

# Oil & Gas

## Upstream output plunges in May

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### May upstream output still down while downstream output recovers

May's monthly statistical report from the General Statistics Office (GSO) reveals little signs of rebound for crude oil & natural gas output but some early signs of recovery for refined products and LPG. Crude output fell another 3.3% MoM to 108.7 thousand barrels and still down 15.7% YoY. Natural gas output was largely flat, with wet gas volumes reaching 0.78 bcm or up 0.04% MoM but still down 13.5% due to lower reserves and slower E&P activities. Refined products showed better signs of recovery, with output up 3.2% MoM and up 32.2% YoY to 1.13 million tons. LPG also fared well, increasing by 13.4% MoM to 75.4 thousand tons and up 16.4% YoY. Both categories improved in May due to easing coronavirus lockdowns as well as the base effect from higher utilizations at the *Nghi Son Refinery* compared to the startup phase in 2019.

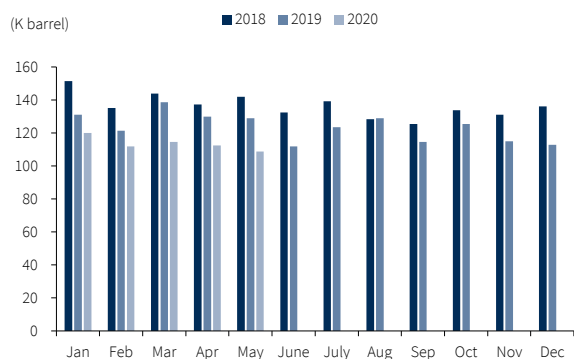
### *Thi Vai Terminal & NCS2-p2 pipeline are ahead of schedule...*

Startup of the LNG facilities run by PV Gas (GAS) at *Thi Vai Terminal* and *Nam Con Son 2 - Phase 2 (NCS2-p2)* pipeline are running ahead of schedule. Phase 1 of the *Thi Vai Terminal* should be ready to supply one million tons of LNG per year to the *Nhon Trach 3 & 4* power plants and some industrial clients by 2022E. Moreover, GAS has already opened bidding for the feasibility study on Phase 2 to upgrade the capacity at the *Thi Vai Terminal* to three million tons per year. The *NCS2-p2* pipeline is scheduled for startup in 3Q to transport 7.9 million cubic metres of wet gas per day from the *Thien Ung-Dai Hung* and *Sao Vang-Dai Nguyet* gas fields to the *GPP2* gas processing plant.

### *...but Block B & Blue Whale megaprojects are being delayed*

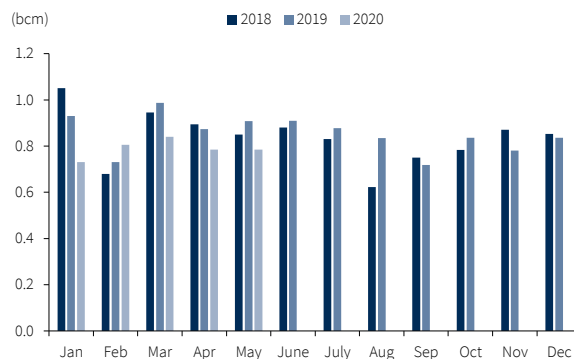
The Final Investment Decisions (FIDs) on the *Block B* and *Blue Whale* gas fields have not yet been approved, with the delays increasing the risk of stake sales by Thailand's PTT Exploration & Production (PTTEP) and Japan's Mitsubishi Oil Exploration Company (MOECO) from *Block B* and Exxon Mobil of the US from *Blue Whale*. Approved FIDs signal that projects have raised sufficient capital and cleared operating and legal hurdles to ensure profitability over the life of the project. The two gas fields are the largest megaprojects promising to help satisfy Vietnam's huge future energy demand, with annual output estimated at 7 billion cubic metres for *Block B* and 9.7 billion cubic metres for *Blue Whale*.

**Fig 1. Vietnam – Crude output, Jan 18–May 20 (thousand barrels)**



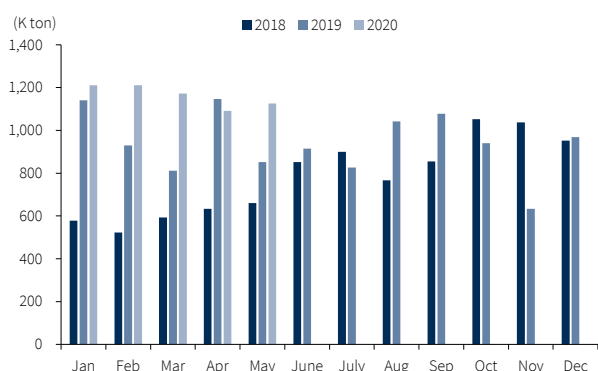
Source: General Statistics Office of Vietnam, KB Securities Vietnam

**Fig 2. Vietnam – Natural gas output, Jan 18–May 20 (bcm)**



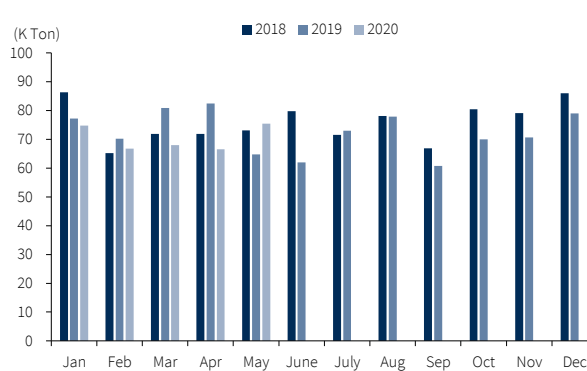
Source: General Statistics Office of Vietnam, KB Securities Vietnam

**Fig 3. Vietnam – Refined product output, Jan 18–May 20 (tons in thousands)**



Source: General Statistics Office of Vietnam, KB Securities Vietnam

**Fig 4. Vietnam – LPG output, Jan 18–May 20 (tons in thousands)**



Source: General Statistics Office of Vietnam, KB Securities Vietnam

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(based on expectations for absolute price gains over the next 6 months)

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### Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

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Outperform the market	Perform in line with the market	Underperform the market

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