY/Target: Bt25.00).

Thai Oil (TOP TB/BUY/Target: Bt58.00)

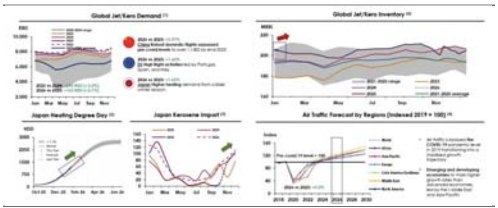
- **Reduced concerns over crude shortages.** We have lowered our concerns regarding potential crude shortages for domestic refineries, particularly TOP. Latest information indicates that TOP has been able to source crude from alternative regions, including the Far East, West Africa, the US, and local supplies (previously relying on Murban crude for ~90% of its intake). The company has secured crude supply for April and May at approximately 100% and 90% of nameplate capacity, respectively. While product yields may see slight adjustments, management expects no material deviation compared to yields from ME Murban crude.
- **1Q26 earnings to recover both qoq and yoy.** We expect TOP to report a strong net profit growth in 1Q26, increasing both qoq and yoy, driven by: a) improved refining performance. Despite a qoq decline in market GRM due to weaker gasoline spreads and higher freight costs, this will be more than offset by stock gains of US$10–12/bbl, supported by a >US$40/bbl increase in crude prices; and b) stronger aromatics spreads, particularly paraxylene, which rose 39% qoq, while benzene spreads have turned positive again.

IVL (IVL TB/BUY/Target: Bt25.00)

- **Cycle nearing trough, recovery from 2026.** 2025 likely marks the bottom of the cycle, with spreads pressured by overcapacity and weak demand. China PET capacity peak may shift to 2026 due to project delays, but supply growth should ease thereafter, supporting gradual recovery.
- **Limited ME risk; potential upside to spreads.** IVL's local-for-local model limits direct supply disruption risk. Higher oil prices and freight costs during geopolitical tensions could tighten regional supply and support PET spreads.
- **Recovery + deleveraging = key re-rating story.** IVL's earnings are expected to rebound in 2026 as utilisation improves. Stronger free cash flow and debt reduction could drive valuation re-rating over the medium term.

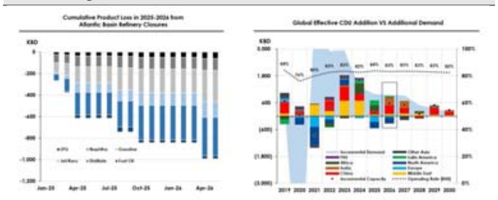
Sector Catalyst/Risk

- Geopolitics risk: ME conflict.
- Fluctuations in crude oil prices.
- Global economic slowdown.



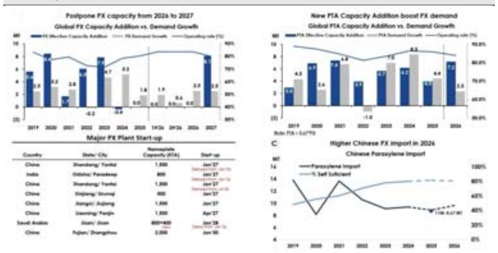
Source: TOP

Firm Refining Margin from Continued Refinery Closures In US And EU



Source: TOP

Opportunity To Improve PX Market From Delay Plant Start-Up



Source: TOP

Softer Olefins Market Due To A Significant Increase In New Production Capacity

Source: TOP