

# Oil Market Review in Japan No. 3/2021

April 23, 2021, Friday Released every Friday

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

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## Overview

The key WTI (West Texas Intermediate) crude oil futures contract on NYMEX (New York Mercantile Exchange) in the April 1-April 7 week moved within a range of \$58.65 per barrel and \$61.45/bbl.

On April 8, the May contract turned down for the first time in three trading days due to renewed concerns over the slump in oil demand caused by the prolonged influence of the new coronavirus, and the increase in crude oil production by the OPEC (Organization of the Petroleum Exporting Countries) plus Countries from May 2021 onward. City blockade expanded in Europe. India and Brazil saw the new outbreak of the coronavirus. The May contract closed at \$59.60/bbl down \$0.17/bbl from the previous day.

On April 9, the May contract turned down further due to concerns over the slump in energy demand caused by the new outbreak of the coronavirus and a sense of caution for easing of the OPEC plus Countries cooperative crude oil production cut. Baker Hughes reported that the number of operating U.S. oil-drilling rigs leveled off from a week earlier at 337 units. The May contract closed at \$59.32/bbl down \$0.28/bbl from the previous day.

On April 12, the key contract rebounded for the first time in three trading days due to the increasing political tensions in the Middle East and a sense of undervalued crude oil futures prices and picking up the low price with the ongoing depreciation of the U.S. dollar. Houthi, a pro-Iranian anti-government organization in Yemen, announced its drone attacks on oil facilities in Saudi Arabia. However, there was no confirmation from Saudi Arabia so far. Moreover, the Iranian authorities announced that Israel committed subversive activities on nuclear power experiment facility in Natanz. However, the price rise was restricted. The May contract closed at \$59.70/bbl up \$0.38/bbl from the previous day.

On April 13, the key contract rose further supported by the announcements by the China Customs Authorities and the OPEC. China's crude oil import increased by 38% in March 2021 compared to the same month of the previous year, the monthly increase for the first time in four years. On this day, the OPEC Monthly Report made an upward revision of the world oil demand for 2021. The May contract as the key front-month contract gained \$0.48/bbl to \$60.18/bbl from the previous day.

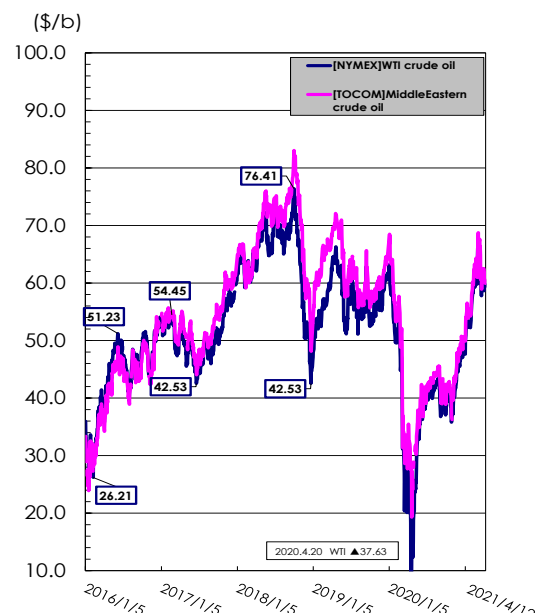
On April 14, the key contract rose further for the third straight trading day due to an optimistic outlook for oil demand and supply. The U.S. EIA (Energy Information Administration) Weekly Report announced that the U.S. domestic crude oil inventory significantly decreased more than the market expectation and that gasoline inventory also decreased. Moreover, on this day, the IEA (International Energy Agency) Monthly Report made an upward revision of the world oil demand for 2021. The May contract gained \$2.97/bbl to \$63.15/bbl from the previous day.

The Asian benchmark crude oil of Dubai for June delivery on the Tokyo market ranged from \$61.00/bbl to \$63.20/bbl in the April 1-April 7 week. It closed at \$61.10/bbl on April 8, at \$61.30/bbl on April 9, at \$60.80/bbl on April 12, at \$61.70/bbl on April 13, at \$62.70/bbl on April 14.

On the foreign exchange market in the April 1-April 7 week, the dollar moved within a range of 109.82 yen and 110.84 yen. It changed hands at 109.83 yen in late trading on April 8, at 109.31 yen on April 9, at 109.75 yen on April 12, at 109.58 yen on April 13, at 108.85 yen on April 14.

Japan's average retail price on April 12 gained by 0.1 yen/l from a week earlier for gasoline and leveled off for diesel oil and gained by 2 yen/l for kerosene on an 18-liter tank basis. The gasoline price increased for the first time in two weeks. Diesel oil price stopped increasing for the first time in 20th week. Kerosene price increased for the 20th straight week. As crude oil cost increased for the second week of April, Motouri companies decreased their wholesale prices by 1.5 yen/l for gasoline, diesel oil and kerosene for the next week.

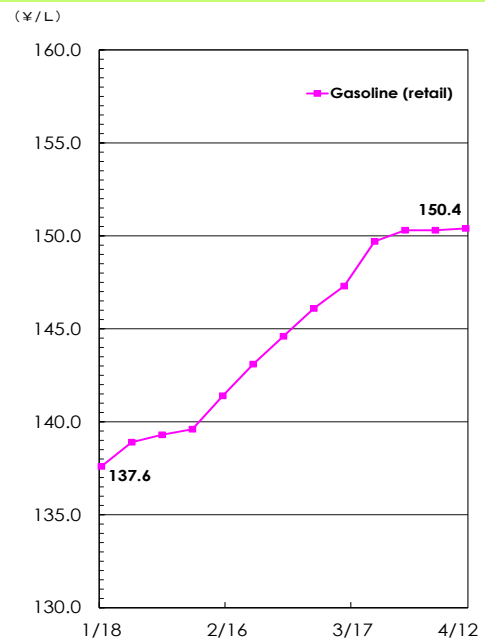
Crude oil			This week		From a week earlier	From a year earlier
Supply/Demand	Crude oil runs (1,000 kl)	4/4 ~ 4/10	2,719	▲ 46	▼ -	
	Topper capacity utilization rate (%)	"	70.7	▲ 1.2	▼ -	
	Crude oil inventories (1,000 kl)	4/10	11,163	▲ 939	▼ -	
Prices	Middle Eastern crude oil (TOCOM) (\$/bbl)	4/12	59.92	▼ -1.78	▲ 27.9	
	WTI crude oil (NYMEX) (\$/bbl)	4/12	59.70	▲ 1.05	▲ 37.3	
	Crude oil import CIF price (\$/bbl)	Mid Mar	60.95	▲ 1.35	▼ -1.21	
	①Crude oil import CIF price (yen/kl)	"	40,889	▲ 1,266	▼ -1,339	
	②Yen-dollar exchange rate (yen/dollar)	"	106.66	▼ -0.9%	▲ 1.34	
	TTS exchange rate (yen/dollar)	4/12	110.75	▲ 0.89	▼ -1.52	



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

Gasoline		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	4/4 ~ 4/10	874	▲ 68	▲ —	
	Imports	"	n.d.	n.d.	n.d.	
	Shipments	"	823	▲ 37	▲ —	
	Exports	"	5	▼ -78	▼ —	
	Inventories	4/10	1,789	▲ 46	▲ —	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	4/6 ~ 4/12	59.5	▼ -0.3	▲ 24.8	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	4/6 ~ 4/12	56.0	▼ -0.7	▲ 26.4
		(TOCOM/ Chubu)	4/12	57.5	▼ -1.0	▲ 26.5
	Retail prices [weekly trend] (published by ANRE)	4/12	150.4	▲ 0.1	▲ 18.5	

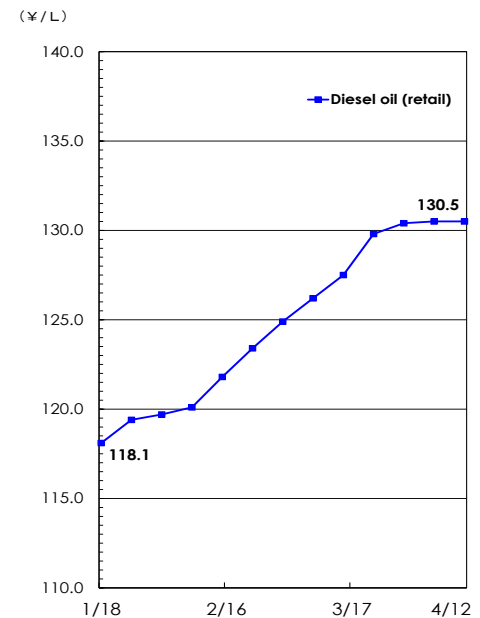
\*Gyoten and futures prices are before tax



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

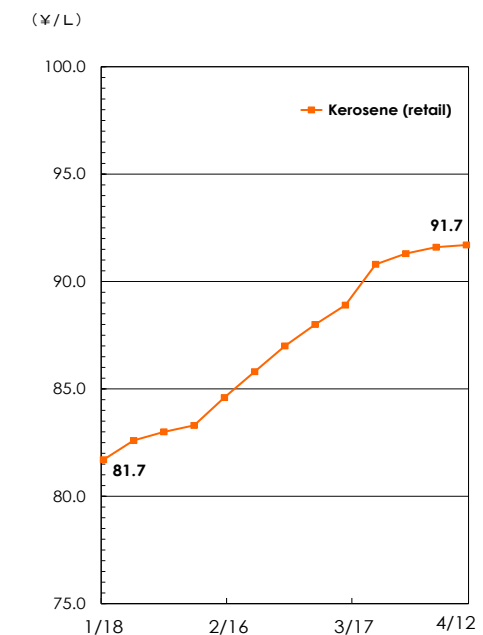
Diesel oil		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	4/4 ~ 4/10	660	▼ -80	▼ —	
	Imports	"	n.d.	n.d.	n.d.	
	Shipments	"	606	▲ 34	▲ —	
	Exports	"	5	▼ -109	▼ —	
	Inventories	4/10	1,518	▲ 50	▲ —	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	4/6 ~ 4/12	61.9	➡ 0.0	▲ 24.9	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	4/6 ~ 4/12	62.1	▼ -0.6	▲ 19.5
		(TOCOM/ Chubu)	4/12	—	—	—
	Retail prices [weekly trend] (published by ANRE)	4/12	130.5	➡ 0.0	▲ 17.2	

\*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	4/4 ~ 4/10	204	▲ 72	▼ —	
	Imports	"	n.d.	n.d.	n.d.	
	Shipments	"	169	▼ -54	▼ —	
	Exports	"	0	➡ 0	➡ —	
	Inventories	4/10	1,465	▲ 35	▲ —	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	4/6 ~ 4/12	61.2	▲ 0.1	▲ 24.4	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	4/6 ~ 4/12	55.5	▼ -1.0	▲ 21.5
		(TOCOM/ Chubu)	4/12	57.5	▼ -1.6	▲ 20.5
	Retail prices [weekly trend] (published by ANRE)	4/12	91.7	▲ 0.1	▲ 10.3	



## Relevant Information

### 1 Overseas crude oil prices

On April 14, WTI crude oil futures price on NYMEX rose further for the third straight trading day due to an optimistic outlook for oil demand and supply. The U.S. EIA Weekly Report announced that the U.S. domestic crude oil inventory decreased by 5.9 million bbl from the previous week, which was more than the market expectation of the decrease by 2.9 million bbl and that gasoline inventory also decreased. Moreover, followed by the previous day's OPEC Monthly Report, the IEA made an upward revision of the world oil demand for 2021 and revealed its view of improvements of demand and supply situation on this day. The May contract gained \$2.97/bbl to \$63.15/bbl from the previous day. The June contract gained \$2.98/bbl to \$63.22/bbl from the previous day.

According to the EIA, the average U.S. retail price of gasoline as of April 12 decreased by 0.8 cents per gallon from a week earlier to \$2.849/gal (83.3 yen/l). The average diesel oil price decreased by 1.5 cents/gal to \$3.129/gal (91.4 yen/l). The gasoline price decreased for the first time in two weeks. Diesel oil price decreased for the third 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 topper capacity in the April 4-April 10 week in 2021 stood at 762,000 barrels per day, increasing by 43,000 bpd from the previous week (total capacity remained at 3,458,000 bpd).

Crude oil throughput in the week increased by 46,000 kl from the previous week to 2,719,000 kl. From a year earlier, it decreased by 242,000 kl. The topper capacity utilization rate stood at 70.7%, up 1.2 points from the previous week and down 4.9 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 8.5% for gasoline, down 8.2% for jet fuel, up 54.7% for kerosene, down 10.8% for diesel oil, up 4.8% for Fuel Oil A and up 27.3% for Fuel Oil C. Fuel Oil C imports in the week totaled 0 kl, unchanged from the previous week. Diesel oil exports aggregated 5,000 kl, down 109,000 kl from the previous week.

Shipments (excluding imports) in the week decreased from the previous week for jet fuel and kerosene and increased for other petroleum products. From a year earlier, shipments expanded for gasoline, jet fuel, diesel oil and Fuel Oil C and declined for other petroleum products. Gasoline shipments increased by 4.7% from the previous week to 823,000 kl, increasing for the first time in two weeks. Shipments totaled 86,000 kl for jet fuel (down 26.3% from the previous week), 169,000 kl for kerosene (down 24.1%), 606,000 kl for diesel oil (up 5.9%), 186,000 kl for Fuel Oil A (up 19.4%) and 178,000 kl for Fuel Oil C (up 19.2%).

(Unit: 1,000 kl)

	This week (4/4 ~ 4/10)	Previous week (3/28 ~ 4/3)	From a week earlier
Gasoline	823	786	▲ 37 (5%)
Jet fuel	86	117	▼ -31 (-26%)
Kerosene (heating Oil)	169	223	▼ -54 (-24%)
Diesel oil	606	572	▲ 34 (6%)
Fuel oil A	186	156	▲ 30 (19%)
Fuel Oil C	178	150	▲ 28 (19%)
<b>Total</b>	<b>2,048</b>	<b>2,004</b>	<b>▲ 44 (2%)</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 April 10 increased from a week earlier for all petroleum products. From a year earlier, inventories expanded for all petroleum products.

Gasoline inventories totaled 1,789,000 kl, up 46,000 kl from a week earlier and up 37,000 kl from a year earlier.

Kerosene inventories totaled 1,465,000 kl, up 35,000 kl from a week earlier and up 128,000 kl from a year earlier.

Diesel oil inventories totaled 1,518,000 kl, up 50,000 kl from a week earlier and up 226,000 kl from a year earlier.

Fuel Oil A inventories totaled 754,000 kl, up 17,000 kl from a week earlier and up 53,000 kl from a year earlier.

Fuel Oil C inventories totaled 1,845,000 kl, up 83,000 kl from a week earlier and up 53,000 kl from a year earlier.

(Unit: 1,000 kl)

	This week (4/10)	Previous week (4/3)	From a week earlier
Gasoline	1,789	1,743	▲ 46 (3%)
Jet fuel	780	767	▲ 13 (2%)
Kerosene (heating Oil)	1,465	1,430	▲ 35 (2%)
Diesel oil	1,518	1,468	▲ 50 (3%)
Fuel oil A	754	737	▲ 17 (2%)
Fuel Oil C	1,845	1,762	▲ 83 (5%)
<b>Total</b>	<b>8,151</b>	<b>7,907</b>	<b>▲ 244 (3.1%)</b>

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

During the April 6-April 12 week, crude oil cost in yen decreased from the previous week with the decrease in crude oil price and the appreciation of the yen to the US dollar.

For the next week, Motouri companies decreased their wholesale prices by 1.5 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 April 6-April 12 week decreased for all oil products in all trading except for the increased offshore gasoline, and onshore kerosene, and onshore and offshore diesel oil prices compared to the period of March 30-April 5.

The latest onshore cargo spot price (the average onshore rack price for four districts -- Chiba, Kawasaki, Chukyo, and Hanshin -- for the April 6-April 12 week) decreased by 0.3 yen/l from the previous week (March 30-April 5) for gasoline, increased by 0.1 yen/l for kerosene and leveled off for diesel oil. For the latest period of April 6-April 12, the price decreased in a 112-113 yen/l range for gasoline; and decreased slightly in a 60-61 yen/l range for kerosene; decreased slightly in a 61-62 yen/l range for diesel oil.

The average offshore barge spot price in Tokyo Bay increased by 0.3 yen/l for gasoline, decreased by 0.4 yen/l for kerosene and increased by 0.4 yen/l for diesel oil for the April 6-April 12 week from the previous week. Offshore cargo spot prices during the week (April 6-April 12) decreased slightly in a 114 yen/l range for gasoline and rebounded after the decrease in a 56-57 yen/l range for kerosene and decreased after the increase in a 63 yen/l range for diesel oil from the previous week.

The key average futures price decreased by 0.7 yen/l for gasoline, decreased by 1.0 yen/l for kerosene and decreased by 0.6 yen/l for diesel oil from the previous week. The key futures price during April 6-April 12 decreased slightly in a 109 yen/l range for gasoline, decreased slightly in a 55 yen/l for kerosene and increased slightly in a 62 yen/l range for diesel oil.

(RIM) [4-district average lorry rack price]		(Unit: yen/l)		
		This week (4/6 ~ 4/12)	Previous week (3/30 ~ 4/5)	From a week earlier
Spot Prices	Regular	59.5	59.8	▼ -0.3
	Kerosene	61.2	61.1	▲ 0.1
	Diesel oil	61.9	61.9	➡ 0.0

(TOCOM) [Front-month contract/closing price] [Average]		(Unit: yen/l)		
		This week (4/6 ~ 4/12)	Previous week (3/30 ~ 4/5)	From a week earlier
Futures Price	Regular	56.0	56.7	▼ -0.7
	Kerosene	55.5	56.5	▼ -1.0
	Diesel oil	62.1	62.7	▼ -0.6

Above prices are before tax.

Reference (April 6 - April 12 actual data)

(Unit: yen/l)			
Products	Spot	Futures	Average
Gasoline	▼ -0.3	▼ -0.7	▼ -0.5
Kerosene	▲ 0.1	▼ -1.0	▼ -0.4
Diesel oil	➡ 0.0	▼ -0.6	▼ -0.3
Fuel Oil A	▲ 0.3		

(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 April 12 increased by 0.1 yen/l from a week earlier to 150.4 yen/l for gasoline, leveled off to 130.5 yen/l for diesel oil and increased by 2 yen to 1,651 yen for kerosene on an 18-liter tank basis (increased by 0.1 yen/l to 91.7 yen/l) from the previous week. The gasoline price increased for the first time in two weeks. Diesel oil price stopped increasing for the first time in 20 weeks. Kerosene price increased for the 20th straight week.

Gasoline prices increased in 22 prefectures, leveled off in six prefectures and decreased in 19 prefectures. The lowest gasoline price among the prefectures was 143.9 yen/l in Tokushima (down 0.1 yen/l from a week earlier). The second-lowest was 145.1 yen/l in Saitama (down 0.1 yen/l). The highest price was 158.6 yen/l in Kagoshima (down 0.5 yen/l). Tokyo logged the largest price gain of 1.7 yen/l to 154.6 yen/l. The price leveled off in Fukui and five other prefectures. Tochigi logged the largest price fall of 1.2 yen/l to 148.4 yen/l.

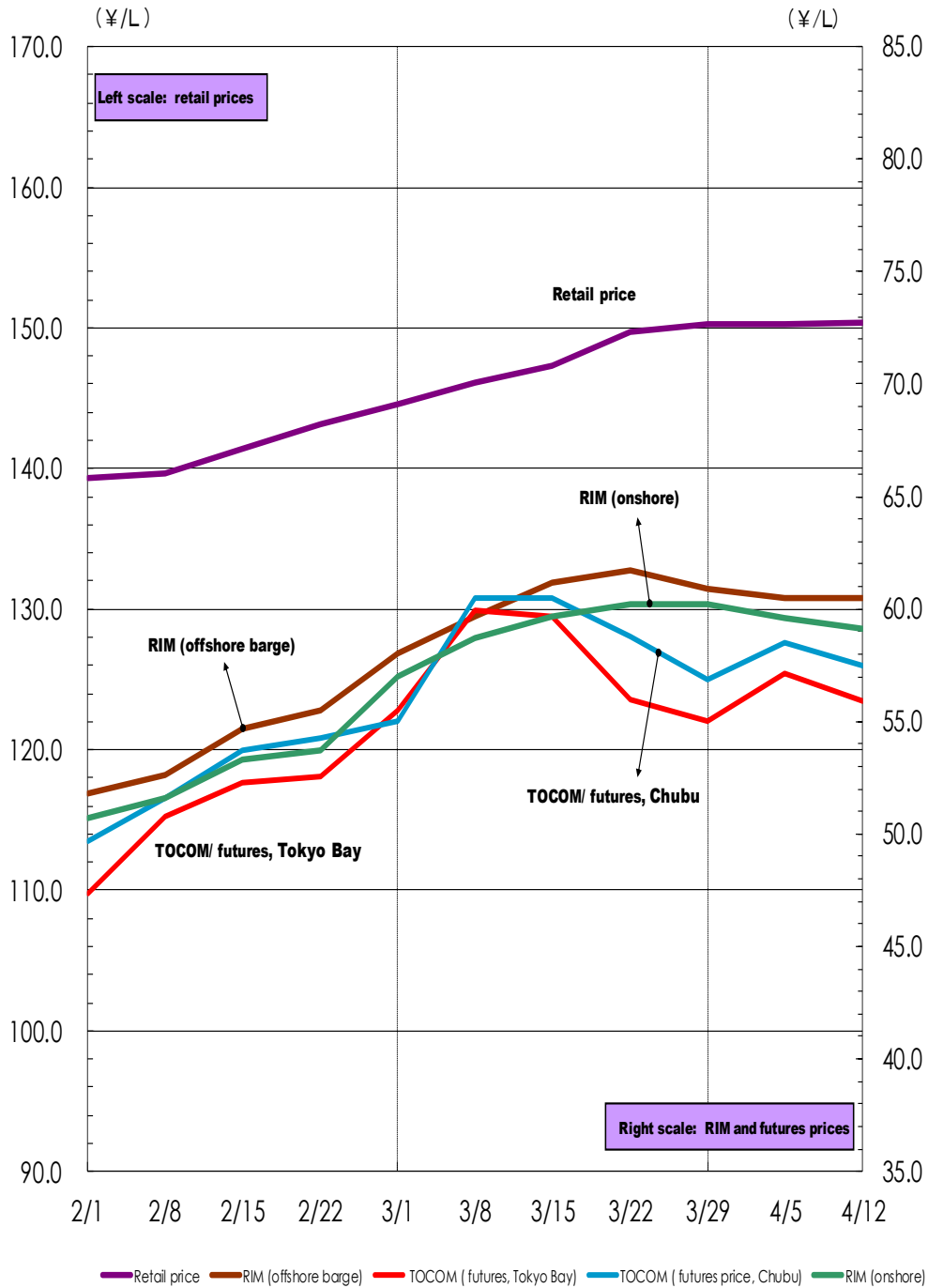
Crude oil cost in yen decreased for the period from April 6-April 12 with the decrease in crude oil price and the appreciation of the yen to the US dollar. Motouri companies decreased their wholesale prices by 1.5 yen/l for gasoline, diesel oil and kerosene for the period from April 15 to April 21. Retail gasoline price on the next price survey day (April 19) is expected to decrease slightly from a week earlier.

(Published by ANRE)[Weekly trend]		(Unit: yen/l)			
		This week (4/12)	Previous week (4/5)	From a week earlier	Latest high
Retail Price	Regular	150.4	150.3	▲ 0.1	08/8/4 185.1
	Kerosene	91.7	91.6	▲ 0.1	08/8/11 132.1
	Diesel oil	130.5	130.5	➡ 0.0	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

(2021/2/1 ~ 2021/4/12)



(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. 4 for 2021) will be announced on April 30.

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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).