Overview

The key WTI (West Texas Intermediate) crude oil futures contract on NYMEX (New York Mercantile Exchange) in the May 23-29 week moved within a range between $57.91 per barrel and $59.14/bbl.

On May 30, the July contract declined further along with U.S. stock prices as concerns about the escalation and prolongation of the U.S.-China trade dispute grew regarding a senior Chinese official’s condemnation of the United States. In a weekly report released one day behind the usual schedule, the EIA (Energy Information Administration) said that U.S crude oil inventories at the previous weekend posted a smaller weekly decrease of 0.3 million barrels than the market-forecast fall of 0.9 million barrels and that U.S. crude oil production in the previous week rose back to the record 12.3 million barrels per day posted four weeks earlier, exerting downward pressure on crude oil futures. The key contract closed at $56.59/bbl, down 2.22/bbl from the previous day.

On May 31, the key contract declined for the third straight day and hit the lowest level since February 12 as U.S. President Donald Trump’s announcement to levy punitive tariffs on Mexican products over immigration policy led to concerns about a decline in Mexico’s petroleum products imports from the United States. Concerns about the future course of the world economy grew on China’s announcement to impose counter tariffs on American products, contributing to downward pressure on crude oil futures. Baker Hughes reported that the number of operating U.S. oil-drilling rigs increased by three from a week earlier to 800 for the first rise in four weeks. The July contract plummeted by $3.09/bbl to $53.50/bbl.

On June 3, the July contract fell further on concerns about the deterioration of U.S.-Mexico relations, despite active buybacks following the plunge at the previous weekend and Saudi Arabian Energy Minister Khalid al-Falih’s remark that OPEC (Organization of the Petroleum Exporting Countries) and other oil-producing countries would cooperate in avoiding oversupply in the second half of this year. The key contract lost $0.25/bbl to $53.25/bbl.

On June 4, selling outpaced buying in the early morning before buying grew dominant on U.S. Federal Reserve Chairman Jerome Powell’s remark indicating interest rate hikes and a subsequent substantial U.S. stock market rally. The July contract rebounded for the first time in four trading days, closing at $53.48/bbl, up $0.23/bbl.

On June 5, the key contract fell back with a steep loss as the EIA reported faster-than-forecast weekly increases in U.S. crude oil, gasoline and middle distillate inventories. The dollar’s appreciation that made crude oil futures prices seem relatively high contributed to the downturn. The July contract lost $1.80/bbl to $51.68/bbl.

The Asian benchmark crude oil of Dubai for July delivery on the Tokyo market moved in a range between $66.90/bbl and $69.70/bbl in the May 23-29 week. It closed at $67.70/bbl on May 30, at $64.00/bbl on May 31, at $59.70/bbl on June 3, at $59.70/bbl on June 4 and at $60.30/bbl on June 5.

On the foreign exchange market in the May 23-29 week, the dollar moved within a range between 109.28 and 110.28 yen. It changed from 109.62 yen in late trading on May 30, at 109.36 yen on May 31, at 108.34 yen on June 3, at 107.92 yen on June 4 and at 107.60 yen on June 5.

Japan’s average retail price on June 3 decreased by 0.2 yen/l from a week earlier for gasoline and diesel oil and by 2 yen for kerosene on an 18-liter tank basis. The gasoline and diesel prices fell for the third straight week. The kerosene price dropped for the first time in 15 weeks. As crude oil cost plunged in the first week of June, Motouri companies cut their wholesale prices by 3.0 yen/l for gasoline, diesel oil and kerosene for the next week.
### Gasoline

<table>
<thead>
<tr>
<th>Supply/Demand</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>5/26 ~ 6/1</td>
<td>861 ▼ -23 ▼ -</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>866 ▲ 13</td>
<td>▲ -</td>
<td>▲ -</td>
</tr>
<tr>
<td>Exports</td>
<td>0 ▼ -21</td>
<td>▼ -</td>
<td>▼ -</td>
</tr>
<tr>
<td>Inventories</td>
<td>6/1 1,574 ▼ -5 ▼ -</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Prices**

- Gyoten (spot) [4-district average lorry rack price] (RIM) 5/28 ~ 6/3 63.0 ▼ -0.8 ▼ -5.4
- Futures [front-month contracting price] (TOCOM/ Tokyo Bay) 5/28 ~ 6/3 56.2 ▼ -3.5 ▼ -7.8
- Retail prices [weekly trend] (published by ANRE) 6/3 149.8 ▼ -0.2 ▼ -2.3

*Gyoten and futures prices are before tax

---

### Diesel oil

<table>
<thead>
<tr>
<th>Supply/Demand</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>5/26 ~ 6/1</td>
<td>846 ▲ 67 ▲ -</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>573 ▼ -76 ▼ -</td>
<td>▼ -</td>
<td>▼ -</td>
</tr>
<tr>
<td>Exports</td>
<td>420 ▲ 261 ▲ -</td>
<td>▲ -</td>
<td>▲ -</td>
</tr>
<tr>
<td>Inventories</td>
<td>6/1 1,305 ▼ -146 ▼ -</td>
<td>▼ -</td>
<td>▼ -</td>
</tr>
</tbody>
</table>

**Prices**

- Gyoten (spot) [4-district average lorry rack price] (RIM) 5/28 ~ 6/3 65.8 ▼ -0.5 ▼ -3.9
- Futures [front-month contracting price] (TOCOM/ Tokyo Bay) 5/28 ~ 6/3 65.9 ▼ -1.3 ▼ -2.0
- Retail prices [weekly trend] (published by ANRE) 6/3 130.4 ▼ -0.2 ▼ 0.0

*Gyoten and futures prices are before tax

---

### Kerosene

<table>
<thead>
<tr>
<th>Supply/Demand</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>5/26 ~ 6/1</td>
<td>161 ▲ 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>53 ▼ -57 ▼ -</td>
<td>▼ -</td>
<td>▼ -</td>
</tr>
<tr>
<td>Exports</td>
<td>0 ▼ 0</td>
<td>▼ 0</td>
<td>▼ 0</td>
</tr>
<tr>
<td>Inventories</td>
<td>6/1 1,439 ▼ 108 ▼ -</td>
<td>▼ -</td>
<td>▼ -</td>
</tr>
</tbody>
</table>

**Prices**

- Gyoten (spot) [4-district average lorry rack price] (RIM) 5/28 ~ 6/3 65.2 ▼ -0.9 ▼ -3.8
- Futures [front-month contracting price] (TOCOM/ Tokyo Bay) 5/28 ~ 6/3 58.6 ▼ -3.5 ▼ -7.3
- Retail prices [weekly trend] (published by ANRE) 6/3 92.9 ▼ -0.2 ▲ 0.6

*Gyoten and futures prices are before tax

---

**Prices**

- Gasoline (retail) (¥/L) 6/3 149.8
- Diesel oil (retail) (¥/L) 6/3 130.4
- Kerosene (retail) (¥/L) 6/3 92.9

---

**(Unit: 1,000 kl, yen/l)**
## Relevant Information

### 1 Overseas crude oil prices

On June 5, the most frequently traded crude oil futures contract on NYMEX turned down with a heavy loss and hit the lowest level since January 14 on faster-than-forecast increases in U.S. crude oil and petroleum products inventories, lingering concerns about the future course of the world economy amid the escalation of the U.S.-China trade dispute, and the dollar’s appreciation that made crude oil futures seem relatively higher. The EIA reported that U.S. inventories increased by 6.8 million barrels (against 0.8 million barrels as forecast in the market) from a week earlier for crude oil, by 3.2 million barrels (against 0.6 million barrels) for gasoline and by 4.5 million barrels (against 0.5 million barrels). The July contract lost $1.80/bbl to $51.68/bbl. The August contract dropped by $1.80/bbl to $51.83/bbl.

According to the EIA, the average U.S. retail price of gasoline as of June 3 fell by 1.5 cents per gallon from a week earlier to $2.807/gal. (81.0 yen/l). The average diesel oil price decreased by 1.5 cents/gal. to $3.136/gal. (90.5 yen/l). The gasoline price decreased for the fourth straight week, while the diesel price fell for the second consecutive week.

### 2 Petroleum products supply and demand in Japan (1) Shipments

According to a weekly report by the PAJ (Petroleum Association of Japan), inactive topper capacity in the May 26-June 1 week stood at 727,000 barrels per day, up 3,000 bpd from the previous week (total capacity remained at 3,519,000 bpd). Crude oil throughput in the week increased by 49,000 kl from the previous week to 2,876,000 kl. From a year earlier, it declined by 112,000 kl. The topper capacity utilization rate stood at 73.4%, up 1.2 points from the previous week and down 2.9 points from a year earlier.

Production decreased from the previous week for gasoline and increased for other petroleum products. Output was down 2.6% for gasoline, up 21.8% for jet fuel, up 15.1% for kerosene, up 8.5% for diesel oil, up 23.8% for Fuel Oil A and up 35.5% for Fuel Oil C. Fuel Oil C imports in the week totaled almost zero, unchanged from the previous week. Diesel oil exports aggregated 420,000 kl, up 261,000 kl.

Shipments (excluding imports) in the week increased from the previous week for gasoline and Fuel Oil C and decreased for other petroleum products. From a year earlier, shipments expanded for gasoline and Fuel Oil A and fell for others. Gasoline shipments increased by 1.6% from the previous week to 866,000 kl for the second straight weekly rise, remaining below 1 million kl for 22 weeks on end. Shipments totaled 65,000 kl for jet fuel (down 49.5% from the previous week), 53,000 kl for kerosene (down 51.6%), 573,000 kl for diesel oil (down 11.8%), 156,000 kl for Fuel Oil A (down 6.6%) and 174,000 kl for Fuel Oil C (up 33.5%).

<table>
<thead>
<tr>
<th>Petroleum products</th>
<th>This week (5/26 ~ 6/1)</th>
<th>Previous week (5/19 ~ 5/25)</th>
<th>From a week earlier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gasoline</td>
<td>866</td>
<td>853</td>
<td>▲ 13 (2%)</td>
</tr>
<tr>
<td>Jet fuel</td>
<td>65</td>
<td>129</td>
<td>▼ -64 (-3.0%)</td>
</tr>
<tr>
<td>Kerosene (heating Oil)</td>
<td>53</td>
<td>110</td>
<td>▼ -57 (-5.2%)</td>
</tr>
<tr>
<td>Diesel oil</td>
<td>573</td>
<td>649</td>
<td>▼ -76 (-12%)</td>
</tr>
<tr>
<td>Fuel Oil A</td>
<td>156</td>
<td>167</td>
<td>▼ -11 (-7%)</td>
</tr>
<tr>
<td>Fuel Oil C</td>
<td>174</td>
<td>130</td>
<td>▲ 44 (34%)</td>
</tr>
<tr>
<td>Total</td>
<td>1,887</td>
<td>2,038</td>
<td>▼ -151 (-7%)</td>
</tr>
</tbody>
</table>

This week’s shipments = (Previous weekend inventories + This week’s production + This week’s imports) - (This week’s exports + This weekend inventories)

### 2 Petroleum products supply and demand in Japan (2) Inventories

Inventories as of June 1 increased from a week earlier for jet fuel, kerosene and Fuel Oil C and decreased for other petroleum products. From a year earlier, inventories decreased for all petroleum products.

Gasoline inventories totaled 1,574,000 kl, down 5,000 kl from a week earlier and down 280,000 kl from a year earlier.

Kerosene inventories totaled 1,439,000 kl, up 108,000 kl from a week earlier and down 79,000 kl from a year earlier.

Diesel oil inventories totaled 1,305,000 kl, down 146,000 kl from a week earlier and down 165,000 kl from a year earlier.

Fuel Oil A inventories totaled 762,000 kl, down 5,000 kl from a week earlier and down 14,000 kl from a year earlier.

Fuel Oil C inventories totaled 1,944,000 kl, up 17,000 kl from a week earlier and down 161,000 kl from a year earlier.

<table>
<thead>
<tr>
<th>Petroleum products</th>
<th>This week (6/1)</th>
<th>Previous week (5/25)</th>
<th>From a week earlier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gasoline</td>
<td>1,574</td>
<td>1,579</td>
<td>▼ -5 (-0.3%)</td>
</tr>
<tr>
<td>Jet fuel</td>
<td>907</td>
<td>864</td>
<td>▲ 43 (5%)</td>
</tr>
<tr>
<td>Kerosene (heating Oil)</td>
<td>1,439</td>
<td>1,331</td>
<td>▲ 108 (8%)</td>
</tr>
<tr>
<td>Diesel oil</td>
<td>1,305</td>
<td>1,451</td>
<td>▼ -146 (-10%)</td>
</tr>
<tr>
<td>Fuel Oil A</td>
<td>762</td>
<td>767</td>
<td>▼ -5 (-1%)</td>
</tr>
<tr>
<td>Fuel Oil C</td>
<td>1,944</td>
<td>1,927</td>
<td>▲ 17 (1%)</td>
</tr>
<tr>
<td>Total</td>
<td>7,931</td>
<td>7,919</td>
<td>▲ 12 (0.2%)</td>
</tr>
</tbody>
</table>
3 Petroleum products wholesale prices in Japan (1) Wholesale price revision trend

During the May 28-June 3 week, crude oil cost is thought to have declined sharply as steep crude oil price drops coincided with the yen’s appreciation against the dollar.

Onshore cargo spot prices during the May 28-June 3 week plunged in a 115-117 yen/l range for gasoline, decreased and levelled off in a 65-66 yen/l range for diesel oil and dropped in a 64-65 yen/l range for kerosene.

Offshore barge spot prices during the week rose and plunged in a 112-119 yen/l range for gasoline, plummeted in a 66-68 yen/l range for diesel oil and fell sharply in a 57-60 yen/l range for kerosene.

The key futures price during the week rose and plunged in a 106-111 yen/l range for gasoline, declined sharply in a 64-66 yen/l range for diesel oil and nosedived in a 55-60 yen/l range for kerosene.

For the next week, Motouri companies cut their wholesale prices by 3.0 yen/l for gasoline, kerosene and diesel oil.

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

Spot petroleum products prices in the May 28-June 3 week dropped from the May 21-27 week’s averages in all markets.

The latest onshore cargo spot price (the average onshore rack price for four districts – Chiba, Kawasaki, Chukyo and Hanshin -- for the May 28-June 3 week) that influences Motouri’s wholesale prices applied to the second week of June (June 6-12) dropped by 0.8 yen/l from the previous week for gasoline, by 0.9 yen/l for kerosene and by 0.5 yen/l for diesel oil.

The average offshore barge spot price in Tokyo Bay decreased by 2.3 yen/l for gasoline, by 5.1 yen/l for kerosene and by 1.3 yen/l for diesel oil.

The key futures price declined by 3.5 yen/l for gasoline, by 3.5 yen/l for kerosene and by 1.3 yen/l for diesel oil.

For the second week of June, major Motouri companies lowered their wholesale prices by 3.0 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 June 3 decreased by 0.2 yen/l from a week earlier to 149 yen/l for gasoline, by 0.2 yen/l to 130.4 yen/l for diesel oil and by 2 yen to 1,673 yen for kerosene on an 18-liter tank basis (or by 0.2 yen/l to 92.9 yen/l). The gasoline and diesel prices fell for the third straight week, while the kerosene price dropped for the first time in 15 weeks. Gasoline prices increased in 10 of Japan’s 47 prefectures, leveled off in eight and decreased in 29. The lowest gasoline price among the prefectures was 145.4 yen/l in Kanagawa (down 1.7 yen/l from a week earlier) and Miyagi (down 1.3 yen/l). The highest price was 160.7 yen/l in Nagasaki (down 0.3 yen/l). Logging the sharpest price rise of 1.2 yen/l was Kochi (155.2 yen/l). Gasoline prices leveled off in Kagoshima and seven other prefectures. Posting the largest price decline of 1.7 yen/l was Kanagawa (145.4 yen/l).

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

Crude oil cost dropped sharply this week, as steep crude oil price drops coincided with the yen’s appreciation against the dollar. Motouri cut their wholesale prices by 3.0 yen/l for next week for gasoline, diesel oil and kerosene. Retail gasoline and kerosene prices are expected to fall next week (as of June 10).
Gasoline price trend

(2019/3/18 ~ 2019/6/3)

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

This report is available at the center’s website (https://eneken.ieej.or.jp/en/).
The next issue (No. 10 for 2019) will be announced at 14:00 on June 21.

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.

Weekly Oil Market Review

In an interim report compiled in May 2004 by a petroleum products market trend study panel sponsored by the Petroleum Distribution and Retail Division of the Natural Resources and Fuel Department at the Agency for Natural Resources and Energy, the panel stated, “We hope that the Japanese oil industry will solidify its market and price-finding functions and that the oil industry as a mainstay industry in Japan will further enhance its rationality and vitality over a medium term as industry people deepen their understanding of the need for rational price recognition based on market and price-finding functions to be established in the oil industry and for business decisions based on recognition under the principle of self-responsibility.”

In response to the report, this Center has published the Weekly Oil Market Review as a tool for oil-related people, business administrators (particularly service station managers) and ordinary consumers to accurately understand crude oil and petroleum products supply and demand and price trends, in cooperation with relevant organizations such as the Petroleum Association of Japan and the Zensekiren (Japan’s Dealers Association) since May 2005.

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).