

# Oil Market Review in Japan No. 28/2020

January 29, 2021, Friday Released every Friday

Publisher: Oil Information Center, Institute of Energy Economics, Japan

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[https://eneken.iej.or.jp/en/weekly\\_oil/index.php](https://eneken.iej.or.jp/en/weekly_oil/index.php)

## Overview

The key WTI (West Texas Intermediate) crude oil futures contract on NYMEX (New York Mercantile Exchange) in the January 7-January 13 week moved within a range of \$50.83 per barrel and \$53.21/bbl.

On January 14, the February contract rebounded due to retreat of oil supply and demand easing. On this day, The China General Administration of Custom announced that China's crude oil import increased by 7.3% in 2020 compared to the previous year. On the previous day, the U.S. EIA (Energy Information Administration) announced that the U.S. domestic crude oil inventory decreased from the previous week. The February contract closed at \$53.57/bbl up \$0.66/bbl from the previous day.

On January 15, the key contract turned down due to concerns over uncertainties over the economic outlook. The upcoming U.S. Biden Administration announced additional economic package of nearly 2 trillion U.S. dollars. However, the number of claims for unemployment insurance was increasing and retail prices in December 2020 in the U.S. decreased for the third straight month. Moreover, it was also reported that the coronavirus cases rose again in China. Baker Hughes reported that the number of operating U.S. oil-drilling rigs increased by 12 units from a week earlier to 287 units, increasing for the eighth straight week. The February contract finished \$1.21/bbl lower at \$52.36/bbl.

On January 18, the market was closed for Martin Luther King Jr Birth Anniversary.

On January 19, the February contract rebounded by expectations for the U.S. additional economic measures and favorable response to the testimony at the Senate confirmation hearing by the next Secretary of Treasury Janet Yellen that the new U.S. administration would focus on economic recovery by robust fiscal stimulus program for the time being. The IEA (International Energy Agency) made downward revision of the world crude oil demand in 2021 by 0.3 million bbl/d from the previous month to 91.60 million bbl/d, expecting for increasing demand for the latter half in its Oil Market Report for January 2021. The February contract-gained \$0.62/bbl to \$52.98/bbl.

On January 20, the key contract rose further due to smooth transition to the new Biden's Administration and expectations for additional economic measures. However, the price rise was restricted by new outbreaks of the coronavirus and so forth. The U.S. EIA will announce its weekly inventory report on January 22. The February contract gained \$0.26/bbl to \$53.24/bbl.

The Asian benchmark crude oil of Dubai for March delivery on the Tokyo market ranged between \$54.40/bbl and \$56.90/bbl in the January 7-January 13 week. It closed at \$55.40/bbl on January 14, at \$55.20/bbl on January 15, at \$54.30/bbl on January 18, at \$54.70/bbl on January 19, at \$56.00/bbl on January 20.

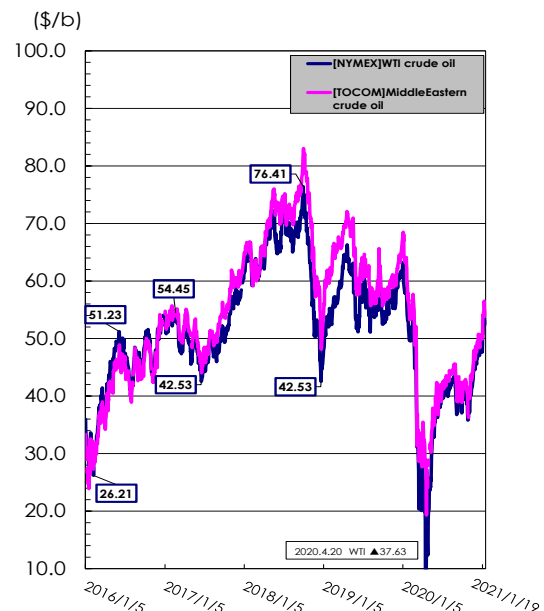
On the foreign exchange market in the January 7-January 13 week, the dollar moved within a range of 102.99 yen and 104.23 yen. It changed hands at 103.95 yen in late trading on January 14, at 103.84 yen on January 15, at 103.83 yen on January 18, at 103.74 yen on January 19, at 103.93 yen on December 20.

According to preliminary 10-day trade statistics released by the Ministry of Finance on January 21, the average crude oil import CIF price for Japan in the late-December period stood at 29,378 yen/kl (kiloliter), up 405 yen/kl from the previous 10-day period. In dollars, the price was \$44.96/bbl, up \$0.75/bbl. The average exchange rate was 103.90 yen to the dollar.

According to preliminary 10-day trade statistics released by the Ministry of Finance January 21, the average crude oil import CIF price for Japan in December stood at 29,133 yen/kl (kiloliter), up 1,279 yen/kl from the previous month. In dollars, the price was \$44.45/bbl, up \$2.18/bbl. The average exchange rate was 104.13 yen to the dollar.

Japan's average retail price on January 18 gained by 1.1 yen/l from a week earlier for gasoline and gained by 1.1 yen/l for diesel oil and gained by 15 yen/l for kerosene on an 18-liter tank basis. The gasoline price increased for the eighth straight week. Diesel oil price increased for the eighth straight week. Kerosene price increased for the eighth straight week. As crude oil cost increased for the third week of January, Motouri companies increased their wholesale prices by 0.5-1.0 yen/l for gasoline, diesel oil and kerosene for the next week.

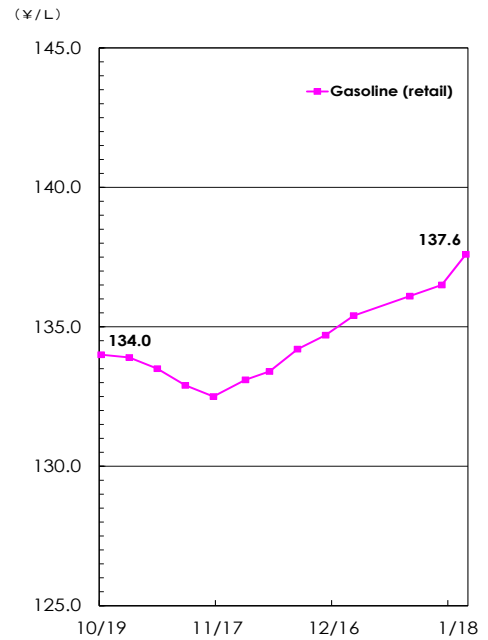
Crude oil			This week	From a week earlier	From a year earlier
Supply/ Demand	Crude oil runs (1,000 kl)	1/10 ~ 1/16	2,999	▼ -42	▼ -
	Topper capacity utilization rate (%)	"	77.9	▼ -1.1	▼ -
	Crude oil inventories (1,000 kl)	1/16	10,902	▲ 154	▲ -
Prices	Middle Eastern crude oil (TOCOM) (\$/bbl)	1/18	53.88	▼ -1.25	▼ -10.2
	WTI crude oil (NYMEX) (\$/bbl)	1/19	52.98	▲ 0.73	▼ -5.4
	Crude oil import CIF price (\$/bbl)	Late Dec	44.96	▲ 0.75	▼ -22.28
	① Crude oil import CIF price (yen/kl)	"	29,378	▲ 405	▼ -16,698
	② Yen-dollar exchange rate (yen/dollar)	"	103.90	▲ 0.28	▲ 5.04
	TTS exchange rate (yen/dollar)	1/18	104.83	▲ 0.40	▲ 6.36



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

Gasoline		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	1/10 ~ 1/16	869	▼ -25	▼ -	
	Imports	"	n.a.	n.a.	n.a.	
	Shipments	"	790	▲ 33	▼ -	
	Exports	"	30	▼ -20	▼ -	
	Inventories	1/16	2,084	▲ 49	▲ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	1/12 ~ 1/18	49.5	▲ 1.1	▼ -14.0	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	1/12 ~ 1/18	46.9	▲ 1.7	▼ -11.4
		(TOCOM/ Chubu)	1/18	49.2	▲ 0.4	▼ -11.8
	Retail prices [weekly trend] (published by ANRE)	1/18	137.6	▲ 1.1	▼ -14.0	

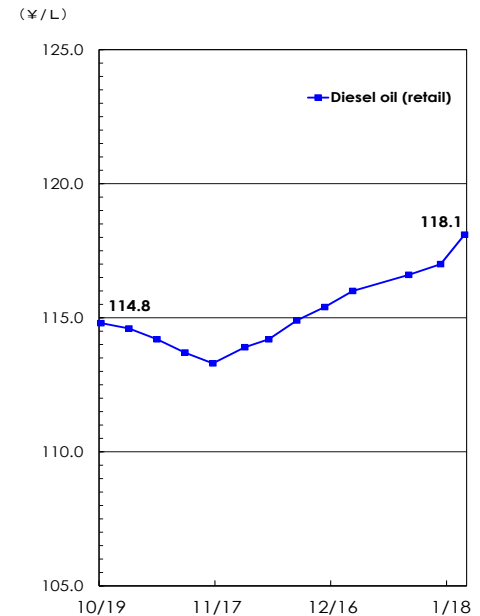
\*Gyoten and futures prices are before tax



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

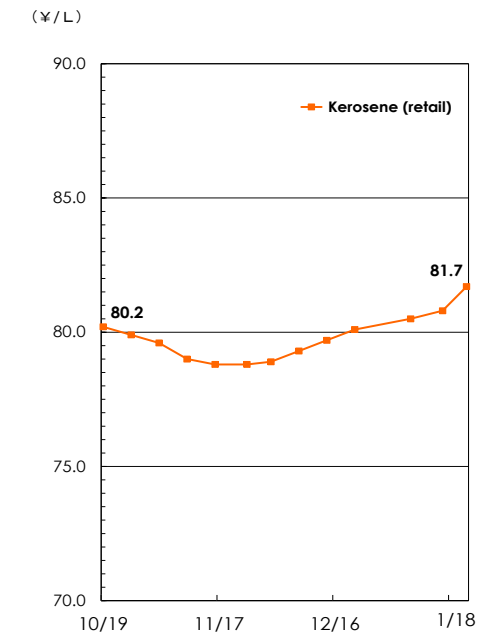
Diesel oil		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	1/10 ~ 1/16	609	▼ -17	▼ -	
	Imports	"	n.a.	n.a.	n.a.	
	Shipments	"	591	▲ 149	▲ -	
	Exports	"	50	▲ 3	▼ -	
	Inventories	1/16	1,823	▼ -31	▲ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	1/12 ~ 1/18	52.2	▲ 1.3	▼ -14.3	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	1/12 ~ 1/18	53.6	▲ 1.5	▼ -14.0
		(TOCOM/ Chubu)	1/18	-	-	-
	Retail prices [weekly trend] (published by ANRE)	1/18	118.1	▲ 1.1	▼ -13.6	

\*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	1/10 ~ 1/16	569	▲ 151	▲ -	
	Imports	"	n.a.	n.a.	n.a.	
	Shipments	"	631	▲ 135	▲ -	
	Exports	"	59	▲ 35	▲ -	
	Inventories	1/16	2,144	▼ -122	▲ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	1/12 ~ 1/18	52.0	▲ 1.2	▼ -13.9	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	1/12 ~ 1/18	51.2	▲ 2.0	▼ -11.2
		(TOCOM/ Chubu)	1/18	52.0	▲ 0.5	▼ -12.1
	Retail prices [weekly trend] (published by ANRE)	1/18	81.7	▲ 0.9	▼ -13.1	



## Relevant Information

### 1 Overseas crude oil prices

On January 20, WTI crude oil futures price on NYMEX rose further due to smooth transition to the new Biden's Administration, who had the Inauguration Ceremony on this day and expectations for additional economic package of nearly 2 trillion U.S. dollars. However, the price rise was restricted by concerns over the revocation of permit for constructing Keystone Pipeline from Alberta, Canada to the Gulf of Mexico in the U.S, new outbreaks of the coronavirus all over the world and sense of overvalued crude oil futures price caused by appreciation of the U.S. dollar and depreciation of the Euro in foreign exchange market. The U.S. EIA will announce its weekly inventory report in the morning on January 22 due to Martin Luther King Jr Birth Anniversary. The market expected decrease in crude oil inventory. The February contract gained \$0.26/bbl to \$53.24bbl from the previous day. The March contract gained \$0.33/bbl to \$53.31/bbl from the previous day.

According to the EIA, the average U.S. retail price of gasoline as of January 18 increased by 6.2 cents per gallon from a week earlier to \$2.379/gal (65.8yen/l). The average diesel oil price increased by 2.6 cents/gal to \$2.696/gal (74.6yen/l). The gasoline price increased for the eighth straight week. Diesel oil price increased 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 top capacity in the January 10-January 16 week in 2021 stood at 286,000 barrels per day, up 107,000 bpd from the previous week (total capacity remained at 3,458,000 bpd).

Crude oil throughput in the week decreased by 42,000 kl from the previous week to 2,999,000 kl. From a year earlier, it decreased by 498,000 kl. The top capacity utilization rate stood at 77.9%, down 1.1 points from the previous week and down 11.4 points from a year earlier.

Production decreased from the previous week for gasoline, jet fuel and diesel and increased for other petroleum products. Output was down 2.8% for gasoline, down 58.6% for jet fuel, up 36.2% for kerosene, down 2.8% for diesel oil, up 31.7% for Fuel Oil A and up 17.5% for Fuel Oil C. Fuel Oil C imports in the week totaled 5,000 kl, down 23,000 kl from the previous week. Diesel oil exports aggregated 50,000 kl, up 3,000 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 expanded for other petroleum products. Gasoline shipments increased by 4.4% from the previous week to 790,000 kl, increasing for the first time in three weeks. Shipments totaled 112,000 kl for jet fuel (up 39.1% from the previous week), 631,000 kl for kerosene (up 27.3%), 591,000 kl for diesel oil (up 33.9%), 269,000 kl for Fuel Oil A (up 20.2%) and 245,000 kl for Fuel Oil C (down 2.7%).

(Unit: 1,000 kl)

	This week (1/10 ~ 1/16)	Previous week (1/3 ~ 1/9)	From a week earlier
Gasoline	790	757	▲ 33 (4%)
Jet fuel	112	80	▲ 32 (40%)
Kerosene (heating Oil)	631	496	▲ 135 (27%)
Diesel oil	591	442	▲ 149 (34%)
Fuel oil A	269	224	▲ 45 (20%)
Fuel Oil C	245	252	▼ -7 (-3%)
<b>Total</b>	<b>2,638</b>	<b>2,251</b>	<b>▲ 387 (17%)</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 January 16 increased from a week earlier for gasoline 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 2,084,000 kl, up 49,000 kl from a week earlier and up 333,000 kl from a year earlier.

Kerosene inventories totaled 2,144,000 kl, down 122,000 kl from a week earlier and up 40,000 kl from a year earlier.

Diesel oil inventories totaled 1,823,000 kl, down 31,000 kl from a week earlier and up 191,000 kl from a year earlier.

Fuel Oil A inventories totaled 747,000 kl, down 1,000 kl from a week earlier and up 5,000 kl from a year earlier.

Fuel Oil C inventories totaled 1,851,000 kl, down 79,000 kl from a week earlier and down 18,000 kl from a year earlier.

(Unit: 1,000 kl)

	This week (1/16)	Previous week (1/9)	From a week earlier
Gasoline	2,084	2,035	▲ 49 (2%)
Jet fuel	725	806	▼ -81 (-10%)
Kerosene (heating Oil)	2,144	2,266	▼ -122 (-5%)
Diesel oil	1,823	1,854	▼ -31 (-2%)
Fuel oil A	747	748	▼ -1 (-0%)
Fuel Oil C	1,851	1,930	▼ -79 (-4%)
<b>Total</b>	<b>9,374</b>	<b>9,639</b>	<b>▼ -265 (-2.7%)</b>

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

During the January 12-January 18 week, crude oil cost in yen increased from the previous week with the increase in crude oil price and depreciation of the yen to the US dollar. For the next week,

Motouri companies increased their wholesale prices by 0.5-1.0 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

All Spot petroleum products prices in the January 12-January 18 week increased for all oil products in all trading compared to the period of January 5-January 11.

The latest onshore cargo spot price (the average onshore rack price for four districts -- Chiba, Kawasaki, Chukyo and Hanshin - for the January 12-January 18 week) increased by 1.1 yen/l from the previous week (January 5-January 11) for gasoline, increased by 1.2 yen/l for kerosene and increased by 1.3 yen/l for diesel oil. For the latest period of January 12-January 18, price decreased slightly after the increase in a 102-103 yen/l range for gasoline; and decreased slightly after the significant increase in a 50-52 yen/l range for kerosene; and decreased slightly after the significant increase in a 50-52 yen/l range for diesel oil.

The average offshore barge spot price in Tokyo Bay increased by 1.3 yen/l for gasoline, increased by 0.9 yen/l for kerosene and increased by 1.5 yen/l for diesel oil for the January 12-January 18 week from the previous week. Offshore cargo spot prices during the week (January 12-January 18) almost leveled off after the significant increase in a 103-105 yen/l range for gasoline and decreased sharply after the significant increase in a 49-53 yen/l range for kerosene and almost leveled off after the significant increase in a 52-53 yen/l range for diesel oil from the previous week.

The key average futures price increased by 1.7 yen/l for gasoline, increased by 2.0 yen/l for kerosene and increased by 1.5 yen/l for diesel oil from the previous week. The key futures price during the period of January 12-January 18 decreased significantly after the increase in a 99-101 yen/l range for gasoline, decreased significantly after the increase in a 50-52 yen/l for kerosene and decreased significantly after the increase in a 52-54 yen/l range for diesel oil.

(RIM) [4-district average lorry rack price]		(Unit: yen/l)		
		This week (1/12 ~ 1/18)	Previous week (1/5 ~ 1/11)	From a week earlier
Spot Prices	Regular	49.5	48.4	▲ 1.1
	Kerosene	52.0	50.8	▲ 1.2
	Diesel oil	52.2	50.9	▲ 1.3

(TOCOM) [Front-month contract/closing price] [Average]		(Unit: yen/l)		
		This week (1/12 ~ 1/18)	Previous week (1/5 ~ 1/11)	From a week earlier
Futures Price	Regular	46.9	45.2	▲ 1.7
	Kerosene	51.2	49.2	▲ 2.0
	Diesel oil	53.6	52.1	▲ 1.5

Above prices are before tax.

Reference (January 12 - January 18 actual data)

(Unit: yen/l)			
Products	Spot	Futures	Average
Gasoline	▲ 1.1	▲ 1.7	▲ 1.4
Kerosene	▲ 1.2	▲ 2.0	▲ 1.6
Diesel oil	▲ 1.3	▲ 1.5	▲ 1.4
Fuel Oil A	▲ 1.2		

(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 January 18 increased by 1.1 yen/l from a week earlier to 137.6 yen/l for gasoline, increased by 1.1 yen/l to 118.1 yen/l for diesel oil and increased by 15 yen to 1,470 yen for kerosene on an 18-liter tank basis (increased by 0.9 yen/l to 81.7 yen/l) from the previous week. The gasoline price increased for the eighth straight week. Diesel oil price increased for the eighth straight week. Kerosene price increased for the eighth straight week.

Gasoline prices increased in 42 prefectures, leveled off in no prefectures and decreased in five prefectures. The lowest gasoline price among the prefectures was 129.9 yen/l in Tokushima (down 0.2 yen/l from a week earlier). The second lowest was 132.3yen/l in Saitama (up 0.1 yen/l). The highest price was 146.7 yen/l in Kagoshima (up 0.8 yen/l). Kagawa logged the largest price gain of 2.7 yen/l to 134.3 yen/l. The price leveled off in no prefectures. Okinawa logged the largest price fall of 1.2 yen/l to 143.7yen/l.

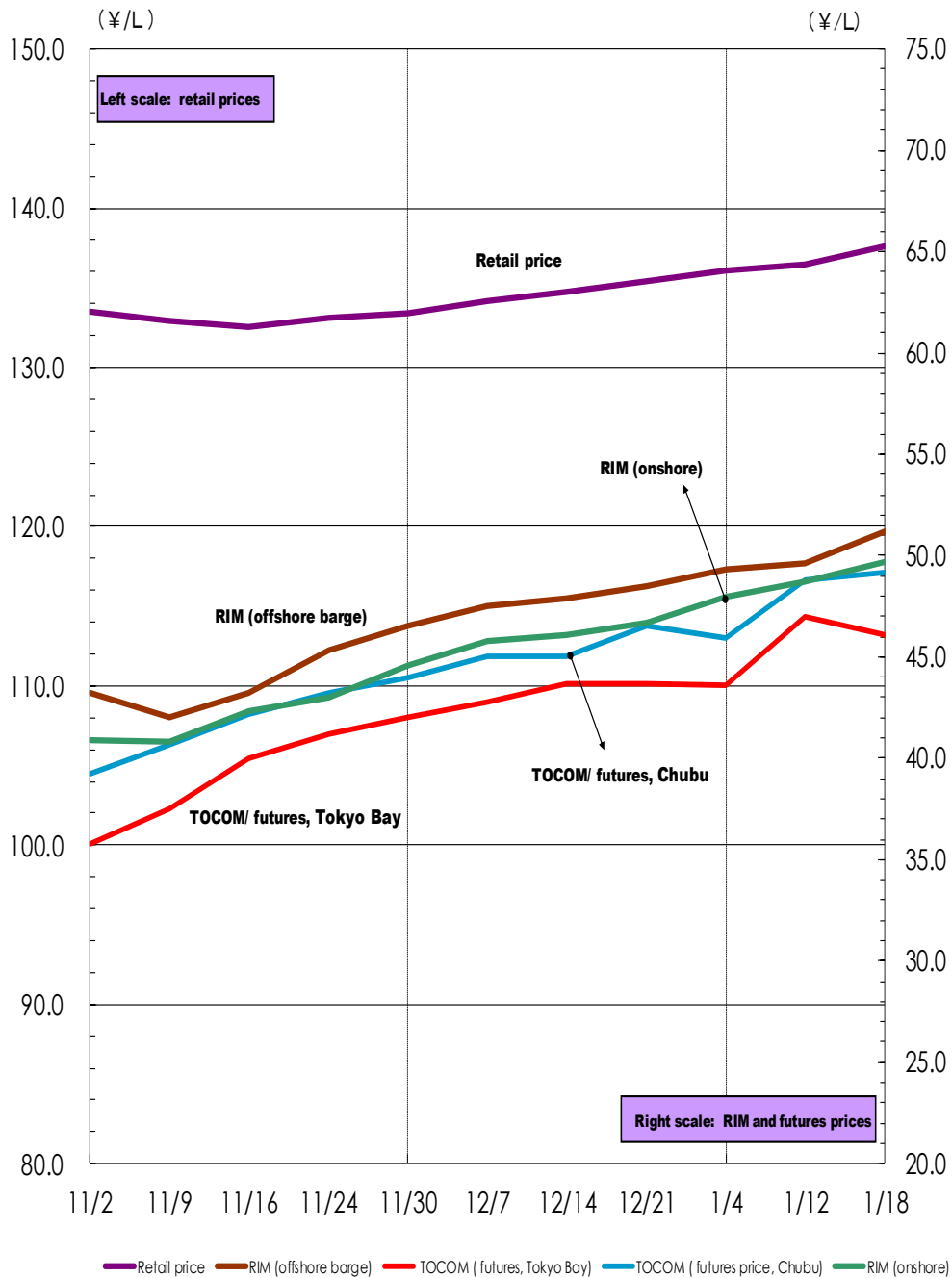
Crude oil cost in yen increased for the period from January 12-January 18 with the increase in crude oil price and depreciation of the yen to the US dollar. Motouri companies increased their wholesale prices by 0.5-1.0 yen/l for gasoline, diesel oil and kerosene for the period from January 21 to January 27. Retail gasoline price on the next price survey day (January 25) are expected to increase from a week earlier.

(Published by ANRE)[Weekly trend]		(Unit: yen/l)			
		This week (1/18)	Previous week (1/12)	From a week earlier	Latest high
Retail Price	Regular	137.6	136.5	▲ 1.1	08/8/4 185.1
	Kerosene	81.7	80.8	▲ 0.9	08/8/11 132.1
	Diesel oil	118.1	117.0	▲ 1.1	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

(2020/11/2 ~ 2021/1/18)



(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. 29 for 2020) will be announced at 14:00 on February 5.

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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).