Overview

The key WTI (West Texas Intermediate) crude oil futures contract on NYMEX (New York Mercantile Exchange) in the May 16-22 week moved within a range between $61.42 per barrel and $63.10/bbl.

On May 23, the July contract suffered a steep decline to a two-month low briefly as concerns grow about the future course of the world economy on a U.S. stock market crash, a fear of prolonged U.S.-China trade disputes and British Prime Minister Theresa May’s offer of resignation. Other contributors to the plunge included a weekly U.S. crude oil inventory increase in the previous day’s EIA (Energy Information Administration) report and profit-taking selling before a three-day weekend. The key contract closed at $57.91/bbl, down $3.51/bbl from the previous day.

On May 24, the July contract rallied on dip buying after the previous day’s plunge and position adjustment buying before a three-day weekend. Baker Hughes reported that the number of operating U.S. oil-drilling rigs decreased by five from a week earlier to 797 for the second straight week of decline. The key contract gained $0.72/bbl to $58.63/bbl.

On May 27, the market was closed for the Memorial Day holiday.

On May 28 after a three-day weekend, the July contract rose further as position adjustment buying continued, with floods in Oklahoma reported to have damaged oil facilities. The key contract gained $0.51/bbl to $59.14/bbl.

On May 29, the key contract turned down for the first time in three trading days as a U.S. stock market decline was coupled with concern over the escalation and extension of the U.S.-China trade war. The EIA’s weekly oil inventory report was delayed for one day until the next day due to the holiday. The July contract lost $0.33/bbl to $58.81/bbl.

The Asian benchmark crude oil of Dubai for July delivery on the Tokyo market moved in a range between $71.30/bbl and $72.70/bbl in the May 16-22 week. It closed at $69.70/bbl on May 23, at $67.00/bbl on May 24, at $66.90/bbl on May 27, at $68.20/bbl on May 28 and at $67.60/bbl on May 29.

On the foreign exchange market in the May 16-22 week, the dollar moved within a range between 109.51 and 110.53 yen. It changed hands at 110.28 yen in late trading on May 23, at 109.75 yen on May 24, at 109.50 yen on May 27, at 109.57 yen on May 28 and at 109.28 yen on May 29.

According to preliminary 10-day trade statistics released by the Ministry of Finance on May 30, the average crude oil import CIF price in the May 1-10 period stood at 50,785 yen/kl (kiloliter), up 2,189 yen/kl from the previous 10-day period. In dollars, the price was $72.13/bbl, up 2.87/bbl. The average exchange rate was 111.92 yen to the dollar.

Japan’s average retail price on May 27 decreased by 0.1 yen/l from a week earlier for gasoline and diesel oil while leveling off for kerosene on an 18-liter tank basis. The gasoline and diesel prices fell for the second straight week. The kerosene price discontinued rising for the first time in 14 weeks. As crude oil cost fell in the fourth week of May, Motouri companies cut their wholesale prices by 0.5 yen/l for gasoline, diesel oil and kerosene for the next week.
### Gasoline

<table>
<thead>
<tr>
<th>Metric</th>
<th>This Week</th>
<th>From a Week Earlier</th>
<th>From a Year Earlier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>884</td>
<td>▲ 26</td>
<td>▼ -</td>
</tr>
<tr>
<td>Imports</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Shipments</td>
<td>853</td>
<td>▲ 45</td>
<td>▼ -</td>
</tr>
<tr>
<td>Exports</td>
<td>21</td>
<td>▼ -34</td>
<td>▼ -</td>
</tr>
<tr>
<td>Inventories</td>
<td>1,579</td>
<td>▲ 10</td>
<td>▼ -</td>
</tr>
<tr>
<td>Gyoten (spot) [4-district average lorry rack price] (RIM)</td>
<td>63.8</td>
<td>▲ 0.7</td>
<td>▼ -4.6</td>
</tr>
<tr>
<td>Futures [front-month contract closing price] (TOCOM/Tokyo Bay)</td>
<td>59.7</td>
<td>▼ -1.9</td>
<td>▼ -6.2</td>
</tr>
<tr>
<td>Retail prices [weekly trend] (published by ANRE)</td>
<td>150.0</td>
<td>▼ -0.1</td>
<td>▼ -1.0</td>
</tr>
</tbody>
</table>

*Gyoten and futures prices are before tax.

### Diesel oil

<table>
<thead>
<tr>
<th>Metric</th>
<th>This Week</th>
<th>From a Week Earlier</th>
<th>From a Year Earlier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>780</td>
<td>▲ 21</td>
<td>▲ -</td>
</tr>
<tr>
<td>Imports</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Shipments</td>
<td>649</td>
<td>▼ -4</td>
<td>▼ -</td>
</tr>
<tr>
<td>Exports</td>
<td>159</td>
<td>▲ 11</td>
<td>▼ -</td>
</tr>
<tr>
<td>Inventories</td>
<td>1,451</td>
<td>▼ -28</td>
<td>▼ -</td>
</tr>
<tr>
<td>Gyoten (spot) [4-district average lorry rack price] (RIM)</td>
<td>66.3</td>
<td>▼ -0.4</td>
<td>▼ -3.5</td>
</tr>
<tr>
<td>Futures [front-month contract closing price] (TOCOM/Tokyo Bay)</td>
<td>67.2</td>
<td>▼ -0.6</td>
<td>▼ -0.9</td>
</tr>
<tr>
<td>Retail prices [weekly trend] (published by ANRE)</td>
<td>130.6</td>
<td>▼ -0.1</td>
<td>▲ 1.2</td>
</tr>
</tbody>
</table>

*Gyoten and futures prices are before tax.

### Kerosene

<table>
<thead>
<tr>
<th>Metric</th>
<th>This Week</th>
<th>From a Week Earlier</th>
<th>From a Year Earlier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>140</td>
<td>▼ -51</td>
<td>▼ -</td>
</tr>
<tr>
<td>Imports</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Shipments</td>
<td>110</td>
<td>▲ 11</td>
<td>▼ -</td>
</tr>
<tr>
<td>Exports</td>
<td>0</td>
<td>▼ -24</td>
<td>▼ -</td>
</tr>
<tr>
<td>Inventories</td>
<td>1,331</td>
<td>▲ 29</td>
<td>▼ -</td>
</tr>
<tr>
<td>Gyoten (spot) [4-district average lorry rack price] (RIM)</td>
<td>66.1</td>
<td>▼ 0.0</td>
<td>▼ -2.8</td>
</tr>
<tr>
<td>Futures [front-month contract closing price] (TOCOM/Tokyo Bay)</td>
<td>62.1</td>
<td>▼ -2.1</td>
<td>▼ -4.9</td>
</tr>
<tr>
<td>Retail prices [weekly trend] (published by ANRE)</td>
<td>93.1</td>
<td>▼ 0.0</td>
<td>▲ 1.5</td>
</tr>
</tbody>
</table>

*Gyoten and futures prices are before tax.
On May 29, the most frequently traded crude oil futures contract on NYMEX turned down for the first time in three trading days as concern about the escalation of the U.S.-China trade war grew on a Chinese People’s Daily comment that U.S. electronic products and military equipment depend on rare earth imports from China. Another contributor to the downturn was investors’ growing risk-off attitude that came on a U.S. stock market decline. Limiting the loss was a media report that Iran’s crude oil exports in May halved from April to an average 0.4 million barrels per day due to U.S. economic sanctions. The EIA’s weekly oil inventory report was delayed until June 30 due to the Memorial Day holiday. The July contract finished at $58.81/bbl, down $0.33/bbl from the previous day. The August contract dropped by $0.40/bbl to $58.95/bbl.

According to the EIA, the average U.S. retail price of gasoline as of May 27 fell by 3.0 cents per gallon from a week earlier to $2.822/gal (82.3 yen/l). The average diesel oil price decreased by 1.2 cents/gal to $3.151/gal (91.9 yen/l). The gasoline price decreased for the third straight week, while the diesel price fell for the first time in two weeks.

Production increased from the previous week for gasoline and diesel oil and decreased for other petroleum products. Output was up 3.0% for gasoline, down 6.9% for jet fuel, down 26.5% for kerosene, up 2.8% for diesel oil, down 36.2% for Fuel Oil A and down 29.6% for Fuel Oil C. Fuel Oil C imports in the week totaled almost zero, down 45,000 kl from the previous week to 2,827,000 kl. From a year earlier, it declined by 219,000 kl. The topper capacity utilization rate stood at 72.2%, down 7.6 points from the previous week and down 5.6 points from a year earlier.

Shipments (excluding imports) in the week decreased from the previous week for diesel oil and Fuel Oil C and increased for other petroleum products. From a year earlier, shipments expanded for jet fuel and fell for others. Gasoline shipments increased by 5.6% from the previous week to 853,000 kl for the first rise in three weeks, remaining below 1 million kl for 21 weeks on end. Shipments totaled 129,000 kl for jet fuel (up 30.2% from the previous week), 110,000 kl for kerosene (up 11.1%), 649,000 kl for diesel oil (down 0.6%), 167,000 kl for Fuel Oil A (up 0.6%) and 130,000 kl for Fuel Oil C (down 37.7%).

On May 29, the most frequently traded crude oil futures contract on NYMEX turned down for the first time in three trading days as concern about the escalation of the U.S.-China trade war grew on a Chinese People’s Daily comment that U.S. electronic products and military equipment depend on rare earth imports from China. Another contributor to the downturn was investors’ growing risk-off attitude that came on a U.S. stock market decline. Limiting the loss was a media report that Iran’s crude oil exports in May halved from April to an average 0.4 million barrels per day due to U.S. economic sanctions. The EIA’s weekly oil inventory report was delayed until June 30 due to the Memorial Day holiday. The July contract finished at $58.81/bbl, down $0.33/bbl from the previous day. The August contract dropped by $0.40/bbl to $58.95/bbl.

According to the EIA, the average U.S. retail price of gasoline as of May 27 fell by 3.0 cents per gallon from a week earlier to $2.822/gal (82.3 yen/l). The average diesel oil price decreased by 1.2 cents/gal to $3.151/gal (91.9 yen/l). The gasoline price decreased for the third straight week, while the diesel price fell for the first time in two weeks.

Production increased from the previous week for gasoline and diesel oil and decreased for other petroleum products. Output was up 3.0% for gasoline, down 6.9% for jet fuel, down 26.5% for kerosene, up 2.8% for diesel oil, down 36.2% for Fuel Oil A and down 29.6% for Fuel Oil C. Fuel Oil C imports in the week totaled almost zero, down 45,000 kl from the previous week to 2,827,000 kl. From a year earlier, it declined by 219,000 kl. The topper capacity utilization rate stood at 72.2%, down 7.6 points from the previous week and down 5.6 points from a year earlier.

Shipments (excluding imports) in the week decreased from the previous week for diesel oil and Fuel Oil C and increased for other petroleum products. From a year earlier, shipments expanded for jet fuel and fell for others. Gasoline shipments increased by 5.6% from the previous week to 853,000 kl for the first rise in three weeks, remaining below 1 million kl for 21 weeks on end. Shipments totaled 129,000 kl for jet fuel (up 30.2% from the previous week), 110,000 kl for kerosene (up 11.1%), 649,000 kl for diesel oil (down 0.6%), 167,000 kl for Fuel Oil A (up 0.6%) and 130,000 kl for Fuel Oil C (down 37.7%).

According to a weekly report by the PAJ (Petroleum Association of Japan), inactive topper capacity in the May 19-25 week stood at 724,000 barrels per day, up 281,000 bpd from the previous week (total capacity remained at 3,519,000 bpd). Crude oil throughput in the week decreased by 298,000 kl from the previous week to 2,827,000 kl. From a year earlier, throughput decreased for jet fuel and fell for others. Gasoline shipments increased for the third straight week, while the diesel price fell for the first time in two weeks.

This week’s shipments = \((\text{Previous weekend inventories} + \text{This week’s production} - \text{This week’s exports} - \text{This weekend inventories})\)
3 Petroleum products wholesale prices in Japan (1) Wholesale price revision trend

During the May 21-27 week, crude oil cost might have declined, although crude oil price drops were partially offset by the yen’s depreciation against the dollar.

Onshore cargo spot prices during the May 21-27 week rose and fell back in a 117-119 yen/l range for gasoline, decreased slightly in a 66-67 yen/l range for diesel oil and dropped a little in a 65-67 yen/l range for kerosene.

Offshore barge spot prices during the week shot up and fell back in a 117-120 yen/l range for gasoline, leveled off and fell slightly in a 68-69 yen/l range for diesel oil and plunged in a 60-66 yen/l range for kerosene.

The key futures price during the week fell sharply in a 111-117 yen/l range for gasoline, declined in a 66-68 yen/l range for diesel oil and nosedived in a 59-66 yen/l range for kerosene.

For the next week, Motouri companies cut their wholesale prices by 0.5 yen/l for gasoline, kerosene and diesel oil.

3 Petroleum products wholesale prices in Japan (2) Spot (Gyoten) and futures price trend

Among spot petroleum products prices in the May 21-27 week, onshore cargo and offshore barge gasoline prices rose from the May 14-20 week’s averages and onshore cargo kerosene and offshore barge diesel oil prices leveled off. Other prices declined.

The latest onshore cargo spot price (the average onshore rack price for four districts -- Chiba, Kawasaki, Chukyo and Hanshin -- for the May 21-27 week) that influences Motouri’s wholesale prices applied to the first week of June (May 30-June 5) rose by 0.7 yen/l from the previous week for gasoline, leveled off for kerosene and dropped by 0.4 yen/l for diesel oil.

The average offshore barge spot price in Tokyo Bay increased by 0.7 yen/l for gasoline, fell by 1.7 yen/l for kerosene and leveled off for diesel oil.

The key futures price declined by 1.9 yen/l for gasoline, by 2.1 yen/l for kerosene and by 0.6 yen/l for diesel oil.

For the first week of June, major Motouri companies lowered their wholesale prices by 0.5 yen/l for gasoline, diesel oil and kerosene. Motouri based wholesale price revisions on crude oil and petroleum products market prices and each other’s prices from 2010 and have adopted an approach giving greater priority to crude oil acquisition cost since June 2014.

4 Retail prices of petroleum products in Japan

The average retail service station price as of May 27 decreased by 0.1 yen/l from a week earlier to 150.0 yen/l for gasoline and by 0.1 yen/l to 130.6 yen/l for diesel oil and leveled off at 1,675 yen for kerosene on an 18-liter tank basis (or at 93.1 yen/l). The gasoline and diesel prices fell for the second straight week, while the kerosene price discontinued rising for the first time in 14 weeks. Gasoline prices increased in eight of Japan’s 47 prefectures, leveled off in eight and decreased in 31. The lowest gasoline price among the prefectures was 145.8 yen/l in Tokushima Prefecture (up 0.2 yen/l from a week earlier). The second lowest was 146.2 yen/l in Saitama (up 0.1 yen/l). The highest price was 161.0 yen/l in Nagasaki (down 0.3 yen/l). Logging the sharpest price rise of 1.8 yen/l was Kochi (154.0 yen/l). Gasoline prices leveled off in Chiba and seven other prefectures. Posting the largest price decline of 1.0 yen/l was Fukushima (152.1 yen/l).

As crude oil cost rose last week, major Motouri companies raised their wholesale prices by 0.5 yen/l for gasoline, diesel oil and kerosene for this week.

Crude oil cost decreased this week, although crude oil price drops were partially offset by the yen’s depreciation against the dollar. Motouri cut their wholesale prices by 0.5 yen/l for next week for gasoline, diesel oil and kerosene. Retail gasoline and kerosene prices are expected to slightly fall next week (as of June 3).
Gasoline price trend


(Note) ① Retail price includes consumption Tax, RIM, TOCOM prices are before tax.
② RIM (onshore) is the average of four districts.

Retail price

TOCOM futures, Tokyo Bay

TOCOM futures, Chubu

RIM (offshore barge)

RIM (onshore)
On use of this report

The copyrights to texts, graphics and other information (hereinafter combined into "documents") in this report belong to the Oil Information Center of the Institute of Energy Economics, Japan (hereinafter referred to as this Center), or to third parties contributing the documents to this Center. This Center forbids the documents from being repurposed, duplicated or altered without approval by this Center.

This Center has made the documents comprehensive but no guarantee is made as to accuracy or safety.

Sources of data provided in this report

1) [Crude oil and petroleum products supply and demand] (weekly PAJ report)

Data in weekly statistics on crude oil and petroleum product supply by the Petroleum Association of Japan are calculated in terms of 1,000 kiloliters. Shipments are estimated by this Center.

2) [Crude oil and futures prices] (WTI crude and Middle Eastern crude)

For the WTI crude, the front-month WTI crude futures contract’s daily closing price on the New York Mercantile Exchange (NYMEX) is adopted.

For the Middle Eastern crude, the front-month Middle Eastern crude futures contract’s closing price on the Tokyo Commodity Exchange (TOCOM) is adopted. ※ "Second-month (next-month) contract"

Underlying the Middle Eastern crude price is the average price for the Dubai and Oman crude oil. The telegraphic transfer middle rate (TTM) released by the Bank of Tokyo-Mitsubishi UFJ is adopted as the foreign exchange rate.

The crude oil import CIF price is a dollar-denominated reference price estimated by the PAJ based on the average crude oil price (on a 10-day basis) in the Ministry of Finance trade statistics.

3) [Motouri wholesale prices of petroleum products in Japan]

Motouri wholesale prices are prices for transactions between Motouri petroleum products wholesalers (primary wholesalers) and their affiliates (secondary wholesalers).

Motouri companies modified their new pricing system in April 2010 to decide specific policies in comprehensive consideration of crude oil and petroleum products market prices, each other’s prices and other data. In June 2014, they modified the system further to give greater priority to crude oil cost.

4) [Gyoten spot prices of petroleum products in Japan] (RIM gyoten)

Onshore cargo spot prices are the average onshore lorry rack prices for the four districts of Tokyo, Kawasaki, Chukyo and Hanshin in the Lorry Rack Report of RIM Intelligence Co.

5) [Futures prices of petroleum products in Japan] (TOCOM)

Front-month petroleum products futures contracts’ daily closing prices for TOCOM Tokyo Bay and Chubu are adopted.

TOCOM Tokyo Bay prices are the average offshore barge prices for the Keihin district. TOCOM Chubu prices are the average lorry rack prices in the Chubu district.

6) [Retail prices of petroleum products in Japan] (Weekly trend survey)

Average cash retail prices at some 2,000 service stations subject to a weekly nationwide survey are adopted (as released by the Agency for Natural Resources and Energy). The survey covers prices on Monday and is released at 14:00 on Wednesday (available on the website of the Agency for Natural Resources and Energy).