

# Oil Market Review in Japan No. 13/2021

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## Overview

The key WTI (West Texas Intermediate) crude oil futures contract on NYMEX (New York Mercantile Exchange) in the June 17-June 23 week moved within a range of \$71.04 per barrel and \$73.66/bbl.

On June 24, the August contract rose further by the expectation for growing oil demand during the driving season in the U.S. The August contract closed at \$73.30/bbl up \$0.22/bbl from the previous day.

On June 25, the July contract rose further for the third straight trading day, reaching \$74/bbl level for the first time since October 2018. There is a smooth economic recovery from the outbreaks of the coronavirus mainly in Europe and the U.S. However, one of the high rank officials in the U.S. Department of State told that there were "critical differences" between the U.S. and Iran as to indirect talks on returning to the Iran Nuclear Deal. The market players took a view that it would take time to resume the export of the Iranian crude oil. Baker Hughes reported that the number of operating U.S. oil-drilling rigs decreased by one unit from a week earlier to 372 units. The August contract closed at \$74.05/bbl up \$0.75/bbl from the previous day.

On June 28, the key contract turned down for the first time in four trading days due to a sense of caution and rebound against price hike last weekend and concerns over new outbreaks of the coronavirus variant (India's Delta strain) in Asian and Oceanian countries. The August contract lost \$1.14/bbl to \$72.91/bbl from the previous day.

On June 29, the key contract rebounded slightly by the expectation for oil demand recovery in summer. Other factors for price hike were the statement of the OPEC (Organization of the Petroleum Exporting Countries) Secretary General Mohammad Barkindo that the world oil demand would increase by 5 million bbl/d in the latter half of 2021, out of the expected increase in demand by 6 million bbl/d and the request of additional hours of work in July for the Northwest Airlines employees. The August contract gained \$0.07/bbl to \$72.98/bbl from the previous day.

On June 30, the key contract rose further. The U.S. EIA (Energy Information Administration) announced in its weekly report that the U.S. domestic crude oil inventory decreased by 6.7 million bbl from the previous week, which was more than the market expectation of decrease. However, the price rise was restricted by many market players' wait-and-see attitude before the upcoming OPEC plus Countries meeting. The August contract gained \$0.49/bbl to \$73.47/bbl from the previous day.

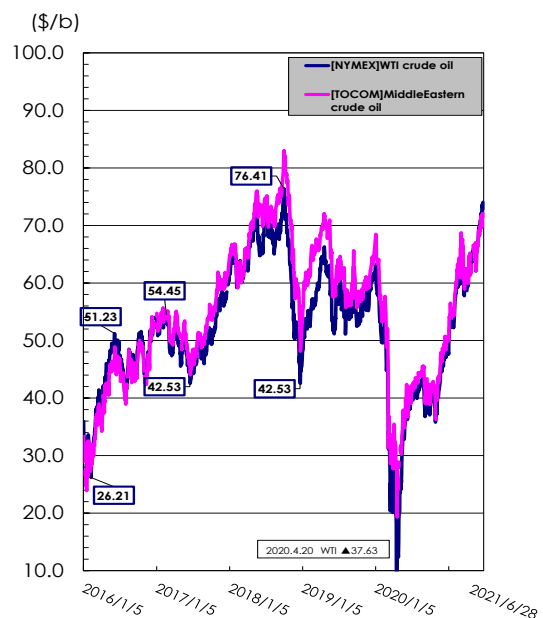
The Asian benchmark crude oil of Dubai for August delivery on the Tokyo market ranged from \$70.80/bbl to \$73.40/bbl in the June 17-June 23 week. It closed at \$73.50/bbl on June 24, at \$73.70/bbl on June 25, at \$73.90/bbl on June 28, at 72.60/bbl on June 29, at \$73.30/bbl on June 30.

On the foreign exchange market in the June 17-June 23 week, the dollar moved within a range of 110.25 yen and 110.79 yen. It changed hands at 111.06 yen in late trading on June 24, at 110.99 yen on June 25, at 110.69 yen on June 28, at 110.52 yen on June 29, at 110.58 yen on June 30.

According to preliminary 10-day trade statistics released by the Ministry of Finance on June 29, the average crude oil import CIF price for Japan in the early June period stood at 46,498 yen/kl (kiloliter), up 1,069 yen/kl from the previous 10-day period. In dollars, the price was \$67.74/bbl, up \$1.58/bbl. The average exchange rate was 109.14 yen to the dollar.

Japan's average retail price on June 28 gained by 0.7 yen/l from a week earlier for gasoline and gained by 0.7 yen/l for diesel oil and gained by 10 yen for kerosene on an 18-liter tank basis. The gasoline price increased for the fourth straight week. Diesel oil price increased for the fourth straight week. Kerosene price increased for the 30th straight week. As crude oil cost increased for the fifth week of June, Motouri companies increased their wholesale prices by 1.0 yen/l from a week earlier for gasoline, diesel oil and kerosene for the next week.

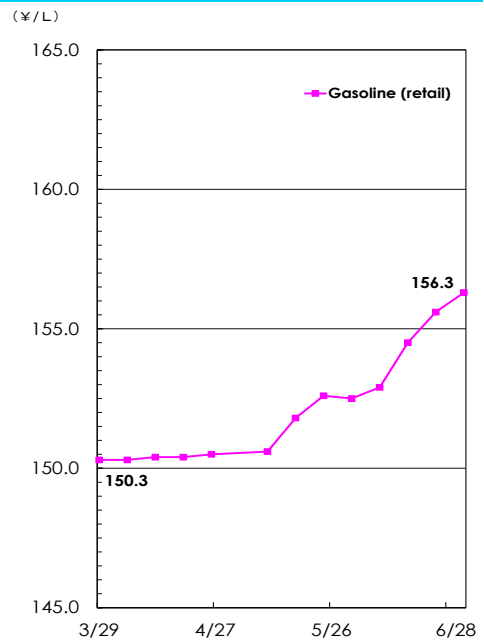
Crude oil			This week	From a week earlier	From a year earlier
Supply/ Demand	Crude oil runs (1,000 kl)	6/20 ~ 6/26	2,263	▼ -116	▼ -
	Topper capacity utilization rate (%)	"	58.8	▼ -3.0	▼ -
	Crude oil inventories (1,000 kl)	6/26	10,701	▼ -374	▼ -
Prices	Middle Eastern crude oil (TOCOM) (\$/bbl)	6/28	72.07	▲ 1.60	▲ 33.0
	WTI crude oil (NYMEX) (\$/bbl)	6/28	72.91	▼ -0.75	▲ 33.2
	Crude oil import CIF price (\$/bbl)	Early Jun	67.74	▲ 1.58	▲ 43.19
	① Crude oil import CIF price (yen/kl)	"	46,498	▲ 1,069	▲ 29,854
	② Yen-dollar exchange rate (yen/dollar)	"	109.14	▲ 0.03	▼ -1.38
	TTS exchange rate (yen/dollar)	6/28	111.69	▼ -0.44	▼ -3.45



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

Gasoline		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	6/20 ~ 6/26	707	▼ -182	▼ -	
	Imports	"	n.a.	n.a.	n.a.	
	Shipments	"	738	▼ -47	▼ -	
	Exports	"	25	▼ -14	▲ -	
	Inventories	6/26	2,309	▼ -56	▲ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	6/22 ~ 6/28	66.3	▲ 1.2	▲ 27.3	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	6/22 ~ 6/28	64.9	▼ -0.2	▲ 26.0
		(TOCOM/ Chubu)	6/28	63.3	▼ -0.7	▲ 24.8
	Retail prices [weekly trend] (published by ANRE)	6/28	156.3	▲ 0.7	▲ 25.2	

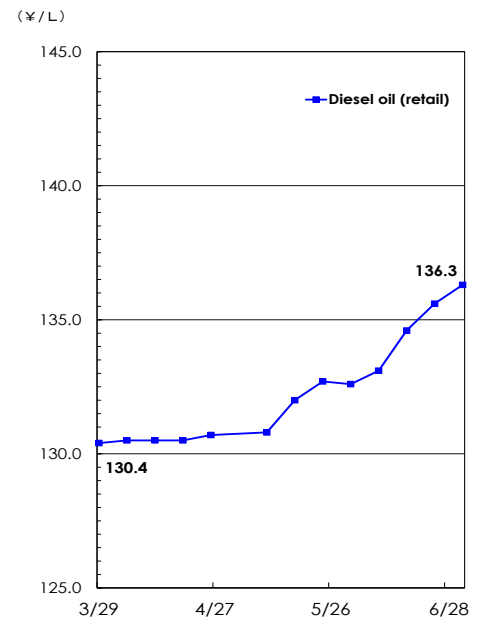
\*Gyoten and futures prices are before tax



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

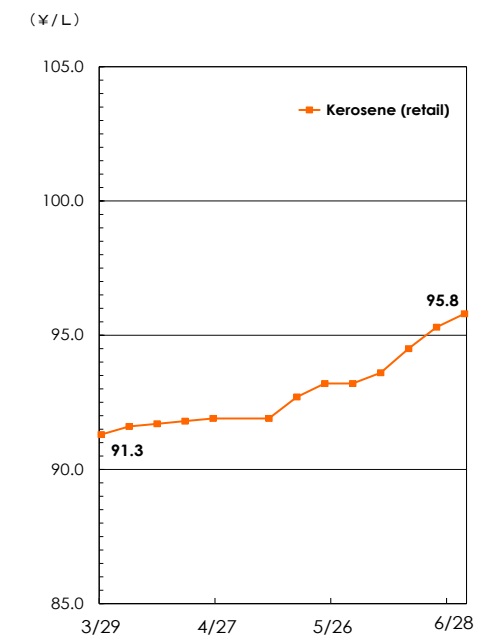
Diesel oil		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	6/20 ~ 6/26	617	▲ 36	▼ -	
	Imports	"	n.a.	n.a.	n.a.	
	Shipments	"	660	▲ 114	▲ -	
	Exports	"	94	▲ 58	▲ -	
	Inventories	6/26	1,751	▼ -137	▲ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	6/22 ~ 6/28	67.7	▲ 1.0	▲ 26.8	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	6/22 ~ 6/28	68.5	▲ 1.0	▲ 23.0
		(TOCOM/ Chubu)	6/28	-	-	-
	Retail prices [weekly trend] (published by ANRE)	6/28	136.3	▲ 0.7	▲ 24.5	

\*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	6/20 ~ 6/26	131	▼ -18	▼ -	
	Imports	"	n.a.	n.a.	n.a.	
	Shipments	"	65	▲ 8	▼ -	
	Exports	"	0	➡ 0	➡ -	
	Inventories	6/26	1,761	▲ 66	▼ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	6/22 ~ 6/28	67.2	▲ 0.6	▲ 27.7	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	6/22 ~ 6/28	63.5	▲ 1.4	▲ 23.5
		(TOCOM/ Chubu)	6/28	65.5	▲ 1.0	▲ 26.2
	Retail prices [weekly trend] (published by ANRE)	6/28	95.8	▲ 0.5	▲ 17.5	



## Relevant Information

### 1 Overseas crude oil prices

On June 30, WTI crude oil futures price on NYMEX rose further. The U.S. EIA (Energy Information Administration) announced in its weekly report that the U.S. domestic crude oil inventory decreased by 6.7 million bbl from the previous week, which was more than the market expectation of decrease by 4.7 million bbl/d, decreasing for the sixth straight week. The market players also saw the increase in the rate of operation in oil refineries and the increase in crude oil demand by the economic recovery. However, the price rise was restricted by many market players' wait-and-see attitude by avoiding positive trading before the upcoming OPEC plus Countries Joint Ministerial Monitoring Committee (JMMC) meeting scheduled for July 1. The August contract gained \$0.49/bbl to \$73.47/bbl from the previous day. The September contract gained \$0.46/bbl to \$72.77/bbl from the previous day.

According to the EIA, the average U.S. retail price of gasoline as of June 28 increased by 3.1 cents per gallon from a week earlier to \$3.091/gal (91.1 yen/l). The average diesel oil price increased by 1.3 cents per gallon to \$3.300/gal (97.2 yen/l). The gasoline price increased for the first time in two weeks. Diesel oil price increased for the ninth 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 June 20-June 26 week in 2021 stood at 962,000 barrels per day, increasing by 11,000 bpd from the previous week (total capacity remained at 3,458,000 bpd).

Crude oil throughput in the week decreased by 116,000 kl from the previous week to 2,263,000 kl. From a year earlier, it decreased by 209,000 kl. The topper capacity utilization rate stood at 58.8%, down 3.0 points from the previous week and down 4.3 points from a year earlier.

Production increased from the previous week for diesel oil and Fuel Oil A and decreased for other petroleum products. Output was down 20.4% for gasoline, down 5.0% for jet fuel, down 11.8% for kerosene, up 6.2% for diesel oil, up 4.3% for Fuel Oil A and down 30.4% for Fuel Oil C. Fuel Oil C imports in the week totaled 9,000 kl, up 5,000 kl from the previous week. Diesel oil exports aggregated 94,000 kl, up 58,000 kl from the previous week.

Shipments (excluding imports) in the week decreased from the previous week for gasoline and increased for other products. From a year earlier, shipments declined for gasoline and kerosene and expanded for other petroleum products. Gasoline shipments decreased by 6.0% from the previous week to 738,000 kl, decreasing for the first time in two weeks. Shipments totaled 101,000 kl for jet fuel (up 2,362.8% from the previous week), 65,000 kl for kerosene (up 13.1%), 660,000 kl for diesel oil (up 21.0%), 171,000 kl for Fuel Oil A (up 5.3%) and 218,000 kl for Fuel Oil C (up 55.5%).

(Unit: 1,000 kl)

	This week (6/20 ~ 6/26)	Previous week (6/13 ~ 6/19)	From a week earlier
Gasoline	738	785	▼ -47 (-6%)
Jet fuel	101	4	▲ 97 (2425%)
Kerosene (heating Oil)	65	57	▲ 8 (14%)
Diesel oil	660	546	▲ 114 (21%)
Fuel oil A	171	162	▲ 9 (6%)
Fuel Oil C	218	141	▲ 77 (55%)
<b>Total</b>	<b>1,953</b>	<b>1,695</b>	<b>▲ 258 (15%)</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 June 26 increased from a week earlier for kerosene and decreased for other petroleum products. From a year earlier, inventories declined for kerosene and Fuel Oil A and expanded for other petroleum products.

Gasoline inventories totaled 2,309,000 kl, down 56,000 kl from a week earlier and up 624,000 kl from a year earlier.

Kerosene inventories totaled 1,761,000 kl, up 66,000 kl from a week earlier and down 36,000 kl from a year earlier.

Diesel oil inventories totaled 1,751,000 kl, down 137,000 kl from a week earlier and up 279,000 kl from a year earlier.

Fuel Oil A inventories totaled 734,000 kl, down 22,000 kl from a week earlier and down 37,000 kl from a year earlier.

Fuel Oil C inventories totaled 1,867,000 kl, down 81,000 kl from a week earlier and up 34,000 kl from a year earlier.

(Unit: 1,000 kl)

	This week (6/26)	Previous week (6/19)	From a week earlier
Gasoline	2,309	2,365	▼ -56 (-2%)
Jet fuel	696	788	▼ -92 (-12%)
Kerosene (heating Oil)	1,761	1,695	▲ 66 (4%)
Diesel oil	1,751	1,888	▼ -137 (-7%)
Fuel oil A	734	756	▼ -22 (-3%)
Fuel Oil C	1,867	1,948	▼ -81 (-4%)
<b>Total</b>	<b>9,118</b>	<b>9,440</b>	<b>▼ -322 (-3.4%)</b>

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

During June 22-June 28, crude oil cost in yen increased from a week earlier with the increase in crude oil price and the depreciation of the yen to the US dollar.

For the next week of July 1- July 7, Motouri companies increased their wholesale prices by 1.0 yen/l for gasoline, kerosene, and diesel oil from a week earlier.

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

Spot petroleum products prices in the June 22-June 28 week increased for all oil products in all trading except for gasoline futures trading compared to the period of June 15-June 21.

The latest onshore cargo spot price (the average onshore rack price for four districts -- Chiba, Kawasaki, Chukyo, and Hanshin -- for the June 22-June 28 week) increased by 1.2 yen/l from a week earlier (June 15-June 21 week) for gasoline, increased by 0.6 yen/l for kerosene and increased by 1.0 yen/l for diesel oil. For the latest period of June 22-June 28, the price increased in a 119-120 yen/l range for gasoline; and increased in a 66-67 yen/l range for kerosene; increased in a 66-68 yen/l range for diesel oil.

The average offshore barge spot price in Tokyo Bay increased by 0.8 yen/l for gasoline, increased by 1.4 yen/l for kerosene and increased by 0.9 yen/l for diesel oil for the June 22-June 28 week from a week earlier. Offshore cargo spot prices during the week June 22-June 28 increased after the leveled off in a 120-121 yen/l range for gasoline and decreased slightly after the significant increase in a 63-66 yen/l range for kerosene and increased in a 68-69 yen/l range for diesel oil from a week earlier.

The key average futures price decreased by 0.2 yen/l for gasoline, increased by 1.4 yen/l for kerosene and increased by 1.0 yen/l for diesel oil from a week earlier. The key futures price during June 22-June 28 increased significantly after the decrease in a 118-119 yen/l range for gasoline, increased significantly in a 62-64 yen/l range for kerosene and increased in a 68-69 yen/l range for diesel oil.

(RIM) [4-district average lorry rack price]		(Unit: yen/l)		
		This week (6/22 ~ 6/28)	Previous week (6/15 ~ 6/21)	From a week earlier
Spot Prices	Regular	66.3	65.1	▲ 1.2
	Kerosene	67.2	66.6	▲ 0.6
	Diesel oil	67.7	66.7	▲ 1.0

(TOCOM) [Front-month contract/closing price] [Average]		(Unit: yen/l)		
		This week (6/22 ~ 6/28)	Previous week (6/15 ~ 6/21)	From a week earlier
Futures Price	Regular	64.9	65.1	▼ -0.2
	Kerosene	63.5	62.1	▲ 1.4
	Diesel oil	68.5	67.5	▲ 1.0

Above prices are before tax.

Reference (June 22 - June 28 actual data)

(Unit: yen/l)			
Products	Spot	Futures	Average
Gasoline	▲ 1.2	▼ -0.2	▲ 0.5
Kerosene	▲ 0.6	▲ 1.4	▲ 1.0
Diesel oil	▲ 1.0	▲ 1.0	▲ 1.0
Fuel Oil A	▲ 0.8		

(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 June 28 increased by 0.7 yen from a week earlier to 156.3 yen/l for gasoline, increased by 0.7 yen to 136.3 yen/l for diesel oil and increased by 10 yen to 1,725 yen for kerosene on an 18-liter tank basis (up 0.5 yen/l to 95.8 yen/l) from a week earlier. The gasoline price increased for the fourth straight week. Diesel oil price increased for the fourth straight week. Kerosene price increased for the 30th straight week.

Gasoline prices increased in 43 prefectures, leveled off in no prefectures and decreased in four prefectures. The lowest gasoline price among the prefectures was 150.2 yen/l in Tokushima (up 0.5 yen/l from a week earlier). The second lowest was 151.2 yen/l in Okayama (down 0.3 yen/l). The highest price was 164.9 yen/l in Kagoshima (up 0.7 yen/l). Kagawa logged the largest price gain of 2.6 yen/l to 156.9 yen/l. The price leveled off in no prefectures. Tochigi logged the price fall of 0.4 yen/l to 153.6 yen/l.

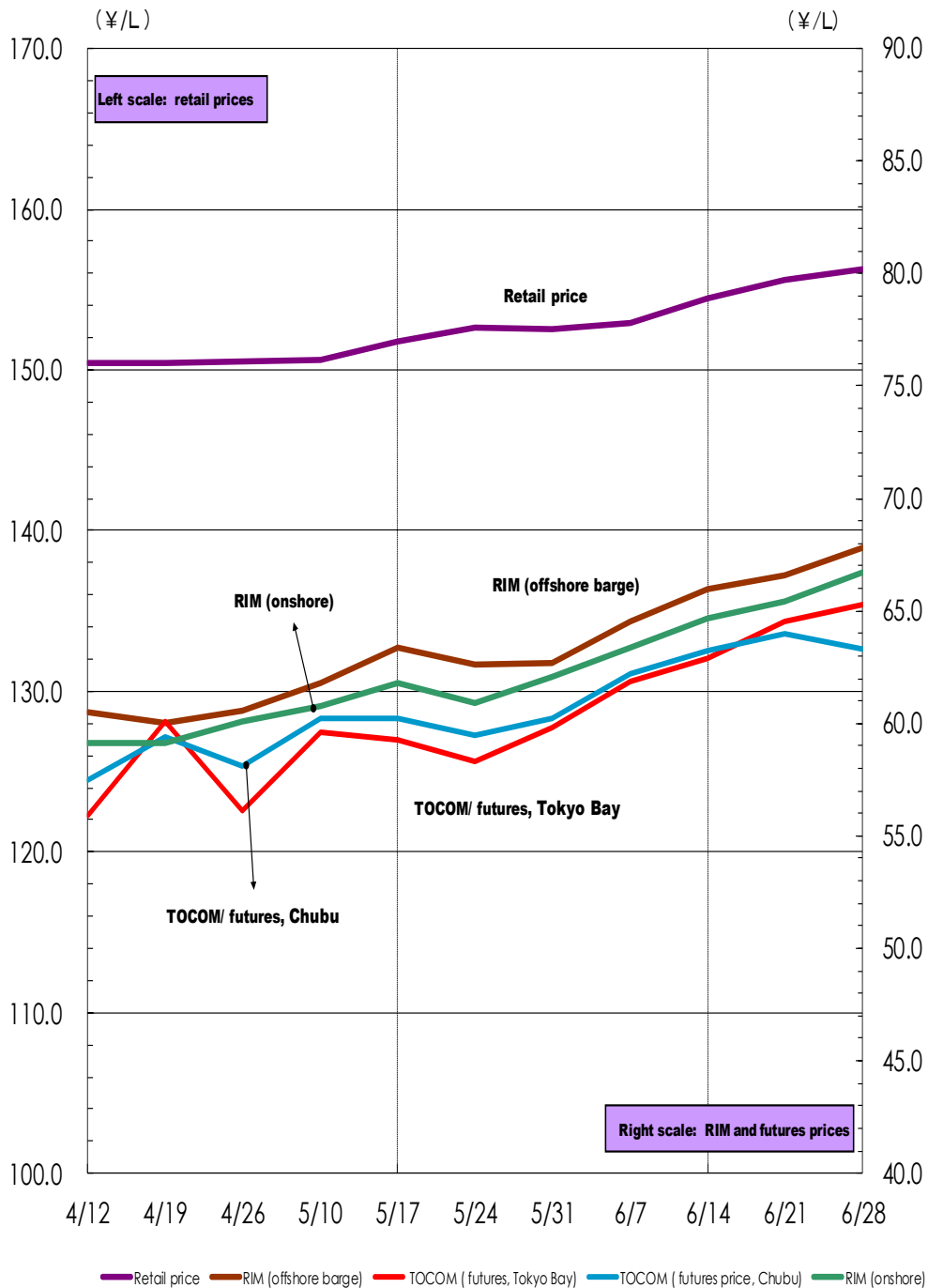
Crude oil cost in yen increased for the period from June 22-June 28 with the increase in crude oil price and the depreciation of the yen to the US dollar. Motouri companies increased their wholesale prices by 1.0 yen/l for gasoline, diesel oil and kerosene for the period from July 1-July 7. Retail gasoline price on the next price survey day (July 5) is expected to increase from a week earlier.

(Published by ANRE)[Weekly trend]		(Unit: yen/l)			
		This week (6/28)	Previous week (6/21)	From a week earlier	Latest high
Retail Price	Regular	156.3	155.6	▲ 0.7	08/8/4 185.1
	Kerosene	95.8	95.3	▲ 0.5	08/8/11 132.1
	Diesel oil	136.3	135.6	▲ 0.7	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

(2021/4/12 ~ 2021/6/28)



(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. 14 for 2021) will be announced on July 16.

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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).