

# Oil Market Review in Japan No. 19/2020

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## Overview

The key WTI (West Texas Intermediate) crude oil futures contract on NYMEX (New York Mercantile Exchange) in the October 29-November 4 week moved within a range between \$35.79 per barrel and \$39.15/bbl.

On November 5, the November contract rebounded for the first time in four trading days due to uncertainty about the future of vote counting in the U.S. Presidential Election and the EU Commission's downward revision of 2021 Eurozone GDP growth rate caused by new outbreaks of the coronavirus. However, the price level was maintained by intention of the OPEC (Organization of the Petroleum Exporting Countries) plus Countries to increase the cooperative crude oil production cut in 2021. The December contract closed at \$38.79/bbl down \$0.36/bbl from the previous day.

On November 6 the key contract turned down further due to concerns over outbreaks of the coronavirus in Europe and the United States, uncertainty about the future of vote counting in the U.S. Presidential Election and concerns over "Split Congress" as a result of the House and Senate Elections. Baker Hughes reported that the number of operating U.S. oil-drilling rigs increased by five units from a week earlier to 226 units, increasing for the seventh straight week. The December contract finished \$1.65/bbl lower at \$37.14/bbl.

On November 9, the key contract rebounded further, reaching \$40/bbl mark. Pfizer, a major US pharmaceutical company, announced efficacy of its new corona vaccine in clinical trial. In addition, the Democratic Party's Presidential Candidate, Mr. Joe Biden was sure to be elected for the U.S. Presidency at last on November 7. Moreover, the Saudi Arabia's Energy Minister Abdulaziz hinted coordination of the OPEC plus Countries' cooperative crude oil production cut to balance demand and supply in the world oil market. However, the market had concerns over the increase in crude oil production by easing economic sanction on Iran and Venezuela as a result of Biden's foreign policy in the future. The December contract finished \$3.15/bbl higher at \$40.29/bbl.

On November 10, the key contract rose further by expectation for global economic recovery to be brought about by Pfizer's new corona vaccine and maintaining the OPEC plus Countries' current cooperative crude oil production cut of 7.7 million bbl/d after January 2021. The December contract gained \$1.07bbl to \$41.36/bbl.

On November 11, the key contract rose slightly by expectations for economic recovery in the future, such as the recent development of new corona vaccine, early settlement of the U.S. Presidential Election, and consideration of additional economic measures. The price rise was also supported by expectations for maintaining the OPEC plus Countries' current cooperative crude oil production cut after 2021. The U.S. EIA (Energy Information Administration) will announce its weekly oil inventory report on the following day, November 12, due to Veterans Day. The December contract gained \$0.09bbl to \$41.45/bbl.

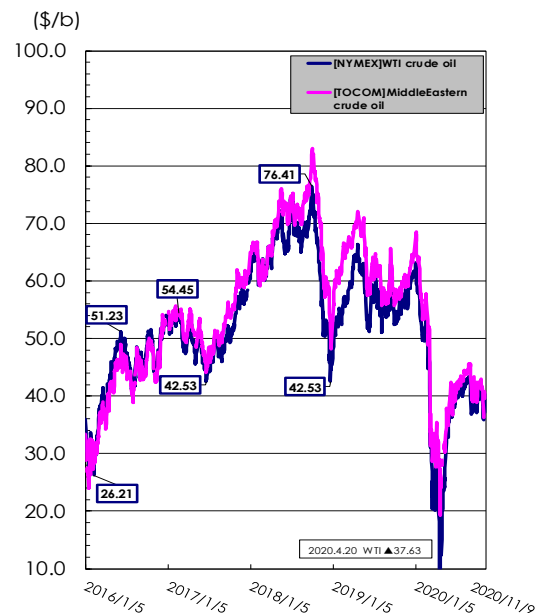
The Asian benchmark crude oil of Dubai for December delivery on the Tokyo market ranged between \$36.40/bbl and \$40.30/bbl in the October 29- November 4 week. It closed at \$40.00/bbl on November 5, at \$39.50/bbl on November 6, at \$40.30/bbl on November 9, at \$41.60/bbl on November 10, at \$43.80/bbl on November 11.

On the foreign exchange market in the October 29- November 4 week, the dollar moved within a range between 104.40 and 104.76. It changed hands at 104.29 yen in late trading on November 5, at 103.70 yen on November 6, at 103.35 yen on November 9, at 105.21 yen on November 10., at 105.15 yen on November 11.

According to preliminary 10-day trade statistics released by the Ministry of Finance on November 9, the average crude oil import CIF price for Japan in the mid-October period stood at 29,268 yen/kl (kiloliter), down 979 yen/kl from the previous 10-day period. In dollars, the price was \$44.05/bbl, down \$1.59/bbl. The average exchange rate was 105.62 yen to the dollar.

Japan's average retail price on November 9 lost by 0.6 yen/l from a week earlier for gasoline and lost by 0.5 yen/l for diesel oil and lost by 11 yen/l for kerosene on an 18-liter tank basis. The gasoline price decreased for the eighth straight week. Diesel oil decreased for the third straight week. Kerosene price decreased for the fifth straight week. As crude oil cost increased for the second week of November, Motouri companies increased their wholesale prices by 1.0 yen/l for gasoline, diesel oil and kerosene for the next week.

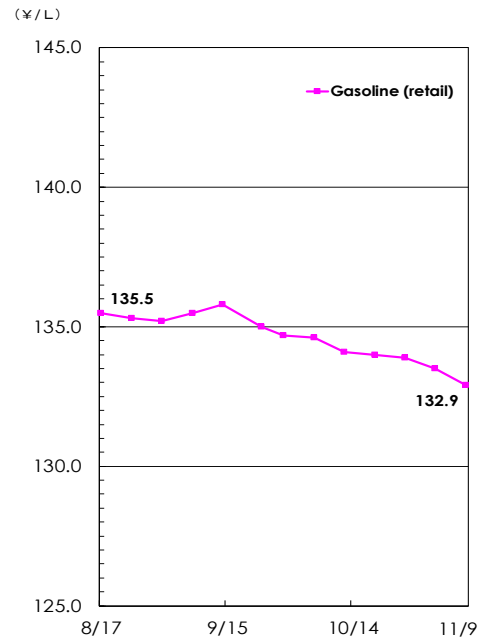
Crude oil			This week	From a week earlier	From a year earlier
Supply/ Demand	Crude oil runs (1,000 kl)	11/1 ~ 11/7	2,633	▼ -10	▼ -
	Topper capacity utilization rate (%)	"	68.4	▼ -0.3	▼ -
	Crude oil inventories (1,000 kl)	11/7	12,414	▼ -389	▲ -
Prices	Middle Eastern crude oil (TOCOM) (\$/bbl)	11/9	40.40	▲ 4.14	▼ -19.0
	WTI crude oil (NYMEX) (\$/bbl)	11/9	40.29	▲ 3.48	▼ -16.6
	Crude oil import CIF price (\$/bbl)	Mid Oct	44.05	▼ -1.59	▼ -21.04
	① Crude oil import CIF price (yen/kl)	"	29,268	▼ -979	▼ -14,866
	② Yen-dollar exchange rate (yen/dollar)	"	105.62	▼ -0.25	▲ 2.18
	TTS exchange rate (yen/dollar)	11/9	104.35	▲ 1.41	▲ 5.81



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

Gasoline		This week	From a week earlier	From a year earlier	
Supply/ Demand	Production	11/1 ~ 11/7	847 ▲ 16	▼ -	
	Imports	"	n.a.	n.a.	
	Shipments	"	792 ▲ 48	▼ -	
	Exports	"	29 ▲ 19	▼ -	
	Inventories	11/7	1,936 ▲ 25	▲ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	11/3 ~ 11/9	40.8 ▼ -1.5	▼ -17.6	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	11/3 ~ 11/9	37.8 ▲ 0.5	▼ -16.8
		(TOCOM/ Chubu)	11/9	40.7 ▲ 1.5	▼ -15.3
	Retail prices [weekly trend] (published by ANRE)	11/9	132.9 ▼ -0.6	▼ -13.9	

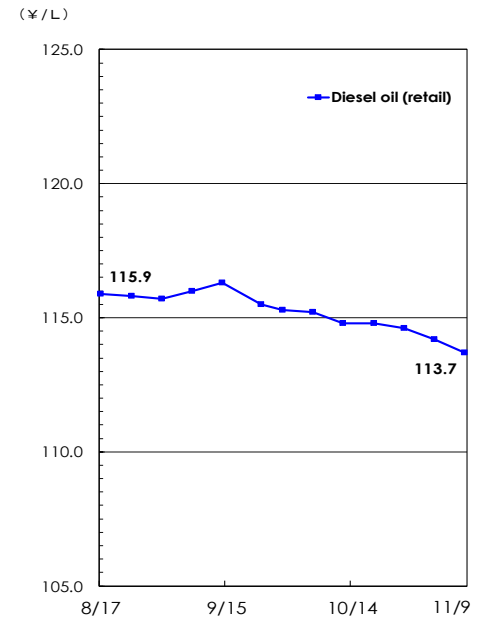
\*Gyoten and futures prices are before tax



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

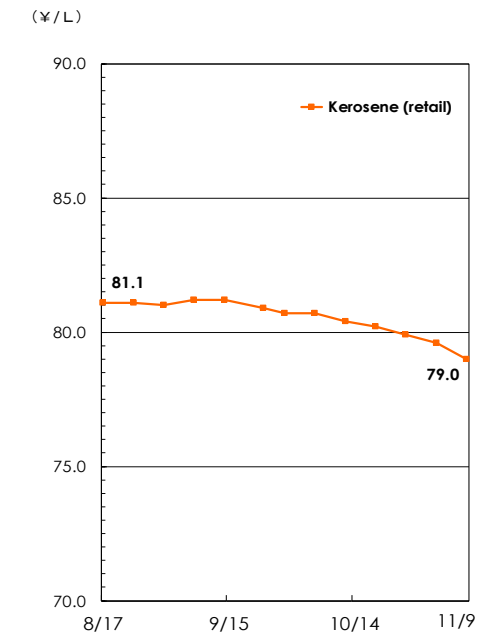
Diesel oil		This week	From a week earlier	From a year earlier	
Supply/ Demand	Production	11/1 ~ 11/7	588 ▼ -5	▼ -	
	Imports	"	n.a.	n.a.	
	Shipments	"	596 ▲ 91	▼ -	
	Exports	"	0 ▼ -53	▼ -	
	Inventories	11/7	1,608 ▼ -8	▲ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	11/3 ~ 11/9	43.0 ▼ -1.7	▼ -17.9	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	11/3 ~ 11/9	46.2 ▲ 1.0	▼ -17.1
		(TOCOM/ Chubu)	11/9	-	-
	Retail prices [weekly trend] (published by ANRE)	11/9	113.7 ▼ -0.5	▼ -13.7	

\*Gyoten and futures prices are before tax



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

Kerosene		This week	From a week earlier	From a year earlier	
Supply/ Demand	Production	11/1 ~ 11/7	286 ▲ 29	▲ -	
	Imports	"	n.a.	n.a.	
	Shipments	"	247 ▲ 77	▲ -	
	Exports	"	25 ▼ -57	▲ -	
	Inventories	11/7	2,911 ▲ 14	▲ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	11/3 ~ 11/9	42.8 ▼ -1.7	▼ -17.8	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	11/3 ~ 11/9	40.9 ▲ 0.4	▼ -18.1
		(TOCOM/ Chubu)	11/9	42.7 ▲ 1.2	▼ -18.8
	Retail prices [weekly trend] (published by ANRE)	11/9	79.0 ▼ -0.6	▼ -12.7	



## Relevant Information

### 1 Overseas crude oil prices

On November 11, WTI crude oil futures price on NYMEX rose slightly by expectations for economic recovery in the future, such as the recent development of new corona vaccine, early settlement of the U.S. Presidential Election, and consideration of additional economic measures. The price rise was also supported by expectations for maintaining the OPEC plus Countries' current cooperative crude oil production cut after 2021. The U.S. EIA (Energy Information Administration) will announce its weekly oil inventory report on the following day, November 12, due to Veterans Day. According to API's (American Petroleum Institute) inventory statistics, a private survey, the U.S. crude oil inventory decreased by 5.1 million bbl from the previous week, which was beyond the market expectation of the decrease by 0.9 million bbl. The December contract gained \$0.09/bbl to \$41.45/bbl from the previous day. The January contract gained \$0.07/bbl to \$41.74/bbl from the previous day.

According to the EIA, the average U.S. retail price of gasoline as of November 9 decreased by 1.6 cents per gallon from a week earlier to \$2.096/gal (57.7yen/l). The average diesel oil price increased by 1.1 cents/gal to \$2.383/gal (65.6yen/l). The gasoline decreased for the fifth straight week. Diesel oil price increased for the first time in four weeks.

### 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 November 1 - November 7 week in 2020 stood at 472,000 barrels per day, down 147,000 bpd from the previous week (total capacity remained at 3,458,000 bpd).

Crude oil throughput in the week decreased by 10,000 kl from the previous week to 2,633,000 kl. From a year earlier, it decreased by 674,000 kl. The topper capacity utilization rate stood at 68.4%, down 0.3 points from the previous week and down 16.0 points from a year earlier.

Production decreased from the previous week for jet fuel and diesel oil and increased for other petroleum products. Output was up 1.9% for gasoline, down 11.7% for jet fuel, up 11.3% for kerosene, down 0.9% for diesel oil, up 7.0% for Fuel Oil A and up 14.6% for Fuel Oil C. Fuel Oil C imports in the week totaled 5,000 kl, up 5,000 kl from the previous week. Diesel oil exports aggregated 0 kl, down 53,000 kl from the previous week.

Shipments (excluding imports) in the week decreased from the previous week for Fuel Oil C and increased for other petroleum products. From a year earlier, shipments declined for gasoline and diesel oil and expanded for other petroleum products. Gasoline shipments increased by 6.5% from the previous week to 792,000 kl, increasing for the first time in two weeks. Shipments totaled 64,000 kl for jet fuel (up 11.8% from the previous week), 247,000 kl for kerosene (up 45.1%), 596,000 kl for diesel oil (up 18.1%), 221,000 kl for Fuel Oil A (up 7.9%) and 155,000 kl for Fuel Oil C (down 18.0%).

(Unit: 1,000 kl)

	This week (11/1 ~ 11/7)	Previous week (10/25 ~ 10/31)	From a week earlier
Gasoline	792	744	▲ 48 (6%)
Jet fuel	64	57	▲ 7 (12%)
Kerosene (heating Oil)	247	170	▲ 77 (45%)
Diesel oil	596	505	▲ 91 (18%)
Fuel oil A	221	205	▲ 16 (8%)
Fuel Oil C	155	189	▼ -34 (-18%)
<b>Total</b>	<b>2,075</b>	<b>1,870</b>	<b>▲ 205 (11%)</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 November 7 increased from a week earlier for gasoline, kerosene and Fuel Oil C and decreased for other petroleum products. From a year earlier, inventories shrank for jet fuel and Fuel Oil C, and expanded for other petroleum products.

Gasoline inventories totaled 1,936,000 kl, up 25,000 kl from a week earlier and up 390,000 kl from a year earlier.

Kerosene inventories totaled 2,911,000 kl, up 14,000 kl from a week earlier and up 61,000 kl from a year earlier.

Diesel oil inventories totaled 1,608,000 kl, down 8,000 kl from a week earlier and up 207,000 kl from a year earlier.

Fuel Oil A inventories totaled 773,000 kl, down 6,000 kl from a week earlier and up 34,000 kl from a year earlier.

Fuel Oil C inventories totaled 1,849,000 kl, up 63,000 kl from a week earlier and down 168,000 kl from a year earlier.

(Unit: 1,000 kl)

	This week (11/7)	Previous week (10/31)	From a week earlier
Gasoline	1,936	1,911	▲ 25 (1%)
Jet fuel	859	869	▼ -10 (-1%)
Kerosene (heating Oil)	2,911	2,897	▲ 14 (0%)
Diesel oil	1,608	1,616	▼ -8 (-0%)
Fuel oil A	773	779	▼ -6 (-1%)
Fuel Oil C	1,849	1,786	▲ 63 (4%)
<b>Total</b>	<b>9,936</b>	<b>9,858</b>	<b>▲ 78 (0.8%)</b>

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

During the November 3-November 9 week, crude oil cost in yen increased from the previous week, with the increase in crude oil price and slight appreciation of exchange rate of the yen to the US dollar.

For the next week, Motouri companies increased their wholesale prices by 1.0 yen/l for gasoline, kerosene and diesel oil from the previous week.

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

Spot petroleum products prices in the November 3-November 9 week decreased from the previous week in onshore and offshore trading and increased in futures trading.

The latest onshore cargo spot price (the average onshore rack price for four districts -- Chiba, Kawasaki, Chukyo and Hanshin - for the November 3-November 9 week) decreased by 1.5 yen/l from the previous week (October 27- November 2) for gasoline, decreased by 1.7 yen/l for kerosene and decreased by 1.7 yen/l for diesel oil. For the latest period of November 3-November 9, price decreased slightly in a 94 yen/l range for gasoline; and increased slightly in a 42 yen/l range for kerosene; and decreased slightly in a 42-43 yen/l range for diesel oil.

The average offshore barge spot price in Tokyo Bay decreased by 1.2 yen/l for gasoline, decreased by 0.9 yen/l for kerosene and decreased by 1.8 yen/l for diesel oil for the November 3-November 9 week from the previous week. Offshore cargo spot prices during the week (November 3-November 9) decreased in a 95-96 yen/l range for gasoline and increased in a 41-42 yen/l range for kerosene and decreased in a 44-45 yen/l range for diesel oil from the previous week.

The key average futures price increased by 0.5 yen/l for gasoline, increased by 0.4 yen/l for kerosene and increased by 1.0 yen/l for diesel oil from the previous week. The key futures price during the period of November 3-November 9 decreased in a 91-92 yen/l range for gasoline, decreased in a 40-41 yen/l for kerosene and slightly rebounded after the decrease in a 45-46 yen/l range for diesel oil.

(RIM) [4-district average lorry rack price]		(Unit: yen/l)		
		This week (11/3 ~ 11/9)	Previous week (10/27 ~ 11/2)	From a week earlier
Spot Prices	Regular	40.8	42.3	▼ -1.5
	Kerosene	42.8	44.5	▼ -1.7
	Diesel oil	43.0	44.7	▼ -1.7

(TOCOM) [Front-month contract/closing price] [Average]		(Unit: yen/l)		
		This week (11/3 ~ 11/9)	Previous week (10/27 ~ 11/2)	From a week earlier
Futures Price	Regular	37.8	37.3	▲ 0.5
	Kerosene	40.9	40.5	▲ 0.4
	Diesel oil	46.2	45.2	▲ 1.0

Above prices are before tax.

Reference (November 3 - November 9 actual data)			
(Unit: yen/l)			
Products	Spot	Futures	Average
Gasoline	▼ -1.5	▲ 0.5	▼ -0.5
Kerosene	▼ -1.7	▲ 0.4	▼ -0.6
Diesel oil	▼ -1.7	▲ 1.0	▼ -0.4
Fuel Oil A	▼ -1.9		

(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 November 9 decreased by 0.6 yen/l from a week earlier to 132.9 yen/l for gasoline, decreased by 0.5 yen/l to 113.7 yen/l for diesel oil and decreased by 11 yen to 1,422 yen for kerosene on an 18-liter tank basis (decreased by 0.6 yen/l to 79.0 yen/l) from the previous week. The gasoline price lost for the eighth straight week. Diesel oil price decreased for the third straight week. Kerosene price decreased for the fifth straight week.

Gasoline prices increased in five prefectures, leveled off in two prefectures and decreased in 40 prefectures. The lowest gasoline price among the prefectures was 125.8 yen/l in Miyagi (down 1.3 yen/l from a week earlier). The second lowest was 126.5 yen/l in Shiga (up 0.1 yen/l). The highest price was 143.1 yen/l in Oita (down 0.5 yen/l). Okinawa logged the largest price gain of 0.8 yen/l to 140.6 yen/l. The price leveled off in Ishikawa and Kagawa. Kochi logged the largest price fall of 2.6 yen/l to 139.5 yen/l.

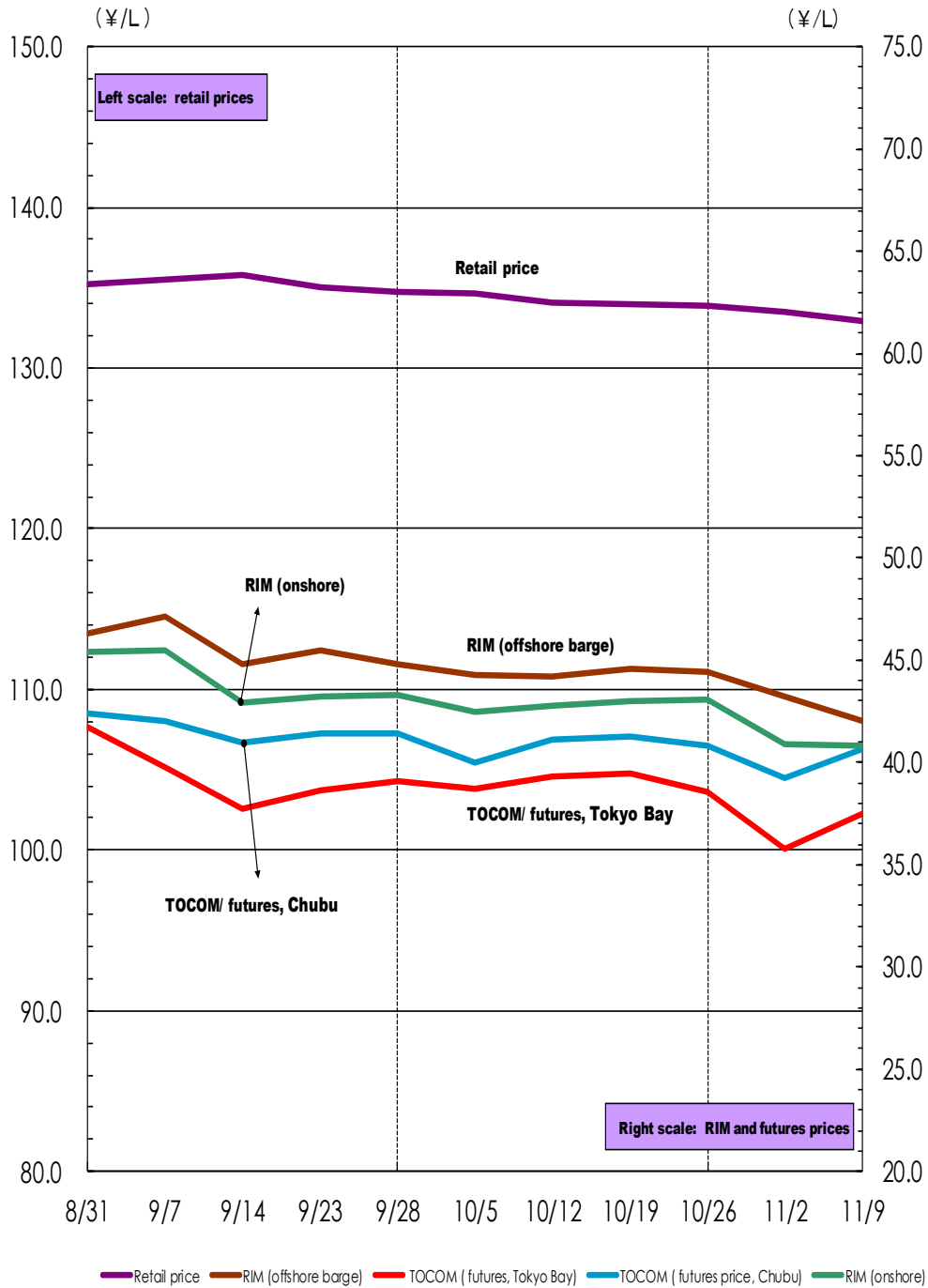
Crude oil cost in yen increased for the period from November 3-November 9 with the increase in crude oil price and slight appreciation of exchange rate of the yen to the U.S. dollar. Motouri companies increased their wholesale prices by 1.0 yen/l for gasoline, diesel oil and kerosene for the period from November 12 to November 18. Retail gasoline price on the next price survey day (November 16) are expected to decrease slightly from a week earlier.

(Published by ANRE)[Weekly trend]		(Unit: yen/l)			
		This week (11/9)	Previous week (11/2)	From a week earlier	Latest high
Retail Price	Regular	132.9	133.5	▼ -0.6	08/8/4 185.1
	Kerosene	79.0	79.6	▼ -0.6	08/8/11 132.1
	Diesel oil	113.7	114.2	▼ -0.5	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

(2020/8/31 ~ 2020/11/9)



(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. 20 for 2020) will be announced at 14:00 on November 27.

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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).