July 2, 2026 12:29 AM GMT

Energy Security & AI | Asia Pacific

Key Investor Questions

Debates on Powering AI and Energy Security, as well as globalisation of natural gas and fuel shortages, have become nuanced. We flag 12 stocks that got most interest among the 70 plays we've highlighted globally as energy meets computing.

Key Takeaways

- US investors are more focused on the Energy Security theme in Asia than their Asian peers.
- Powering AI, fossil-based power generation, and energy storage batteries are being looked at with more bottom-up ideas in focus.

Over the last two weeks, we had 50+ discussions with investors across Asia and the US on our Energy Security & Powering AI Blupepaper. We got notable pushback on our estimated size of investments for Asia. Investors find it low at US$5.5 trillion – they see upside to our power grid, power generation, and energy storage estimates.

What's consensus and got most investor mindshare:

1. Positive view on shipyards, clean tankers, gas pipelines, and energy storage batteries/fuel; downstream energy (fuel refiners) over pure upstream players got limited pushback.
2. Diversification in portfolio exposure from power equipment supply chain (transformers and turbine manufacturers) to power generation for playing the next leg of Powering AI;
3. Greater need for battery storage and fuel storage infrastructure in Asia.

Key debates and areas of pushback include:

1. Coal or renewables; is coal back as part of the energy security theme?
2. Does more power for AI mean more natural gas or more energy storage?
3. Will US natural gas adoption slow in Asia vs. expectations before the Middle East conflict as coal comes back? What gas economics tip the scale?
4. Beyond the conflict, as oil and natural gas supply picks up, will naphtha-based chemicals finally outperform after three years?
5. Fuel refining and tankers and shipyards – aren't they becoming bigger bottlenecks than even power?

Stocks of most interest in Asia:

- Fuel refiners (Thai Oil, HPCL, S-Oil);
- Coal equipment (Komatsu, Sany);
- Power generators and grids (Gulf Development, Adani Power, Tenaga);
- Equipment (Doosan Enerbility, diesel power generator manufacturers);
- Energy storage (CATL).

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ASEAN UTILITIES AND INFRASTRUCTURE
Asia Pacific
Industry View **In-Line**

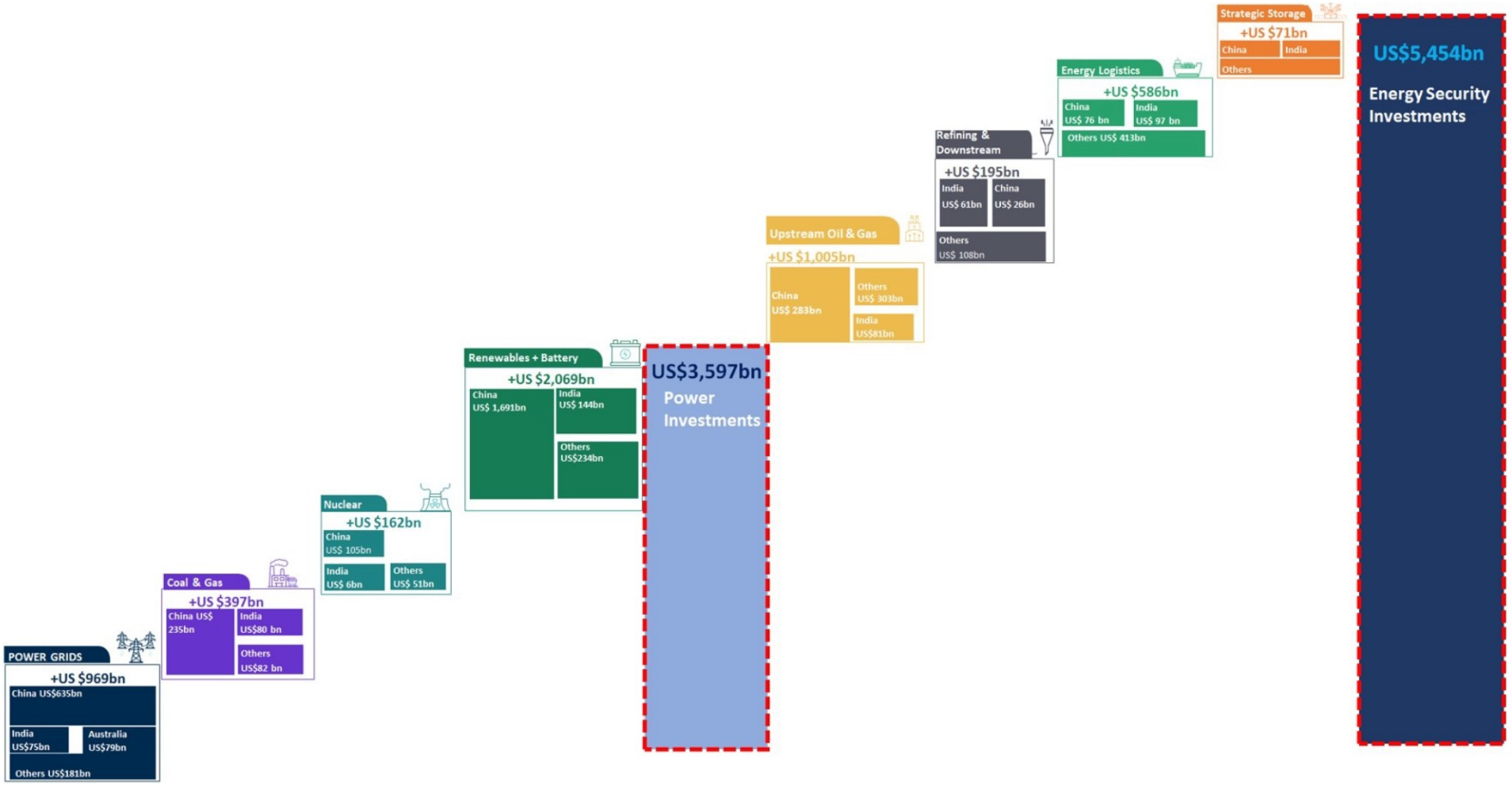
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The US$5.5 Trillion Investment Super-Cycle

Exhibit 1: Asia's Energy Security – US$5+trn of investments required



Source: Morgan Stanley Research estimates; not drawn to scale

Ideas to Play

Buy dependable energy security beneficiaries as AI pushes Asia into a US$5.5trn capex cycle: We recommend owning energy security assets – the theme is inextricably tied to AI. We highlight 70 global equities across the coal equipment supply chain, fuel refiners, petrochemical producers, and natural gas exporters that we expect to benefit the most globally. Areas where we think earnings and dividends could surprise the most in Asia are:

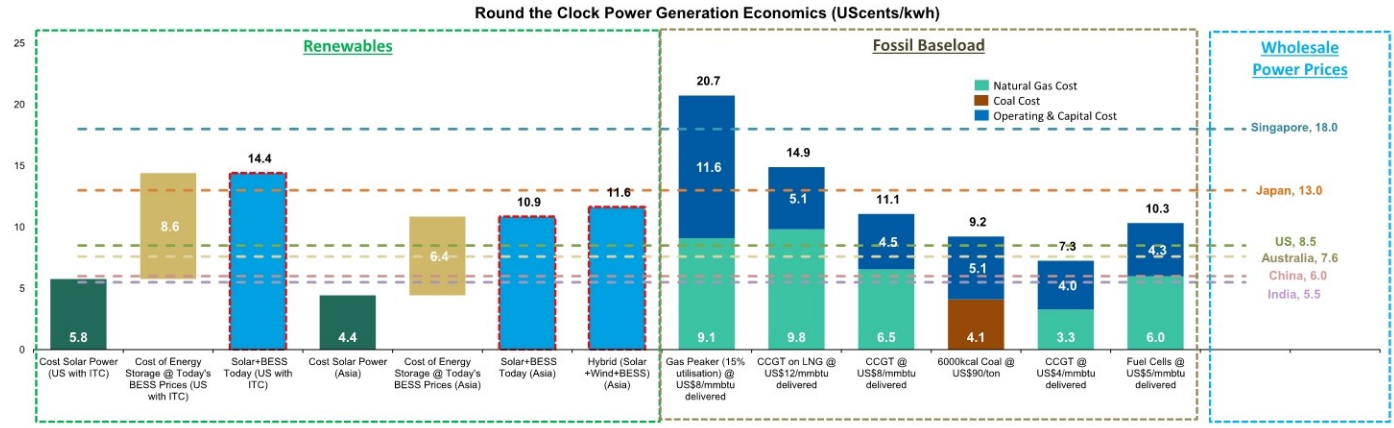
- Fossil- and nuclear-based power generators;
- The energy storage supply chain, including power grids; and
- Fuel refiners and shipyards

We expect tightness in refining markets after the export restrictions in Asia get lifted (India, China, Thailand): We believe this will come in conjunction with higher crude availability from the Strait of Hormuz. Hence, margins for fuel products may decline from the current highs. However, crude discounts cushion the decline and refiners in Asia could actually report stronger-than-expected 3Q earnings (YoY).

The interplay of lower gasoline inventories in the West and higher need for naphtha in the East could also add to strength in refining and chemical markets (vs. what forward curves suggest). While inventory-related losses will lead to a challenged June quarter for refiners, underlying profitability would actually be much stronger than in 2025. We see an 2027 earnings upgrade cycle picking up after 2Q26 reporting season.

Energy storage batteries and LNG: Gauging the need for LNG in Asia is now getting a lot more nuanced – modeling battery storage and its impact, along with coal restarts in power systems, which we see as tipping the need for LNG imports in Asia to be 10-15mntpa lower in the coming five years than we had previously expected. However, this also puts the clearing price (ASP) for Asian consumers to import natural gas much lower – as competition from coal and batteries (after installation) becomes much lower in operating costs and closer to $7-8/mmbtu LNG.

Exhibit 2: Comparing Power Generation Costs for Round the Clock



Source: Company Data, Morgan Stanley Research Estimates

How much will Asia need to invest in storage? We estimate >US$70bn: Energy, product, and feedstock storage – while arguably the most critical element of energy security infrastructure in the coming years – is also among the least capex-intensive relative to other forms of capacity build-out. IEA countries target 90 days of import cover for fuel and crude. Applying this as a guiding principle for Asia, we estimate ~1.4bn bbls of incremental oil and petroleum fuel storage needs, alongside increased LNG and fertilizer coverage, implying >US$70bn of required investment across Asia

Exhibit 3: Energy Security and AI: Ways to Play

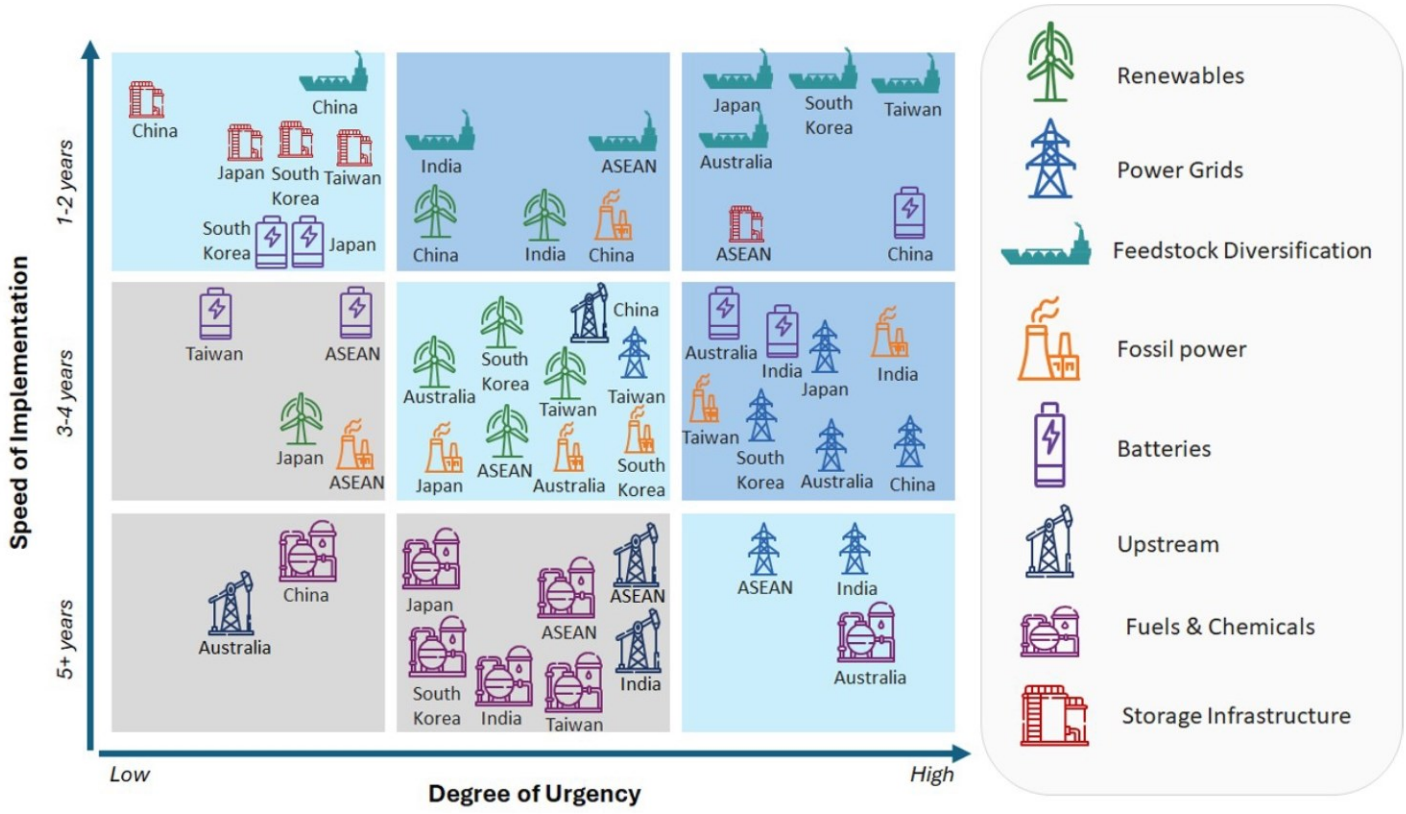
Key Surprises	USA	CHINA	EMEA	INDIA	JAPAN	SOUTH KOREA	TAIWAN	ASEAN	AUSTRALIA
Surprise #1: Asia's energy capex will double by 2030.	QUANTA, HALLIBURTON, slb, Honeywell	招商局, COSCO SHIPPING, COSL, 扬子江船业集团	TEN, SAIPEM, SBM OFFSHORE, Transocean	LARSEN & TOUBRO, adani, POLYCAB	MITSUBISHI HEAVY INDUSTRIES, LTD.			Seatrium	
Surprise #2: The Return of fossil to Secure AI energy needs	Cummins, CATERPILLAR, GE VERNOVA	兖矿能源集团股份有限公司, SANY, WEICHAI	metso, Epiroc, SANDVIK	Coal India, BHEL	KOMATSU, HITACHI			UNITED TRACTORS, AlamTri, sembcorp	Whitehaven, YANCOAL, BHP
Surprise #3: Diversification of energy sourcing to the US, LatAm	ExxonMobil, Chevron, Williams, Valero, Marathon, TARGA, CHENIERE, VENTURE GLOBAL		bp, TotalEnergies		MODEC, MITSUI & CO., ITOCHU, Mitsubishi Corporation, MOL	SAMSUNG E&A, Hanwha, HD HYUNDAI, SAMSUNG C&T, SAMSUNG HEAVY INDUSTRIES		sembcorp, GULF	
Surprise #4: Domestic O&G production & refining picks up		CNOOC, PetroChina	ONGC, Reliance, OIL INDIA, HPCL, IndianOil, Bharat Petroleum	INPEX, JAPEX, COSMO	S-OIL, SK innovation			PTTEP, bangchak, Thaioil, SPRS	Woodside Energy, AMPOL, Santos, VIVA Energy
Surprise #5: Energy storage expands rapidly		CATL, SUNGROW, LEAD 先导, GanfengLithium, EVE Energy, TIANQI LITHIUM		EXIDE		SAMSUNG SDI, LG Energy Solution			PLS, igo
Surprise #6: Accelerated nuclear and power grid deployment	CURTISS-WRIGHT, GE VERNOVA	NARI, 中国电气装备, Sieyuan, CGN	Schneider Electric, prysmian, ABB, SIEMENS energy	adani, POLYCAB, LARSEN & TOUBRO, पावरग्रिड POWERGRID	HITACHI	HD HYUNDAI ELECTRIC, LS ELECTRIC, DOOSAN Enerbility	華城電機 FORTUNE	TENAGA NASIONAL	PALADIN
Surprise #7: Corporate balance sheets can support 75% of investment		CNOOC, PetroChina		Coal India, Reliance, पावरग्रिड POWERGRID	INPEX, JAPEX			TENAGA NASIONAL, PETRONAS, Keppel, GULF	Woodside Energy, Santos

Source: Morgan Stanley Research

Energy Security: What Asia Is Doing

What Asia is doing to secure energy supply systems and where the largest bottlenecks exist in securing supply chains: Asia's energy capex will nearly double through the end of the decade. By 2030, over US$1.2 trillion in new investments will be needed to reduce Asia's import dependence by 100bps based on expected consumption growth. This is in addition to US$4.3trn of investments currently in progress and implies annual capital deployment growth of 11% through 2030 vs. 2% in the past decade.

Exhibit 4: Asia's Energy Security Implementation vs. Urgency Matrix



Source: Morgan Stanley Research estimates; not drawn to scale

Energy supply chains will realign as countries avoid the current chokepoints: Energy supply chain realignment is shifting from "just-in-time" cost efficiency to "just-in-case" resilience, driven by geopolitical tensions, trade tariffs (e.g., US tariffs, FEOC restrictions), and the need to decouple from dominant suppliers like the Middle East. This restructuring prioritizes friend-shoring, regionalization, and closer to home.

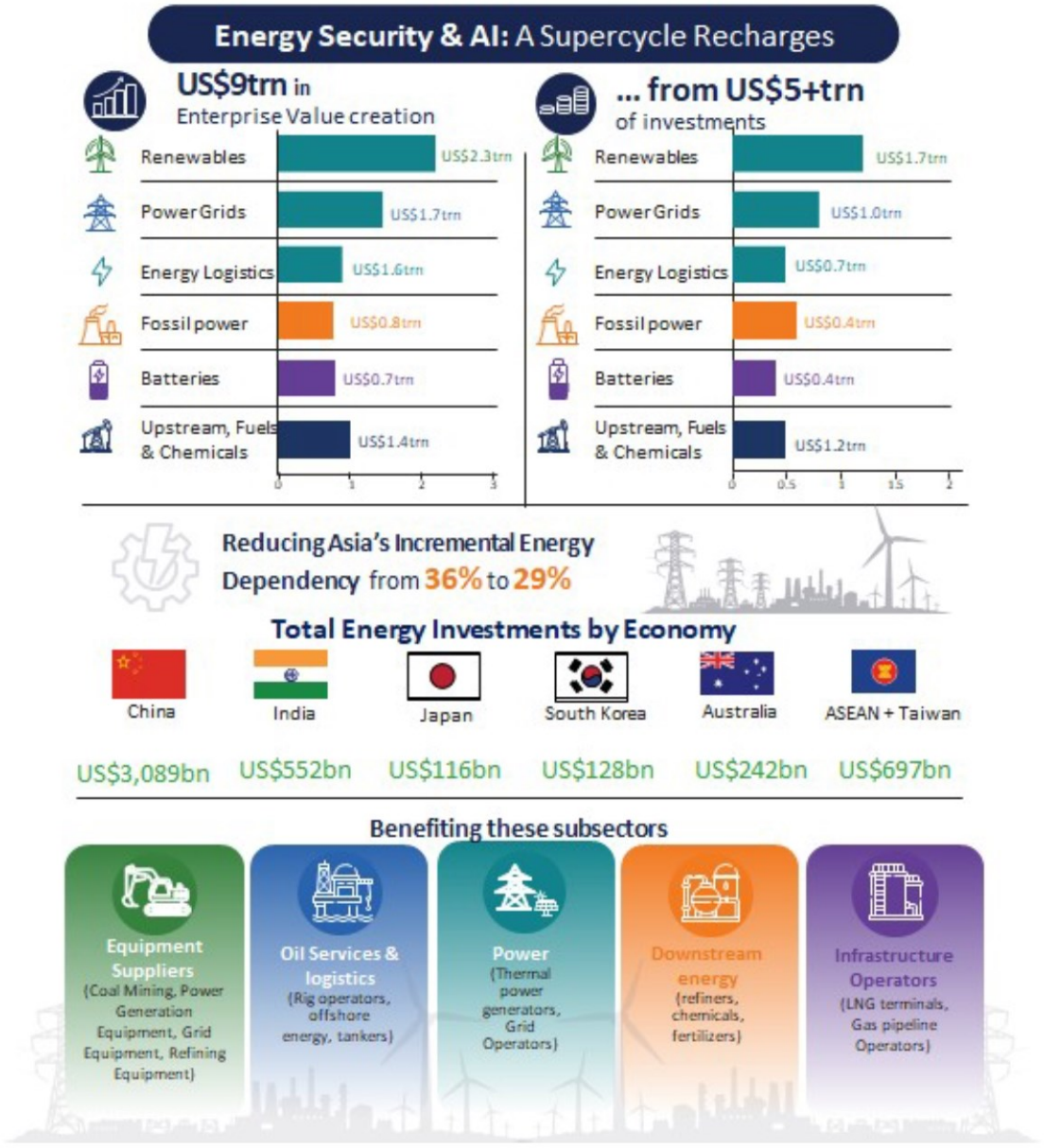
We believe Asia will import a lot more natural gas from the US and Russia incrementally, considering it is essential for power and transport systems, while also importing more oil from LatAm, Canada and Africa.

Fuel systems in Asia are also likely to realign as exports were curbed for the first time by China and Thailand. We have already seen signs of this change with the Australia-Singapore energy cooperation. We expect other economies – such as Japan, Taiwan, and Korea – to look again at fuel sourcing options.

Coal, which is ample in Indonesia, India and China, will also be key for 'just in case' resilience for power systems.

Power grid connectivity in Southeast Asia between countries, such as India-Bangladesh, will get more traction after two decades of limited progress.

Exhibit 5: Energy Security and Powering AI: A Supercycle Recharges – A Snapshot by 2030



Source: Morgan Stanley Research estimates

Coal or Renewables – Which Is Key for Security?

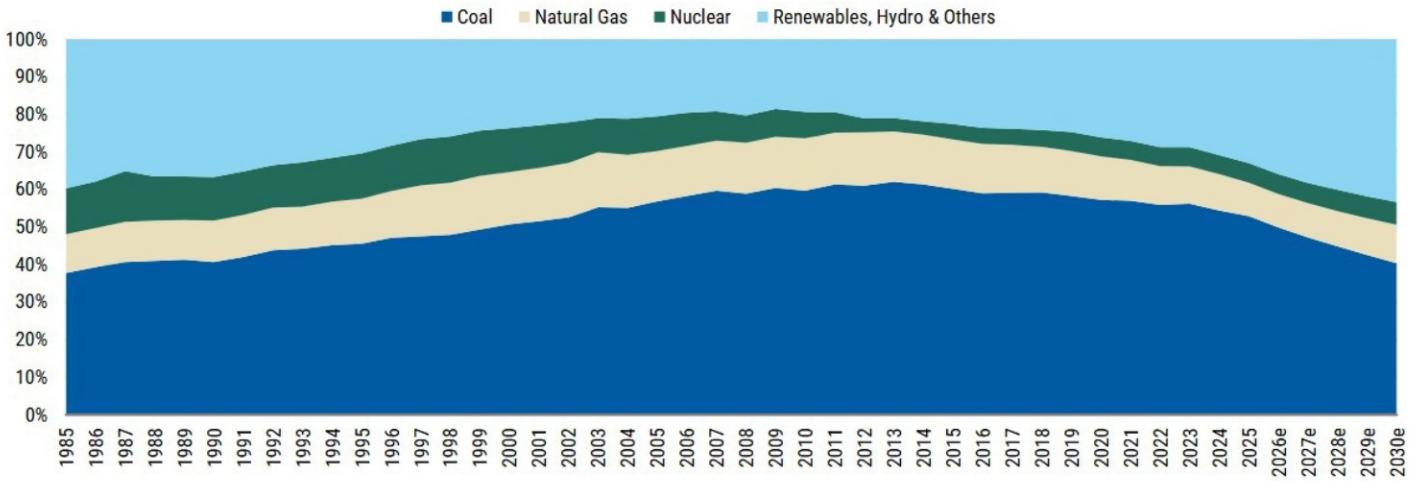
Rather than viewing coal, gas, nuclear, and renewables as competitors, policymakers increasingly are adopting a balanced and pragmatic multi-track approach: Diversified installed capacity will form a natural hedge against volatility in geopolitics, commodity prices, and supply chains.

In both China and India, coal retains strong policy support, with clean energy framed not as a replacement but as a supplement – reinforcing a multi-track energy strategy that postpones difficult decisions on coal phaseout as power demand continues to grow. China's coal power generation is higher than ever at ~5.5trn kWh in 2025, even as the country installed more than 500GW of solar and wind power in the same year.

Many Asian countries – particularly import-dependent and fossil-fuel-intensive ones – still need to invest in a more balanced generation mix: Expanding homegrown renewable energy capacity – along with supporting grid upgrades, storage, and even selective use of cleaner gas or nuclear power – is widely seen as vital to further fortify Asia's power systems against fuel shocks.

However, it is not enough. Renewables' intermittency and reliability remain a key risk in providing holistic energy security. A significant proportion of renewable generation would lead policymakers to trade fossil fuel accessibility risk with geographical and environmental resource risks (sunlight, wind, reservoir water levels). We see coal and gas power generation remaining highly relevant for the rest of the decade as access to reliable power remains key for policyholders.

Exhibit 6: Asia's power generation mix



Source: Statistical Review of World Energy, Morgan Stanley Research estimates

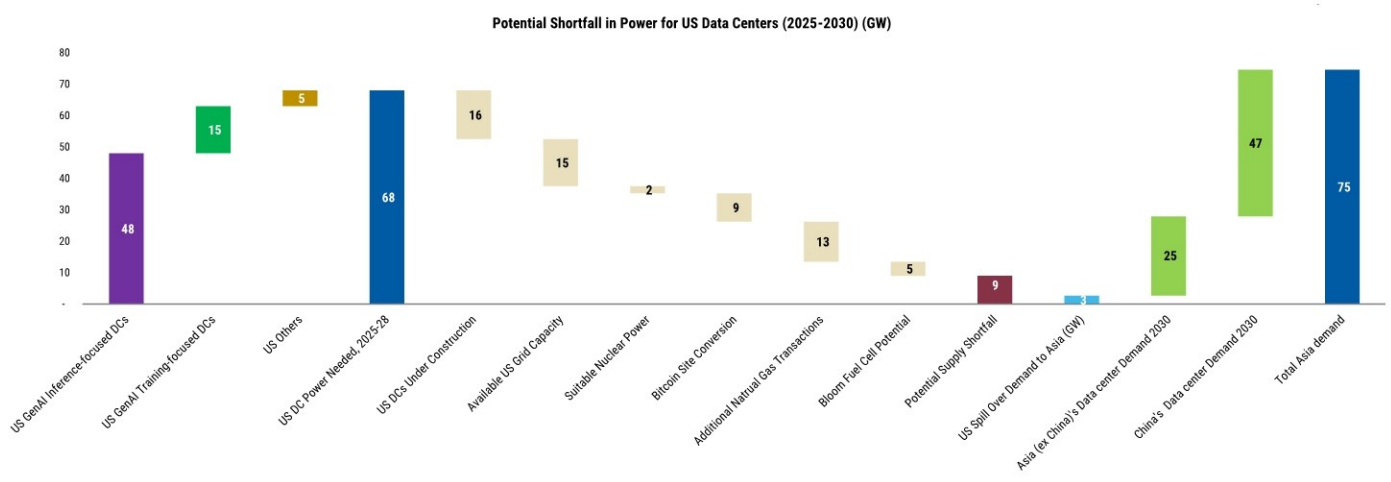
More Power for AI

Is this the end game? Powering AI for US hyperscalers in Asia while securing energy supply chains in Asia using US energy: Securing energy supply for AI has emerged as a durable, system-level investment theme across the power and fuel value chains, distinct from decarbonization targets or short-term price signals. Recent LNG disruptions and extreme price volatility have shifted policymaker and corporate behavior toward reliability, dispatchability, and domestic or regional resilience over pure economic optimization. We think this will drive a new sustained capex cycle across grid infrastructure, battery storage, strategic reserves, utilities, and selective generation technologies. Overall electricity will account for ~30% of Asia's energy needs, up from ~25% currently, as the region electrifies.

Artificial intelligence and the associated proliferation of data centers represent the most significant new source of electricity demand growth in developed economies in decades: Data centers currently account for ~2% of global power consumption and we forecast they will add 1.2 trillion units (20% of total incremental power demand) to global power consumption, accounting for 5% of power demand by 2030. While there will be varied adoption rates globally, about 45% of these units will be consumed in Asia and 45% in the US, with Europe largely accounting for the rest.

- We see a 25% CAGR in power consumption from data centers in 2024-27 and a 20% CAGR in 2027-30.
- We expect data centers to account for 75% of US power demand growth through 2030, while in Europe they will account for 40% and in Asia 13%

Exhibit 7: Potential shortfall in power for US data centers



Source: Morgan Stanley Research Estimates

US Natural Gas Needs in Asia – Slow vs. Expectations?

How large a part the US plays in the story of Asia's diversification in energy; Asia imported only ~10% of its energy imports from the US in 2025. We see the US's share in Asia's energy imports rising as cheaper natural gas, ethane, propane, coal and petcoke support adoption and diversification in power and chemical supply chains. Increased diesel imports will help lower dependence on the Strait of Hormuz.

We forecast a 6% CAGR in global LNG demand over 2025-30, driven by Asia: For Asian consumers, US LNG offers attractive supply diversification and pricing relative to other sources – offering greater stability during periods of supply disruption. We expect the bulk of volumes from export projects currently under construction to flow to end markets in Asia. In addition, in view of recent events in the Middle East, we see the potential for additional long-term gas sales deals from Asian buyers. However the pricing of this gas is going to be near coal parity as Asia restarts ~50GW of its coal fired power plants and also deployed energy storage capacity.

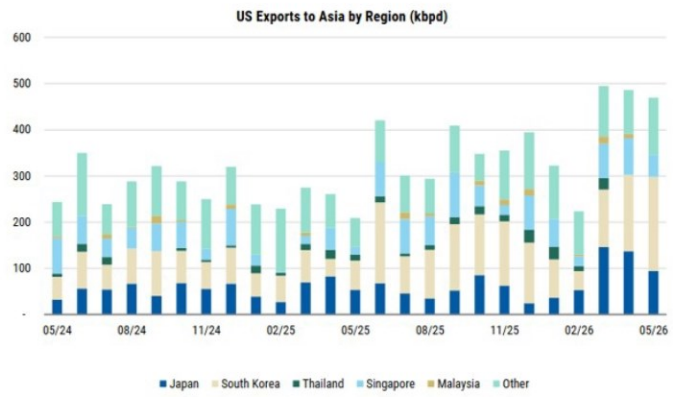
Growing refined product demand from Asia tightens global balances and supports margins: Growing refined product demand across Asia is constructive for US refiners, particularly those with Gulf Coast exposure and access to export markets. As Asia consumption outpaces regional refining capacity additions – driven by sustained transportation growth and petrochemical feedstock demand – incremental barrels will need to be sourced from the global market. As shown by the recent Middle East conflict, the US Gulf Coast is well equipped to be the world's swing refining center, filling gaps left by declining product volumes from key Asian and Middle Eastern exporters.

Exhibit 8: Since the start of the Middle East conflict, shipments to Asia have made up a higher share of total US LNG exports – rising from ~15% prior to ~35% in May so far.



Source: Vortexa, Morgan Stanley Research

Exhibit 9: The US exports ~3,240 kbpd of refined product, of which ~10% lands in Asia. The Iran conflict has pushed exports to >4 mbpd



Source: Vortexa, Morgan Stanley Research

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(as of June 30, 2026)

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Equal-weight/Hold	1577	43%	390	42%	25%	769	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	544	15%	89	10%	16%	204	12%
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Stock Price, Price Target and Rating History (See Rating Definitions)



Doosan Enerbility (034020.KS) - As of 07/01/26 GMT in KRW
Industry : S. Korea Industrials



Stock Rating History: 7/1/21 : NA/NR; 3/20/25 : NA/NR; 6/24/25 : E/NR; 7/25/25 : E/A; 1/14/26 : O/A

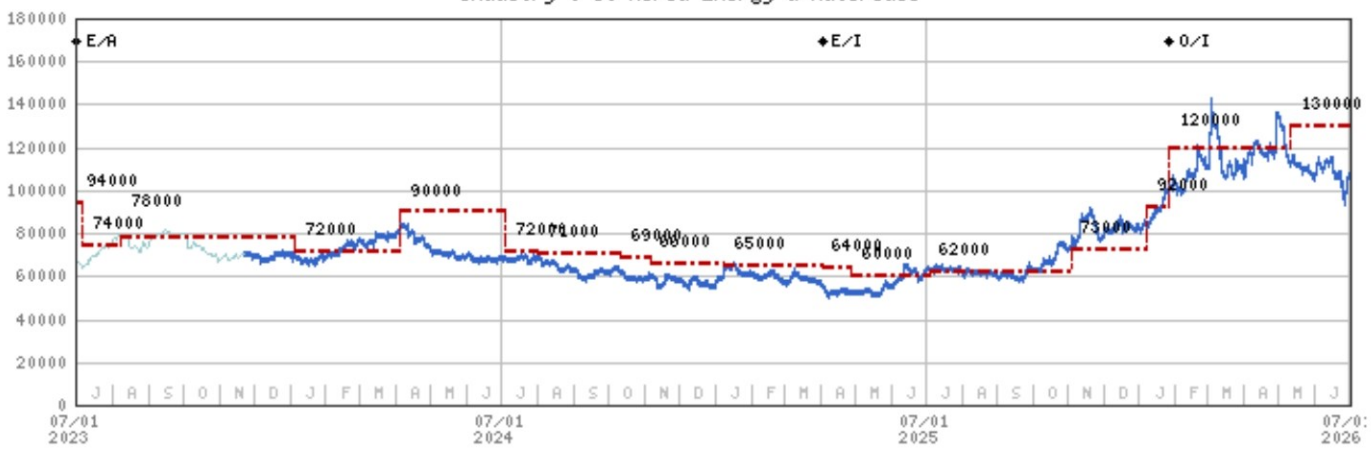
Price Target History: 12/11/20 : NA; 6/24/25 : 71000; 11/6/25 : 88000; 1/14/26 : 110000; 6/17/26 : 120000

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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S-Oil (010950.KS) - As of 07/01/26 GMT in KRW
Industry : S. Korea Energy & Materials



Stock Rating History: 7/1/21 : O/A; 4/6/23 : E/A; 4/3/25 : E/I; 1/26/26 : O/I

Price Target History: 6/24/21 : 130000; 10/6/21 : 140000; 12/10/21 : 130000; 1/27/22 : 120000; 4/4/22 : 130000; 5/19/22 : 140000; 7/6/22 : 130000; 10/27/22 : 120000; 1/3/23 : 110000; 4/6/23 : 94000; 7/6/23 : 74000; 8/8/23 : 78000; 1/5/24 : 72000; 4/5/24 : 90000; 7/4/24 : 72000; 8/1/24 : 71000; 10/11/24 : 69000; 11/6/24 : 66000; 1/8/25 : 65000; 4/3/25 : 64000; 4/28/25 : 60000; 7/4/25 : 62000; 11/3/25 : 73000; 1/8/26 : 92000; 1/26/26 : 120000; 5/11/26 : 130000

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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COMPANY (TICKER)	RATING (AS OF)	PRICE* (07/01/2026)
Mayank Maheshwari		

Global Power Synergy PCL (GPSC.BK)	U (09/12/2025)	Bt44.00
Gulf Development PCL (GULF.BK)	O (03/26/2025)	Bt61.50
Manila Electric Company (MER.PS)	O (06/20/2022)	PP585.00
Perusahaan Gas Negara (PGAS.JK)	E (06/18/2026)	Rp1,365
SembCorp Industries Ltd (SCIL.SI)	O (03/23/2026)	S$6.23
Tenaga Nasional (TENA.KL)	O (09/12/2023)	RM14.20
Ryan M Heng		
Airports of Thailand (AOT.BK)	O (08/25/2021)	Bt64.75
International Container Terminal Service (ICT.PS)	O (03/04/2024)	PP900.00
Maynilad Water Services, Inc. (MYNLD.PS)	E (06/30/2026)	PP19.60

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