

# Oil Market Review in Japan No. 49/2019

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## Overview

The key WTI (West Texas Intermediate) crude oil futures contract on NYMEX (New York Mercantile Exchange) in the March 12-18 week moved within a range between \$20.37 per barrel and \$31.73/bbl.

On March 19, the April contract soared in its first rally in four trading days as buying on affordability came after its fall to an 18-year low on the previous day, with market players welcoming central banks' monetary easing. Supporting the rally were a stock market hike and U.S. President Donald Trump's remark indicating his mediation between Saudi Arabia and Russia. As oil-producing countries including Saudi Arabia and Russia have been strongly determined to increase production, however, market participants expected to see future oil price falls. The key contract closed at \$25.22/bbl, up \$4.85/bbl from the previous day.

On March 20, the key contract turned down with a heavy loss in response to a global economic slowdown through the coronavirus pandemic expansion and to Saudi and Russian plans to increase production after a breakup of a meeting between OPEC (Organization of the Petroleum Exporting Countries) and non-OPEC oil-producing countries. Temporarily, it slipped below \$20/bbl to an 18-year low. Baker Hughes reported that the number of operating U.S. oil-drilling rigs decreased by as many as 19 from a week earlier to 664 due to the oil price plunge. The April contract finished \$2.79/bbl lower at \$22.43/bbl.

On March 23, oil futures rebounded on buying after a weekend dip. The May contract, which replaced the April contract as the key front-month contract, gained \$0.73/bbl to \$23.30/bbl.

On March 24, the key contract rose further as the U.S. Congress was expected to consider a \$2 trillion economic stimulus package. The rise was supported by a steep stock market rally. The May contract gained \$0.65/bbl to \$24.01/bbl.

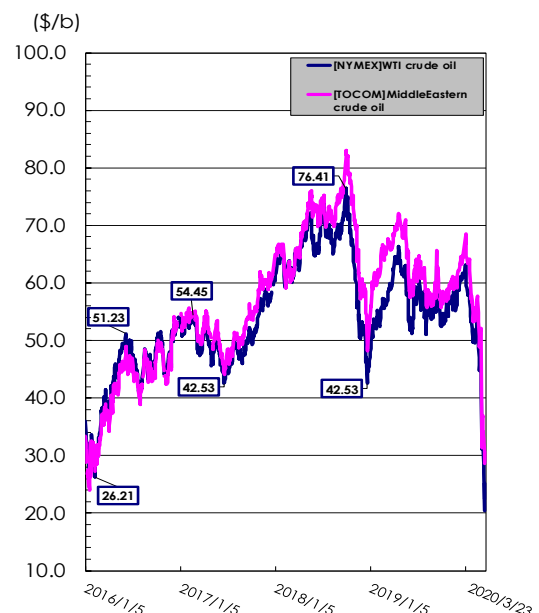
On March 25, the key contract increased for the third straight day, supported by the U.S. administration's agreement with Congress on the \$2 trillion economic stimulus package to tackle the coronavirus pandemic. The rise was restricted by a weekly EIA (Energy Information Administration) oil inventory report saying that weekend crude oil inventories increased for the ninth straight week, with U.S. oil production expanding. The May contract gained \$0.48/bbl to \$24.49/bbl.

The Asian benchmark crude oil of Dubai for May delivery on the Tokyo market ranged between \$29.10/bbl and \$32.70/bbl in the March 12-18 week. It closed at \$26.50/bbl on March 19, at \$25.70/bbl on March 23, at \$26.90/bbl on March 24 and at \$27.20/bbl on March 25.

On the foreign exchange market in the March 12-18 week, the dollar moved within a range between 104.60 yen and 107.39 yen. It changed hands at 108.98 yen in late trading on March 19, at 110.82 yen on March 23, at 110.63 yen on March 24 and at 111.16 yen on March 25.

Japan's average retail price on March 23 fell by 3.9 yen/l from a week earlier for gasoline, by 3.6 yen/l for diesel oil and by 54 yen for kerosene on an 18-liter tank basis. The gasoline price dropped for the ninth straight week. The diesel oil and kerosene prices declined for the eighth straight week. As crude oil cost plunged in the fourth week of March, Motouri companies cut their wholesale prices by 3.0 yen/l for gasoline, diesel oil and kerosene for the next week.

Crude oil			This week		From a week earlier		From a year earlier
Supply/ Demand	Crude oil runs (1,000 kl)	3/15 ~ 3/21	3,137	▼	-95	▼	—
	Topper capacity utilization rate (%)	"	80.1	▼	-2.4	▼	—
	Crude oil inventories (1,000 kl)	3/21	11,798	▲	560	▲	—
Prices	Middle Eastern crude oil (TOCOM) (\$/bbl)	3/23	30.50	▼	-2.31	▼	-35.1
	WTI crude oil (NYMEX) (\$/bbl)	3/23	23.36	▼	-5.34	▼	-35.5
	Crude oil import CIF price (\$/bbl)	Late Feb	69.84	▼	-0.66	▲	7.58
	① Crude oil import CIF price (yen/kl)	"	48,179	▼	-210	▲	5,245
	② Yen-dollar exchange rate (yen/dollar)	"	109.69	▼	-0.56	▼	-0.05
	TTS exchange rate (yen/dollar)	3/23	111.82	▼	-3.91	▼	-0.91

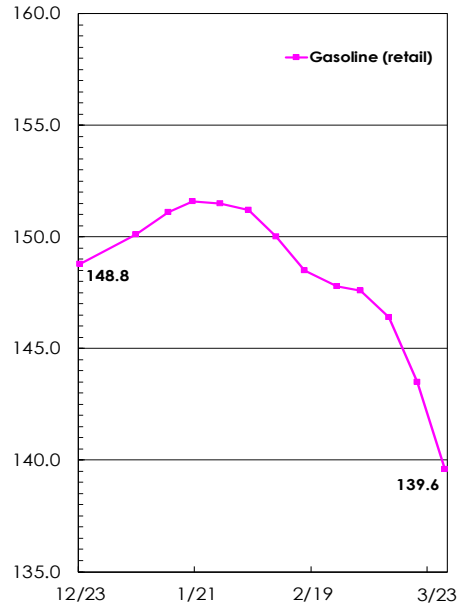


(Unit: 1,000 kl, yen/l)

Gasoline		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	3/15 ~ 3/21	859	▼ -92	▼ -	
	Imports	"	n.d.	n.d.	n.d.	
	Shipments	"	826	▲ 85	▼ -	
	Exports	"	80	▲ 8	▲ -	
	Inventories	3/21	1,770	▼ -47	▲ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	3/17 ~ 3/23	40.8	▼ -4.6	▼ -19.5	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	3/17 ~ 3/23	32.6	▼ -3.8	▼ -25.0
		(TOCOM/ Chubu)	3/23	38.2	▲ 0.7	▼ -22.3
	Retail prices [weekly trend] (published by ANRE)	3/23	139.6	▼ -3.9	▼ -6.0	

\*Gyoten and futures prices are before tax

(¥/L)

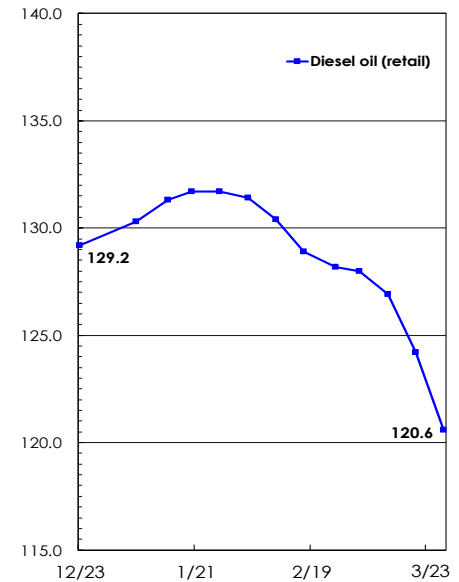


(Unit: 1,000 kl, yen/l)

Diesel oil		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	3/15 ~ 3/21	715	▲ 19	▼ -	
	Imports	"	n.d.	n.d.	n.d.	
	Shipments	"	589	▲ 38	▲ -	
	Exports	"	53	▼ -2	▼ -	
	Inventories	3/21	1,471	▲ 73	▼ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	3/17 ~ 3/23	44.9	▼ -6.6	▼ -19.4	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	3/17 ~ 3/23	48.4	▼ -3.2	▼ -16.3
		(TOCOM/ Chubu)	3/23	-	-	-
	Retail prices [weekly trend] (published by ANRE)	3/23	120.6	▼ -3.6	▼ -5.9	

\*Gyoten and futures prices are before tax

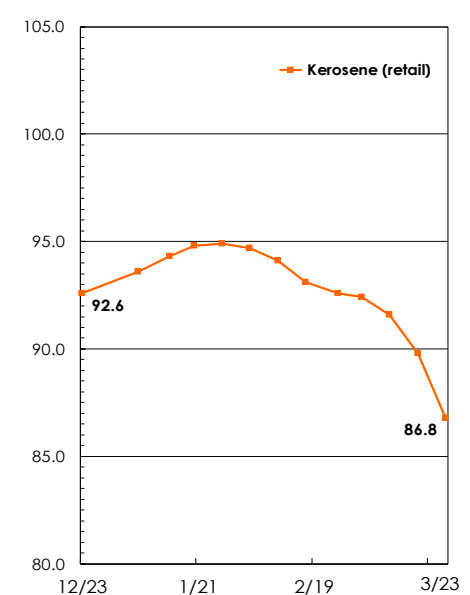
(¥/L)



(Unit: 1,000 kl, yen/l)

Kerosene		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	3/15 ~ 3/21	268	▲ 60	▼ -	
	Imports	"	n.d.	n.d.	n.d.	
	Shipments	"	255	▼ -1	▼ -	
	Exports	"	0	➡ 0	➡ -	
	Inventories	3/21	1,391	▲ 12	▲ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	3/17 ~ 3/23	43.9	▼ -5.7	▼ -19.6	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	3/17 ~ 3/23	37.0	▼ -2.5	▼ -25.7
		(TOCOM/ Chubu)	3/23	38.5	▼ -2.5	▼ -24.0
	Retail prices [weekly trend] (published by ANRE)	3/23	86.8	▼ -3.0	▼ -3.1	

(¥/L)



## Relevant Information

### 1 Overseas crude oil prices

On March 25, the most frequently traded oil futures contract on NYMEX rose for the third straight day, supported by the U.S. administration's agreement with congressional Republicans and Democrats on the \$2 trillion economic stimulus package to tackle the coronavirus pandemic. A sharp stock market upsurge led investors' risk-off attitude to recede, supporting the oil futures market. The rise was restricted by the weekly EIA oil inventory report, which stated that weekend crude oil inventories increased for the ninth straight week, with U.S. oil production expanding. The May contract gained \$0.48/bbl to \$24.49/bbl. The June contract rose by \$0.96/bbl to \$27.16/bbl.

According to the EIA, the average U.S. retail price of gasoline as of March 23 decreased by 12.8 cents per gallon from a week earlier to \$2.120/gal (62.3 yen/l). The average diesel oil price fell by 7.4 cents/gal to \$2.659/gal (78.5 yen/l). The gasoline price fell for the fourth straight week. The diesel price dropped for the 11th straight week.

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

According to a weekly report by the PAJ (Petroleum Association of Japan), inactive toppler capacity in the March 15-21 week stood at 360,000 barrels per day, up 80,000 bpd from the previous week (total capacity remained at 3,519,000 bpd).

Crude oil throughput in the week decreased by 95,000 kl from the previous week to 3,137,000 kl. From a year earlier, it decreased by 373,000 kl. The toppler capacity utilization rate stood at 80.1%, down 2.4 points from the previous week and down 9.5 points from a year earlier.

Production decreased from the previous week for gasoline and Fuel Oil A and increased for other petroleum products. Output was down 9.7% for gasoline, up 23.9% for jet fuel, up 29.0% for kerosene, up 2.8% for diesel oil, down 0.4% for Fuel Oil A and up 6.0% for Fuel Oil C. Fuel Oil C imports in the week totaled almost zero, unchanged from the previous week. Diesel oil exports aggregated 53,000 kl, down 2,000 kl.

Shipments (excluding imports) in the week decreased from the previous week for kerosene and increased for other petroleum products. From a year earlier, shipments expanded for diesel oil and Fuel Oil C and declined for other petroleum products. Gasoline shipments increased by 11.5% from the previous week to 826,000 kl for the first rise in two weeks, remaining below 1 million kl for 31 weeks on end. Shipments totaled 103,000 kl for jet fuel (up 5.5% from the previous week), 255,000 kl for kerosene (down 0.2%), 589,000 kl for diesel oil (up 7.0%), 195,000 kl for Fuel Oil A (up 30.1%) and 186,000 kl for

Fuel Oil C (up 21.2%).

(Unit: 1,000 kl)

	This week (3/15 ~ 3/21)	Previous week (3/8 ~ 3/14)	From a week earlier	
Gasoline	826	741	▲ 85	(11%)
Jet fuel	103	98	▲ 5	(5%)
Kerosene (heating Oil)	255	256	▼ -1	(-0%)
Diesel oil	589	551	▲ 38	(7%)
Fuel oil A	195	150	▲ 45	(30%)
Fuel Oil C	186	154	▲ 32	(21%)
<b>Total</b>	<b>2,154</b>	<b>1,950</b>	<b>▲ 204</b>	<b>(10%)</b>

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 March 21 decreased from a week earlier for gasoline and Fuel Oil A and C and increased for other petroleum products. From a year earlier, inventories expanded for gasoline and kerosene and shrank for other petroleum products.

Gasoline inventories totaled 1,770,000 kl, down 47,000 kl from a week earlier and up 161,000 kl from a year earlier.

Kerosene inventories totaled 1,391,000 kl, up 12,000 kl from a week earlier and up 60,000 kl from a year earlier.

Diesel oil inventories totaled 1,471,000 kl, up 73,000 kl from a week earlier and down 117,000 kl from a year earlier.

Fuel Oil A inventories totaled 701,000 kl, down 26,000 kl from a week earlier and down 74,000 kl from a year earlier.

Fuel Oil C inventories totaled 1,769,000 kl, down 51,000 kl from a week earlier and down 148,000 kl from a year earlier.

(Unit: 1,000 kl)

	This week (3/21)	Previous week (3/14)	From a week earlier	
Gasoline	1,770	1,817	▼ -47	(-3%)
Jet fuel	887	779	▲ 108	(14%)
Kerosene (heating Oil)	1,391	1,379	▲ 12	(1%)
Diesel oil	1,471	1,398	▲ 73	(5%)
Fuel oil A	701	727	▼ -26	(-4%)
Fuel Oil C	1,769	1,820	▼ -51	(-3%)
<b>Total</b>	<b>7,989</b>	<b>7,920</b>	<b>▲ 69</b>	<b>(0.9%)</b>

### 3 Petroleum products wholesale prices in Japan (1) Wholesale price revision trend

During the March 17-23 week, crude oil cost plunged, although sharp crude oil price drops were partially offset by the yen's depreciation against the dollar.

Onshore cargo spot prices during the week plunged in a 93-98 yen/l range for gasoline, in a 42-51 yen/l range for diesel oil and in a 42-49 yen/l range for kerosene.

Offshore barge spot prices during the week nose-dived in a 95-100 yen/l range for gasoline, in a 44-53 yen/l range for diesel oil and in a 35-41 yen/l range for kerosene.

The key futures price during the week fell sharply in an 85-88 yen/l range for gasoline, dropped in a 43-51 yen/l range for diesel oil and plunged in a 34-39 yen/l range for kerosene.

For the next week, Motouri companies reduced 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

All spot petroleum products prices in all markets in the March 17-23 week declined sharply from their respective averages in the March 10-16 week.

The latest onshore cargo spot price (the average onshore rack price for four districts -- Chiba, Kawasaki, Chukyo and Hanshin - - for the March 17-23 week) fell by 4.6 yen/l from the previous week for gasoline, by 5.7 yen/l for kerosene and by 6.6 yen/l for diesel oil.

The average offshore barge spot price in Tokyo Bay decreased by 5.0 yen/l for gasoline, by 2.9 yen/l for kerosene and by 7.5 yen/l for diesel oil.

The key futures price fell by 3.8 yen/l for gasoline, by 2.5 yen/l for kerosene and by 3.2 yen/l for diesel oil.

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

	(RIM) [4-district average lorry rack price]			(Unit: yen/l)
	This week (3/17 ~ 3/23)	Previous week (3/10 ~ 3/16)	From a week earlier	
<b>Spot Prices</b>				
Regular	40.8	45.4	▼ -4.6	
Kerosene	43.9	49.6	▼ -5.7	
Diesel oil	44.9	51.5	▼ -6.6	

	(TOCOM) [Front-month contract/closing price] [Average]			(Unit: yen/l)
	This week (3/17 ~ 3/23)	Previous week (3/10 ~ 3/16)	From a week earlier	
<b>Futures Price</b>				
Regular	32.6	36.4	▼ -3.8	
Kerosene	37.0	39.5	▼ -2.5	
Diesel oil	48.4	51.6	▼ -3.2	

Above prices are before tax.

Reference (March 17 - March 23 actual data)

	(Unit: yen/l)		
Products	Spot	Futures	Average
Gasoline	▼ -4.6	▼ -3.8	▼ -4.2
Kerosene	▼ -5.7	▼ -2.5	▼ -4.1
Diesel oil	▼ -6.6	▼ -3.2	▼ -4.9
Fuel Oil A	▼ -7.0		

(Source) Spot: RIM 4-district average lorry rack price (Chiba, Kawasaki, Chukyo, Hanshin)

Futures: TOCOM average offshore barge spot price for Keihin District

### 4 Retail prices of petroleum products in Japan

The average retail service station price as of March 23 decreased by 3.9 yen/l from a week earlier to 139.6 yen/l for gasoline, by 3.6 yen/l to 120.6 yen/l for diesel oil and by 54 yen to 1,562 yen for kerosene on an 18-liter tank basis (or by 3.0 yen/l to 86.8 yen/l). The gasoline price fell for the ninth straight week. The diesel oil and kerosene prices dropped for the eighth straight week.

Gasoline prices decreased in all of Japan's 47 prefectures. The lowest gasoline price among the prefectures was 133.9 yen/l in Iwate (down 4.9 yen/l from a week earlier). The second lowest was 134.0 yen/l in Iwate (down 4.2 yen/l). The highest price was 154.0 yen/l in Nagasaki (down 2.0 yen/l). Hokkaido logged the largest price fall of 7.3 yen/l to 134.1 yen/l.

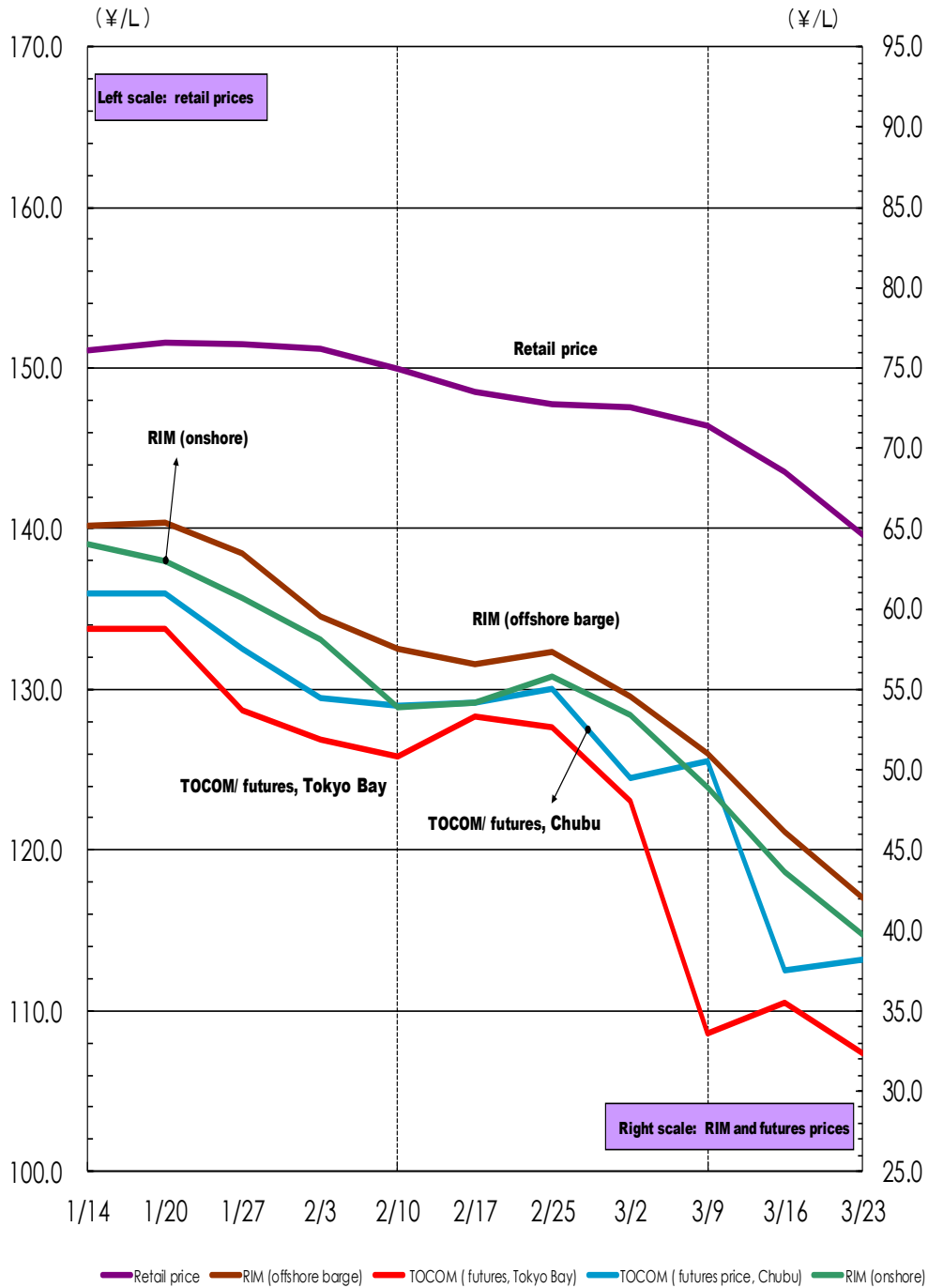
As crude oil cost declined sharply last week, Motouri companies cut their wholesale prices by 8.5-9.0 yen/l for gasoline, diesel oil and kerosene for this week. Crude oil cost plunged this week, although sharp crude oil price falls were partially offset by the yen's depreciation against the dollar. Motouri companies reduced their wholesale prices by 3.0 yen/l for next week for gasoline, diesel oil and kerosene. Retail gasoline and kerosene prices on the next price survey day (March 30) are expected to decline from a week earlier.

	(Unit: yen/l)				
	(Published by ANRE)[Weekly trend]	This week (3/23)	Previous week (3/16)	From a week earlier	Latest high
<b>Retail Price</b>					
Regular		139.6	143.5	▼ -3.9	08/8/4 185.1
Kerosene		86.8	89.8	▼ -3.0	08/8/11 132.1
Diesel oil		120.6	124.2	▼ -3.6	08/8/4 167.4

Nationwide average cash retail price (including consumption tax)  
Since April 2007, 2,000 service stations have been covered.  
Latest highs are highest levels since October 2003.

# Gasoline price trend

(2020/1/14 ~ 2020/3/23)



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

## Announcement

This report is available at the center's website (<https://eneken.ieej.or.jp/en/>).  
The next issue (No. 1 for 2020) will be announced at 14:00 on April 10.

## On use of this report

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## 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).