

# Oil Market Review in Japan No. 01/2020

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## Overview

The key WTI (West Texas Intermediate) crude oil futures contract on NYMEX (New York Mercantile Exchange) in the March 19-25 week moved within a range between \$22.43 per barrel and \$25.22/bbl.

On March 26, the May contract turned down with a heavy loss in its first rally in four trading days by pessimistic outlook for oil demand. Dr. Fatih Birol, Executive Director of IEA (International Energy Agency) Secretariat, said that the global oil demand would decrease by 20 million bbl/day due to restrictions on outing of 3 billion people all over the world caused by the coronavirus pandemic expansion. The key contract closed at \$22.60/bbl, down \$1.89/bbl from the previous day.

On March 27, the key contract fell further as sense of oversupply prevailed caused by Saudi Arabia's firm attitude to increase oil production in spite of Dr. Birol's call for measures of oil market stabilization and his statement on the previous day.

Baker Hughes reported that the number of operating U.S. oil-drilling rigs sharply decreased by 40 from a week earlier to 624 due to crude oil price crash. The May contract finished \$1.09/bbl lower at \$21.51/bbl

On March 30, the key contract fell further for the third straight day as the market faced increased sense of oversupply. The U.S. President Donald Trump extended federal coronavirus guidelines such as social distancing of the U.S. citizens to the end of April from the originally planned end of March. Besides, Saudi Arabia denied a negotiation on oil production cut with Russia last weekend, and the price temporarily fell below \$20/bbl to \$19.27/bbl, the lowest for the first time in 18 years. The May contract lost \$1.42bbl to \$20.09/bbl.

On March 31, the key contract gained slightly in its first rally in four trading days, supported by agreement on holding a ministerial meeting for oil market stabilization in the conference call between U.S. President Donald Trump and Russian President Vladimir Putin. The May contract gained \$0.39/bbl to \$20.48/bbl.

On April 1, the key contract fell slightly by the weekly EIA (Energy Information Agency) report indicating that a substantial weekly increase in U.S. crude oil inventories from the previous week by 13,800,000 bbl, the highest for the first time since October 2016. The May contract lost \$0.17bbl to \$20.31/bbl.

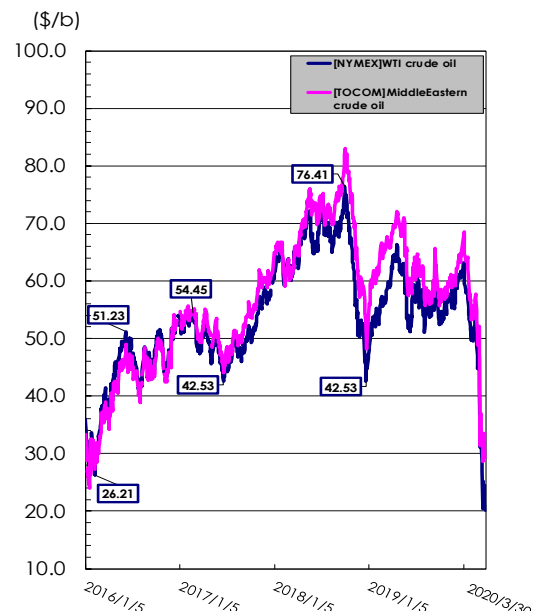
The Asian benchmark crude oil of Dubai for May delivery on the Tokyo market ranged between \$25.70/bbl and \$27.20/bbl in the March 19-25 week. It closed at \$26.70/bbl on March 26, at \$25.60/bbl on March 27, at \$23.50/bbl on March 30, at \$24.30/bbl on March 31 and at \$24.90/bbl on April 1

On the foreign exchange market in the March 19-25 week, the dollar moved within a range between 108.98 and 111.16 yen. It changed hands at 110.77 yen in late trading on March 26, at 108.95 yen on March 27, at 107.68 yen on March 30, at 108.83 yen on March 31, and at 107.59 yen on April 1

According to preliminary 10-day trade statistics released by the Ministry of finance on March 27, the average crude oil import CIF price for Japan in the March 1-10 period stood at 46,350 yen/kl (kiloliter), down 1,829 yen/kl from the previous 10-day period. In dollars, the price was \$66.70/bbl, down \$3.14/bbl. The average exchange rate was 110.47 yen to the dollar.

Japan's average retail price on March 30 fell by 3.3 yen/l from a week earlier for gasoline, by 3.1 yen/l for diesel oil and by 38 yen for kerosene on an 18-liter tank basis. The gasoline price dropped for the tenth straight week. The diesel oil and kerosene prices declined for the ninth straight week. As crude oil cost plunged in the fifth week of March, Motouri companies cut their wholesale prices by 1.5 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)	3/22 ~ 3/28	3,132	▼ -5	▼ -
	Topper capacity utilization rate (%)	"	80.0	▼ -0.1	▼ -
	Crude oil inventories (1,000 kl)	3/28	12,223	▲ 425	▼ -
Prices	Middle Eastern crude oil (TOCOM) (\$/bbl)	3/30	29.31	▼ -1.19	▼ -37.7
	WTI crude oil (NYMEX) (\$/bbl)	3/30	20.09	▼ -3.27	▼ -41.5
	Crude oil import CIF price (\$/bbl)	Early Mar	66.70	▼ -3.14	▲ 1.01
	①Crude oil import CIF price (yen/kl)	"	46,350	▼ -1,829	▲ 415
	②Yen-dollar exchange rate (yen/dollar)	"	110.47	▼ -0.78	▲ 0.70
	TTS exchange rate (yen/dollar)	3/30	108.68	▲ 3.14	▲ 3.42

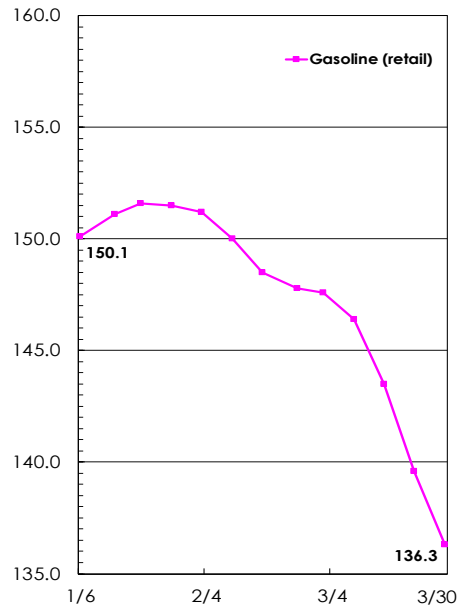


(Unit: 1,000 kl, yen/l)

Gasoline		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	3/22 ~ 3/28	906	▲ 47	▼ -	
	Imports	"	n.d.	n.d.	n.d.	
	Shipments	"	801	▼ -25	▼ -	
	Exports	"	100	▲ 20	▼ -	
	Inventories	3/28	1,775	▲ 5	▲ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	3/24 ~ 3/30	38.2	▼ -2.6	▼ -23.1	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	3/24 ~ 3/30	31.2	▼ -1.4	▼ -26.6
		(TOCOM/ Chubu)	3/30	32.0	▼ -6.2	▼ -28.5
	Retail prices [weekly trend] (published by ANRE)	3/30	136.3	▼ -3.3	▼ -9.8	

\*Gyoten and futures prices are before tax

(¥/L)

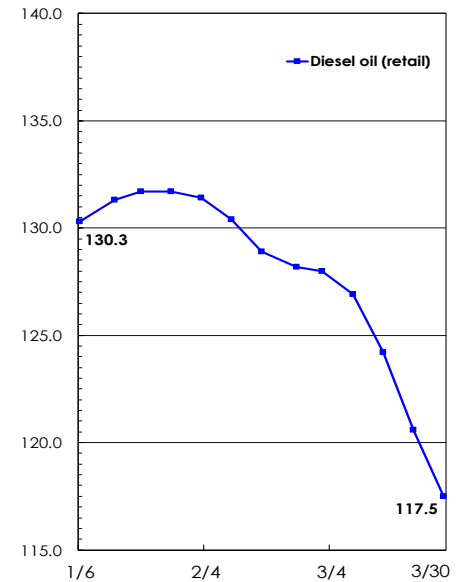


(Unit: 1,000 kl, yen/l)

Diesel oil		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	3/22 ~ 3/28	792	▲ 76	▼ -	
	Imports	"	n.d.	n.d.	n.d.	
	Shipments	"	594	▲ 5	▼ -	
	Exports	"	268	▲ 215	▼ -	
	Inventories	3/28	1,401	▼ -70	▲ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	3/24 ~ 3/30	40.5	▼ -4.4	▼ -24.4	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	3/24 ~ 3/30	42.8	▼ -5.6	▼ -22.1
		(TOCOM/ Chubu)	3/30	-	-	-
	Retail prices [weekly trend] (published by ANRE)	3/30	117.5	▼ -3.1	▼ -9.4	

\*Gyoten and futures prices are before tax

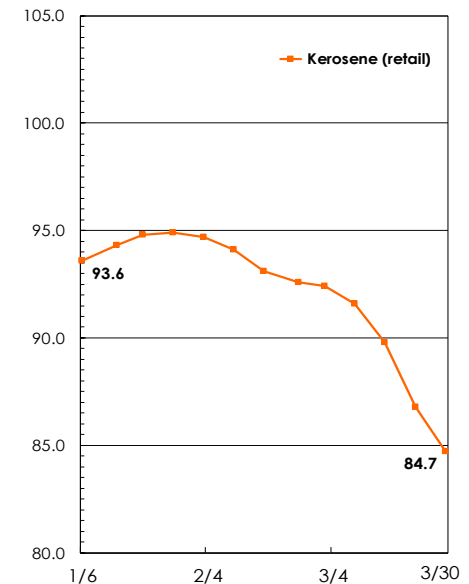
(¥/L)



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

Kerosene		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	3/22 ~ 3/28	318	▲ 50	▼ -	
	Imports	"	n.d.	n.d.	n.d.	
	Shipments	"	287	▲ 32	▼ -	
	Exports	"	0	➡ 0	➡ -	
	Inventories	3/28	1,422	▲ 31	▲ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	3/24 ~ 3/30	40.2	▼ -3.7	▼ -24.0	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	3/24 ~ 3/30	35.2	▼ -1.8	▼ -27.2
		(TOCOM/ Chubu)	3/30	38.0	▼ -0.5	▼ -24.5
	Retail prices [weekly trend] (published by ANRE)	3/30	84.7	▼ -2.1	▼ -5.3	

(¥/L)



## Relevant Information

### 1 Overseas crude oil prices

On April 1, the most frequently traded oil futures contract on NYMEX fell slightly by the weekly EIA (Energy Information Agency) report indicating that a substantial weekly increase in U.S. crude oil inventories from the previous week by 13,800,000 bbl, the highest for the first time since October 2016, which more clearly reflected adverse effect by the new coronavirus pandemic expansion. The price temporarily gained, supported by the news that the President Trump had a negotiation on supporting measures with U.S. energy industry executives. The May contract lost \$0.17/bbl to \$20.31/bbl. The June contract lost by \$0.77/bbl to \$23.74/bbl.

According to the EIA, the average U.S. retail price of gasoline as of March 30 decreased by 11.5 cents per gallon from a week earlier to \$2.005/gal (57.5 yen/l). The average diesel oil price fell by 7.3 cents/gal to \$2.586/gal (74.2 yen/l). The gasoline price fell for the fifth straight week. The diesel oil price dropped for the twelfth 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 top capacity in the March 22-28 week stood at 301,000 barrels per day, down 59,000 bpd from the previous week (total capacity remained at 3,519,000 bpd).

Crude oil throughput in the week decreased by 5,000 kl from the previous week to 3,132,000 kl. From a year earlier, it decreased by 357,000 kl. The top capacity utilization rate stood at 80.0%, down 0.1 points from the previous week and down 9.1 points from a year earlier.

Production decreased from the previous week for jet fuel and Fuel Oil C and increased for other petroleum products. Output was up 5.5% for gasoline, down 45.3% for jet fuel, up 18.6% for kerosene, up 10.7% for diesel oil, up 3.4% for Fuel Oil A and down 7.1% for Fuel Oil C. Fuel Oil C imports in the week totaled 5,000kl, up 5,000kl from the previous week. Diesel oil exports aggregated 268,000 kl, up 215,000 kl.

Shipments (excluding imports) in the week increased from the previous week for kerosene and diesel oil and increased for other petroleum products. From a year earlier, shipments declined for all petroleum products. Gasoline shipments decreased by 3.1% from the previous week to 801,000 kl for the first decrease in two weeks, remaining below 1 million kl for 32 weeks on end. Shipments totaled 72,000 kl for jet fuel (down 30.7% from the previous week), 287,000 kl for kerosene (up 12.6%), 594,000 kl for diesel oil (up 0.8%), 190,000 kl for Fuel Oil A (down 2.2%) and 87,000 kl for Fuel Oil C (down 53.5%).

(Unit: 1,000 kl)

	This week (3/22 ~ 3/28)	Previous week (3/15 ~ 3/21)	From a week earlier
Gasoline	801	826	▼ -25 (-3%)
Jet fuel	72	103	▼ -31 (-30%)
Kerosene (heating Oil)	287	255	▲ 32 (13%)
Diesel oil	594	589	▲ 5 (1%)
Fuel oil A	190	195	▼ -5 (-3%)
Fuel Oil C	87	186	▼ -99 (-53%)
Total	2,031	2,154	▼ -123 (-6%)

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

Gasoline inventories totaled 1,775,000 kl, up 50,000 kl from a week earlier and up 156,000 kl from a year earlier.

Kerosene inventories totaled 1,422,000 kl, up 31,000 kl from a week earlier and up 91,000 kl from a year earlier.

Diesel oil inventories totaled 1,401,000 kl, down 70,000 kl from a week earlier and up 66,000 kl from a year earlier.

Fuel Oil A inventories totaled 717,000 kl, up 16,000 kl from a week earlier and down 39,000 kl from a year earlier.

Fuel Oil C inventories totaled 1,702,000 kl, down 67,000 kl from a week earlier and down 202,000 kl from a year earlier.

(Unit: 1,000 kl)

	This week (3/28)	Previous week (3/21)	From a week earlier
Gasoline	1,775	1,770	▲ 5 (0%)
Jet fuel	813	887	▼ -74 (-8%)
Kerosene (heating Oil)	1,422	1,391	▲ 31 (2%)
Diesel oil	1,401	1,471	▼ -70 (-5%)
Fuel oil A	717	701	▲ 16 (2%)
Fuel Oil C	1,702	1,769	▼ -67 (-4%)
Total	7,830	7,989	▼ -159 (-2.0%)

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

During the March 24-30 week, crude oil cost plunged as sharp crude oil price drops coincided with the yen's appreciation against the dollar.

Onshore cargo spot prices during the week levelled off after the plunge in a 91-93 yen/l range for gasoline, in a 39-42 yen/l range for diesel oil and in a 39-42 yen/l range for kerosene.

Offshore barge spot prices during the week decreased nose-dived in a 92-95 yen/l range for gasoline, in a 41-44 yen/l range for diesel oil and in a 31-35 yen/l range for kerosene.

The key futures price during the week spiraled down after the slight increase in an 81-87 yen/l range for gasoline, in a 40-44 yen/l range for diesel oil and decreased in a 32-36 yen/l range for kerosene.

For the next week, Motouri companies reduced their wholesale prices by 1.5 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 24-30 week declined sharply from their respective averages in the March 17-23 week.

The latest onshore cargo spot price (the average onshore rack price for four districts -- Chiba, Kawasaki, Chukyo and Hanshin - for the March 24-30 week) fell by 2.6 yen/l from the previous week for gasoline, by 3.7 yen/l for kerosene and by 4.4 yen/l for diesel oil

The average offshore barge spot price in Tokyo Bay decreased by 2.6 yen/l for gasoline, by 3.5 yen/l for kerosene and by 3.5 yen/l for diesel oil.

The key futures price fell by 1.4 yen/l for gasoline, by 1.8 yen/l for kerosene and by 5.6 yen/l for diesel oil.

Motouri companies cut their wholesale prices by 1.5 yen/l for gasoline, diesel oil and kerosene.

(RIM) [4-district average lorry rack price]	This week (3/24 ~ 3/30)	Previous week (3/17 ~ 3/23)	(Unit: yen/l) From a week earlier
Regular	38.2	40.8	▼ -2.6
Kerosene	40.2	43.9	▼ -3.7
Diesel oil	40.5	44.9	▼ -4.4

(TOCOM) [Front-month contract/closing price] [Average]	This week (3/24 ~ 3/30)	Previous week (3/17 ~ 3/23)	(Unit: yen/l) From a week earlier
Regular	31.2	32.6	▼ -1.4
Kerosene	35.2	37.0	▼ -1.8
Diesel oil	42.8	48.4	▼ -5.6

Above prices are before tax.

Reference (March 24 - March 30 actual data)

Products	Spot	Futures	Average
Gasoline	▼ -2.6	▼ -1.4	▼ -2.0
Kerosene	▼ -3.7	▼ -1.8	▼ -2.8
Diesel oil	▼ -4.4	▼ -5.6	▼ -5.0
Fuel Oil A	▼ -4.5		

(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 30 decreased by 3.3 yen/l from a week earlier to 136.3 yen/l for gasoline, by 3.1 yen/l to 117.5 yen/l for diesel oil and by 38 yen to 1,524 yen for kerosene on an 18-liter tank basis (or by 2.1 yen/l to 84.7 yen/l). The gasoline price fell for the tenth straight week. The diesel oil and kerosene prices dropped for the ninth straight week.

Gasoline prices decreased in all of Japan's 47 prefectures. The lowest gasoline price among the prefectures was 129.0 yen/l in Iwate (down 4.9 yen/l from a week earlier). The second lowest was 129.3 yen/l in Akita and Tottori (down 6.0 yen/l and down 5.6 yen/l, respectively). The highest price was 151.3 yen/l in Nagasaki (down 2.7 yen/l). Yamanashi logged the largest price fall of 7.6 yen/l to 134.0 yen/l.

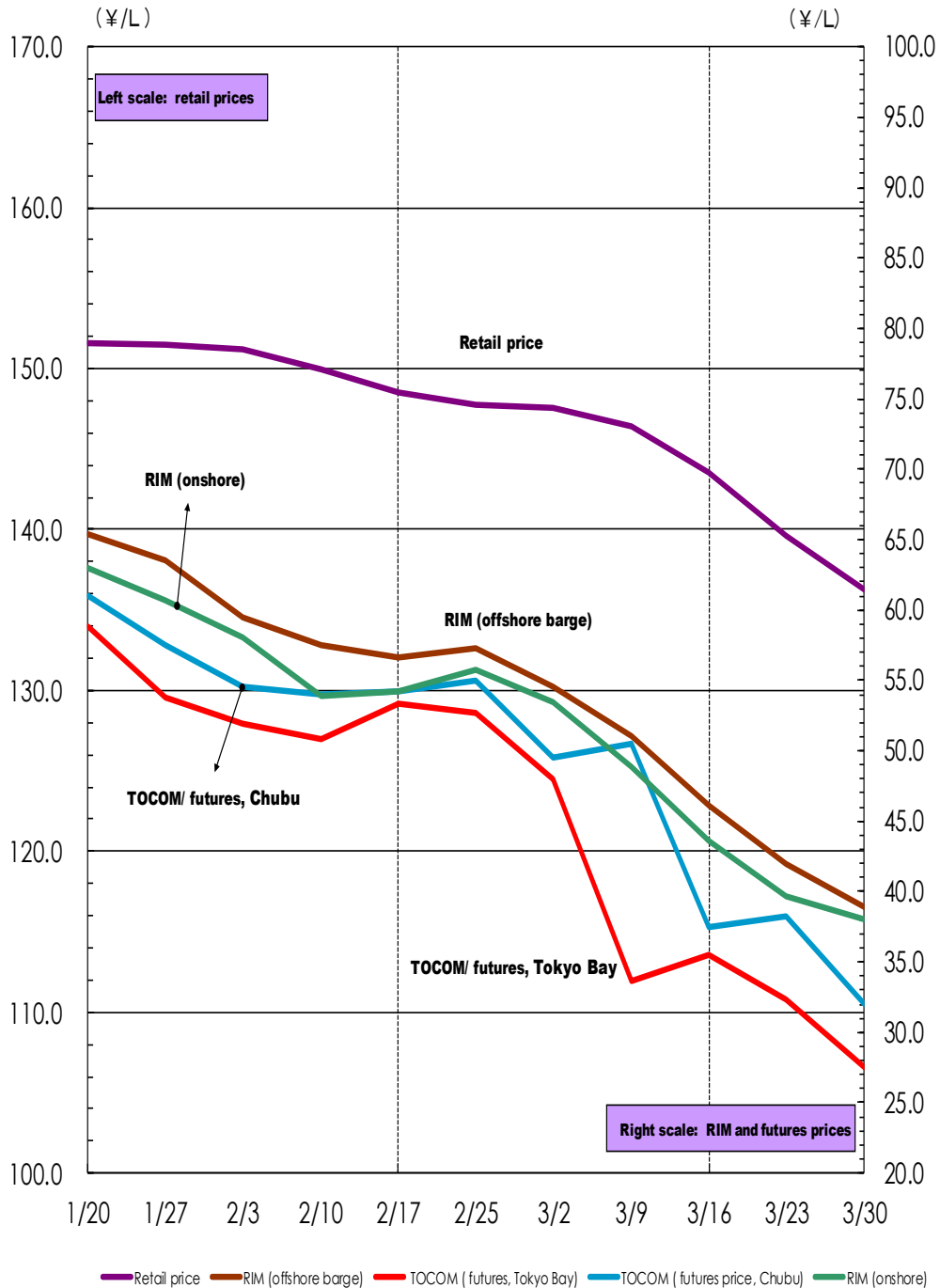
As crude oil cost dropped last week, Motouri companies cut their wholesale prices by 3.0 yen/l for gasoline, diesel oil and kerosene for this week. Crude oil cost plunged this week as sharp crude oil price falls coincided with the yen's appreciation. Motouri companies reduced their wholesale prices by 1.5 yen/l for next week for gasoline, diesel oil and kerosene. Retail gasoline and kerosene prices on the next price survey day (April 6) are expected to decline from a week earlier.

Retail Price	(Published by ANRE)[Weekly trend]	(Unit: yen/l)			Latest high
	This week (3/30)	Previous week (3/23)	From a week earlier		
Regular	136.3	139.6	▼ -3.3	08/8/4	185.1
Kerosene	84.7	86.8	▼ -2.1	08/8/11	132.1
Diesel oil	117.5	120.6	▼ -3.1	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

(2020/1/20 ~ 2020/3/30)



(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 reports will be suspended due to COVID-19 for the time being.

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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).