

# Oil Market Review in Japan No. 17/2021

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## Overview

The key WTI (West Texas Intermediate) crude oil futures contract on NYMEX (New York Mercantile Exchange) in the July 15- July 21 week moved within a range of \$66.42 per barrel and \$71.81/bbl.

On July 22, the September contract rose further by market players risk-taking position as in the stock markets in the background of receding concerns over the new outbreaks of the COVID-19 variants and projection of increasing oil demand. The market players also welcomed phased easing of the cooperative crude oil production cut agreed again by the OPEC (Organization of the Petroleum Exporting Countries) plus Countries. The September contract closed at \$71.91/bbl up \$1.61/bbl from the previous day.

On July 23, the September contract rose further by the expectation for tightening oil demand and supply in response to the market trend on the previous trading day. However, the recovery of crude oil futures prices brought about profit-taking sales. The price rise was restricted by a sense of overvalued crude oil futures prices due to the appreciation of the U.S. dollar in the foreign exchange market. Baker Hughes reported that the number of operating U.S. oil-drilling rigs increased by seven units from a week earlier to 387 units. The September contract closed at \$72.07/bbl up \$0.16/bbl from the previous day.

On July 26, the key contract turned down slightly for the first time in five trading days due to concerns over the decelerating increase in oil demand caused by the new outbreaks of the COVID-19 variants and the announcement that the Chinese Government reduced the allocation of crude oil import to domestic independent oil refineries. The September contract lost \$0.16/bbl to \$71.91/bbl from the previous day.

On July 27, the key contract turned down further due to concerns over the new outbreaks of the COVID-19 variants including in the U.S. as in the previous trading day. However, the market players had a sense of undervalued crude oil futures due to the depreciation of the U.S. dollar to the Euro, which supported the price level. The September contract lost \$0.26/bbl to \$71.65/bbl from the previous day.

On July 28, the key contract rebounded for the first time in three trading days. On this day, the U.S. EIA (Energy Information Administration) announced that the U.S. domestic inventory decreased for both crude oil and oil products from the previous week, which was more than the market expectation of the decrease in inventory. The market players recognized the decrease in crude oil and oil products inventory as robust oil demand. The September contract gained \$0.74/bbl to \$72.39/bbl from the previous day.

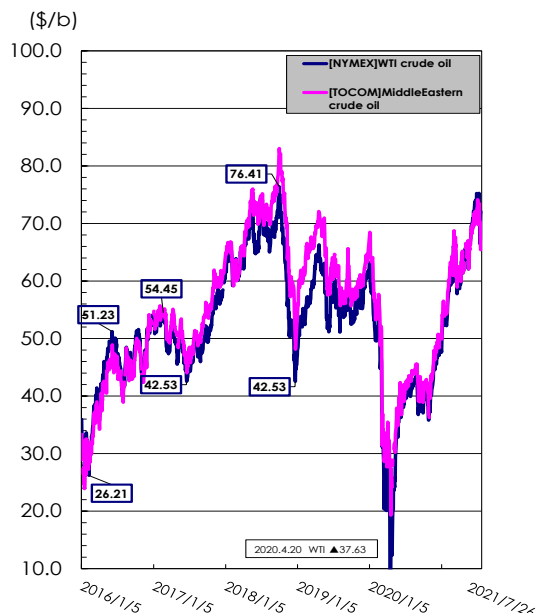
The Asian benchmark crude oil of Dubai for September delivery on the Tokyo market ranged from \$67.60/bbl to \$72.40/bbl in the July 15- July 21 week. It closed at \$71.90/bbl on July 26, at \$73.40/bbl on July 27, at \$73.40/bbl on July 28.

On the foreign exchange market in the July 15- July 21 week, the dollar moved within a range of 109.57 yen and 110.98 yen. It changed hands at 110.54 yen in late trading on July 26, at 110.24 yen on July 27, at 109.86 yen on July 28.

According to preliminary 10-day trade statistics released by the Ministry of Finance on July 29, the average crude oil import CIF price for Japan in the early July period stood at 47,227 yen/kl (kiloliter), down 1,079 yen/kl from the previous 10-day period. In dollars, the price was \$67.92/bbl, down \$2.05/bbl. The average exchange rate was 110.53 yen to the dollar.

Japan's average retail price on July 26 gained by 0.1 yen/l from a week earlier for gasoline and gained by 0.1 yen/l for diesel oil and gained by 2 yen 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 34th straight week. As crude oil cost decreased for the fourth week of July, Motouri companies decreased their wholesale prices by 0.5-1.0 yen/l from a week earlier for gasoline, diesel oil and kerosene for the next week.

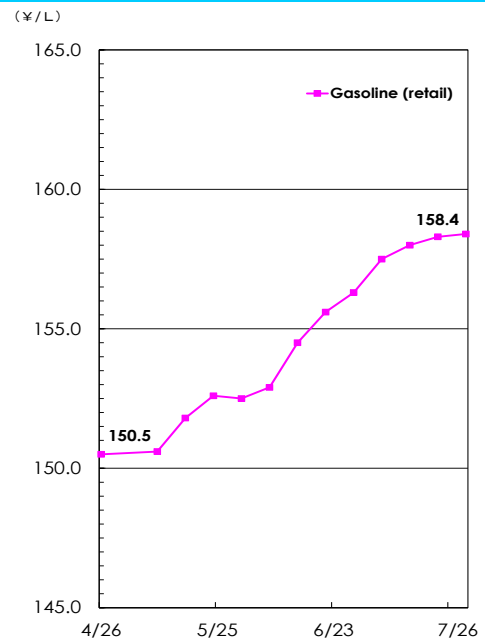
Crude oil			This week	From a week earlier	From a year earlier
Supply/ Demand	Crude oil runs (1,000 kl)	7/18 ~ 7/24	2,594	▲ 109	▲ —
	Topper capacity utilization rate (%)	"	67.4	▲ 2.8	▲ —
	Crude oil inventories (1,000 kl)	7/24	11,202	▼ -539	▼ —
Prices	Middle Eastern crude oil (TOCOM) (\$/bbl)	7/26	69.68	▼ -0.58	▲ 27.0
	WTI crude oil (NYMEX) (\$/bbl)	7/26	71.91	▲ 5.49	▲ 30.3
	Crude oil import CIF price (\$/bbl)	Early Jul	67.92	▼ -2.05	▲ 35.14
	① Crude oil import CIF price (yen/kl)	"	47,227	▼ -1,079	▲ 25,117
	② Yen-dollar exchange rate (yen/dollar)	"	110.53	▼ -0.77	▼ -3.31
	TTS exchange rate (yen/dollar)	7/26	111.54	▼ -0.66	▼ -4.72



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

Gasoline		This week	From a week earlier	From a year earlier	
Supply/ Demand	Production	7/18 ~ 7/24	894 ▲ 143	▲ —	
	Imports	"	n.d.	n.d.	
	Shipments	"	977 ▲ 405	▲ —	
	Exports	"	25 ▲ 25	▼ —	
	Inventories	7/24	2,100 ▼ -108	▲ —	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	7/20 ~ 7/26	67.1 ▼ -1.1	▲ 25.7	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	7/20 ~ 7/26	64.5 ▼ -1.3	▲ 23.7
		(TOCOM/ Chubu)	7/26	65.2 ▼ -1.8	▲ 23.5
	Retail prices [weekly trend] (published by ANRE)	7/26	158.4 ▲ 0.1	▲ 26.1	

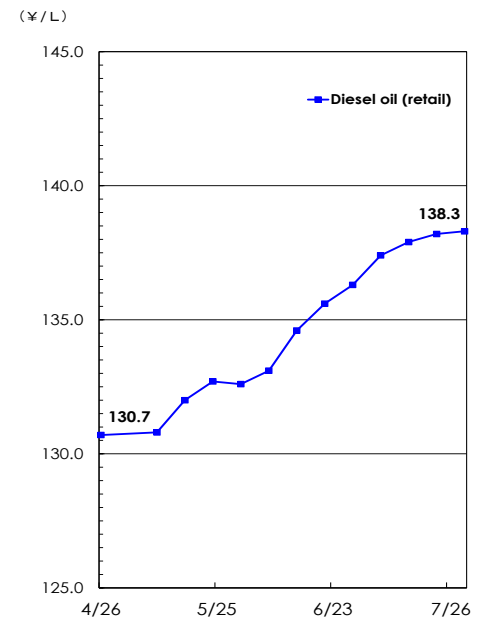
\*Gyoten and futures prices are before tax



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

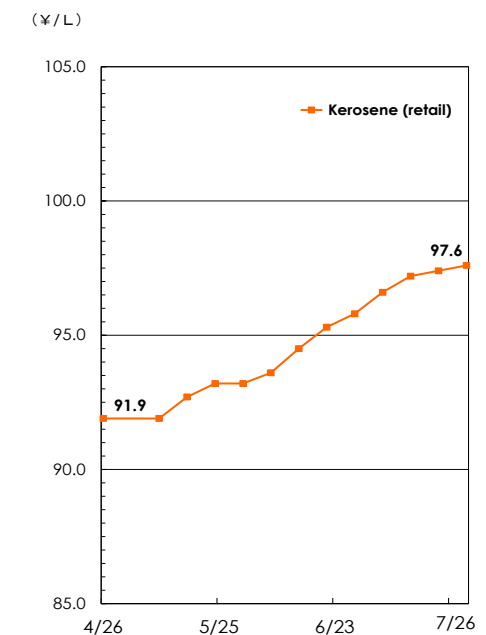
Diesel oil		This week	From a week earlier	From a year earlier	
Supply/ Demand	Production	7/18 ~ 7/24	637 ▼ -27	▲ —	
	Imports	"	n.d.	n.d.	
	Shipments	"	493 ▼ -20	▲ —	
	Exports	"	149 ▼ -5	▲ —	
	Inventories	7/24	1,782 ▼ -5	▲ —	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	7/20 ~ 7/26	68.5 ▼ -1.0	▲ 25.3	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	7/20 ~ 7/26	66.3 ▼ -2.7	▲ 19.0
		(TOCOM/ Chubu)	7/26	—	—
	Retail prices [weekly trend] (published by ANRE)	7/26	138.3 ▲ 0.1	▲ 25.4	

\*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	7/18 ~ 7/24	182 ▲ 100	▲ —	
	Imports	"	n.d.	n.d.	
	Shipments	"	38 ▲ 24	▼ —	
	Exports	"	0 ▼ -53	➡ —	
	Inventories	7/24	1,907 ▲ 144	▲ —	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	7/20 ~ 7/26	68.0 ▼ -1.0	▲ 24.9	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	7/20 ~ 7/26	59.8 ▼ -2.9	▲ 17.2
		(TOCOM/ Chubu)	7/26	65.0 ▼ -0.5	▲ 21.0
	Retail prices [weekly trend] (published by ANRE)	7/26	97.6 ▲ 0.2	▲ 18.8	



## Relevant Information

### 1 Overseas crude oil prices

On July 28, WTI crude oil futures price on NYMEX rebounded for the first time in three trading days by an expectation for robust oil demand. On this day, the U.S. EIA (Energy Information Administration) announced that the U.S. domestic crude oil inventory decreased by 4.1 million bbl to 435.6 billion bbl, which was more than the market expectation of the decrease by 2.9 million bbl, the lowest inventory level since January 31, 2020, before the outbreaks of the coronavirus. Moreover, the U.S. domestic inventory decreased for oil products, such as gasoline and middle distillates from the previous week more than the market expectation of the decrease. Crude oil inventory in Cushing, Oklahoma, the delivery point of crude oil futures, decreased for the seventh straight week, the lowest level since January 17, 2020. However, the price was restricted due to concerns over the new outbreaks of the new variant of the COVID-19. The September contract gained \$0.74/bbl to \$72.39/bbl from the previous day. The October contract gained \$0.65/bbl to \$71.79/bbl from the previous day.

According to the EIA, the average U.S. retail price of gasoline as of July 26 decreased by 1.7 cents per gallon from a week earlier to \$3.136/gal (92.3 yen/l). The average diesel oil price decreased by 0.2 cents per gallon to \$3.342/gal (98.4 yen/l). The gasoline price decreased for the first time in five weeks. Diesel oil price for the first time in 14 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 July 18-July 24 week in 2021 stood at 483,000 barrels per day, decreasing by 175,000 bpd from the previous week (total capacity remained at 3,458,000 bpd).

Crude oil throughput in the week increased by 109,000 kl from the previous week to 2,594,000 kl. From a year earlier, it increased by 236,000 kl. The topper capacity utilization rate stood at 67.4%, up 2.8 points from the previous week and up 7.2 points from a year earlier.

Production increased from the previous week for gasoline and kerosene and decreased for other petroleum products. Output was up 19.1% for gasoline, down 37.4% for jet fuel, up 121.6% for kerosene, down 4.1% for diesel oil, down 4.1% for Fuel Oil A and down 8.7% 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 149,000 kl, down 5,000 kl from the previous week.

Shipments (excluding imports) in the week decreased from the previous week for diesel oil and Fuel Oil C and increased for other products. From a year earlier, shipments expanded for gasoline, diesel oil and Fuel Oil C and declined for other petroleum products. Gasoline shipments increased by 71.0% from the previous week to 977,000 kl, increasing for the first time in three weeks. Shipments totaled 57,000 kl for jet fuel (up 2.3% from the previous week), 38,000 kl for kerosene (up 167.7% from the previous week), 493,000 kl for diesel oil (down 4.0% from the previous week), 118,000 kl for Fuel Oil A (up 15.8% from the

previous week) and 206,000 kl for Fuel Oil C (down 25.0% from the previous week).

(Unit: 1,000 kl)

	This week (7/18 ~ 7/24)	Previous week (7/11 ~ 7/17)	From a week earlier
Gasoline	977	572	▲ 405 (71%)
Jet fuel	57	55	▲ 2 (4%)
Kerosene (heating Oil)	38	14	▲ 24 (171%)
Diesel oil	493	513	▼ -20 (-4%)
Fuel oil A	118	102	▲ 16 (16%)
Fuel Oil C	206	274	▼ -68 (-25%)
<b>Total</b>	<b>1,889</b>	<b>1,530</b>	<b>▲ 359 (23%)</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 July 24 decreased from a week earlier for gasoline, diesel oil and Fuel Oil C and increased for other petroleum products. From a year earlier, inventories declined for Fuel Oil C and expanded declined for other petroleum products.

Gasoline inventories totaled 2,100,000 kl, down 108,000 kl from a week earlier and up 396,000 kl from a year earlier.

Kerosene inventories totaled 1,907,000 kl, up 144,000 kl from a week earlier and up 6,000 kl from a year earlier.

Diesel oil inventories totaled 1,782,000 kl, down 5,000 kl from a week earlier and up 139,000 kl from a year earlier.

Fuel Oil A inventories totaled 759,000 kl, up 22,000 kl from a week earlier and up 39,000 kl from a year earlier.

Fuel Oil C inventories totaled 1,822,000 kl, down 14,000 kl from a week earlier and down 122,000 kl from a year earlier.

(Unit: 1,000 kl)

	This week (7/24)	Previous week (7/17)	From a week earlier
Gasoline	2,100	2,208	▼ -108 (-5%)
Jet fuel	849	828	▲ 21 (3%)
Kerosene (heating Oil)	1,907	1,763	▲ 144 (8%)
Diesel oil	1,782	1,787	▼ -5 (-0%)
Fuel oil A	759	737	▲ 22 (3%)
Fuel Oil C	1,822	1,836	▼ -14 (-1%)
<b>Total</b>	<b>9,219</b>	<b>9,159</b>	<b>▲ 60 (0.7%)</b>

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

During July 20-July 26, crude oil cost in yen decreased from a week earlier with the decrease in crude oil price and the appreciation of the yen to the US dollar.

For the next week of July 29- August 4, Motouri companies decreased their wholesale prices by 0.5-1.0 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 July 20-July 26 week decreased for all oil products in all trading compared to the period of July 13-July 19.

The latest onshore cargo spot price (the average onshore rack price for four districts -- Chiba, Kawasaki, Chukyo, and Hanshin -- for the July 20-July 26 week) decreased by 1.1 yen/l from a week earlier (July 13-July 19 week) for gasoline, decreased by 1.0 yen/l for kerosene and decreased by 1.0 yen/l for diesel oil. For the latest period of July 20-July 26, the price decreased in a 120-121 yen/l range for gasoline; and decreased in a 67-68 yen/l range for kerosene; decreased in a 69 yen/l range for diesel oil.

The average offshore barge spot price in Tokyo Bay decreased by 0.7 yen/l for gasoline, decreased by 0.7 yen/l for kerosene and decreased by 0.8 yen/l for diesel oil for the July 20-July 26 week from a week earlier. Offshore cargo spot prices during the week July 20-July 26 decreased in a 122-123 yen/l range for gasoline and increased in a 64-65 yen/l range for kerosene and decreased in a 70 yen/l range for diesel oil from a week earlier.

The key average futures price decreased by 1.3 yen/l for gasoline, decreased by 2.9 yen/l for kerosene and decreased by 2.7 yen/l for diesel oil from a week earlier. The key futures price during July 20-July 26 increased significantly in a 116-121 yen/l range for gasoline, increased significantly in a 58-62 yen/l range for kerosene and increased significantly after the significant decrease in a 63-68 yen/l range for diesel oil.

(RIM) [4-district average lorry rack price]		(Unit: yen/l)		
		This week (7/20 ~ 7/26)	Previous week (7/13 ~ 7/19)	From a week earlier
Spot Prices	Regular	67.1	68.2	▼ -1.1
	Kerosene	68.0	69.0	▼ -1.0
	Diesel oil	68.5	69.5	▼ -1.0

(TOCOM) [Front-month contract/closing price] [Average]		(Unit: yen/l)		
		This week (7/20 ~ 7/26)	Previous week (7/13 ~ 7/19)	From a week earlier
Futures Price	Regular	64.5	65.8	▼ -1.3
	Kerosene	59.8	62.7	▼ -2.9
	Diesel oil	66.3	69.0	▼ -2.7

Above prices are before tax.

Reference (July 20 - July 26 actual data)

(Unit: yen/l)			
Products	Spot	Futures	Average
Gasoline	▼ -1.1	▼ -1.3	▼ -1.2
Kerosene	▼ -1.0	▼ -2.9	▼ -2.0
Diesel oil	▼ -1.0	▼ -2.7	▼ -1.9
Fuel Oil A	▼ -0.5		

(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 July 26 increased by 0.1 yen from a week earlier to 158.4 yen/l for gasoline, increased by 0.1 yen to 138.3 yen/l for diesel oil and increased by 2 yen to 1,756 yen for kerosene on an 18-liter tank basis (up 0.2 yen/l to 97.6 yen/l) from a week earlier. The gasoline price increased for the eighth straight week. Diesel oil price increased for the eighth straight week. Kerosene price increased for the 34th straight week.

Gasoline prices increased in 19 prefectures, leveled off in 10 prefectures and decreased in 18 prefectures. The lowest gasoline price among the prefectures was 152.5 yen/l in Tokushima (leveled off from a week earlier). The second lowest was 152.7 yen/l in Okayama (up 1.0 yen/l). The highest price was 168.2 yen/l in Nagasaki (up 0.4 yen/l). Tokyo logged the largest price gain of 1.7 yen/l to 161.5 yen/l. The price leveled off in Kagoshima and other nine prefectures. Saitama, Miyai and Osaka logged the largest price fall of 0.5 yen/l to 152.8 yen/l, to 153.6 yen/l, and to 159.4 yen/l, respectively.

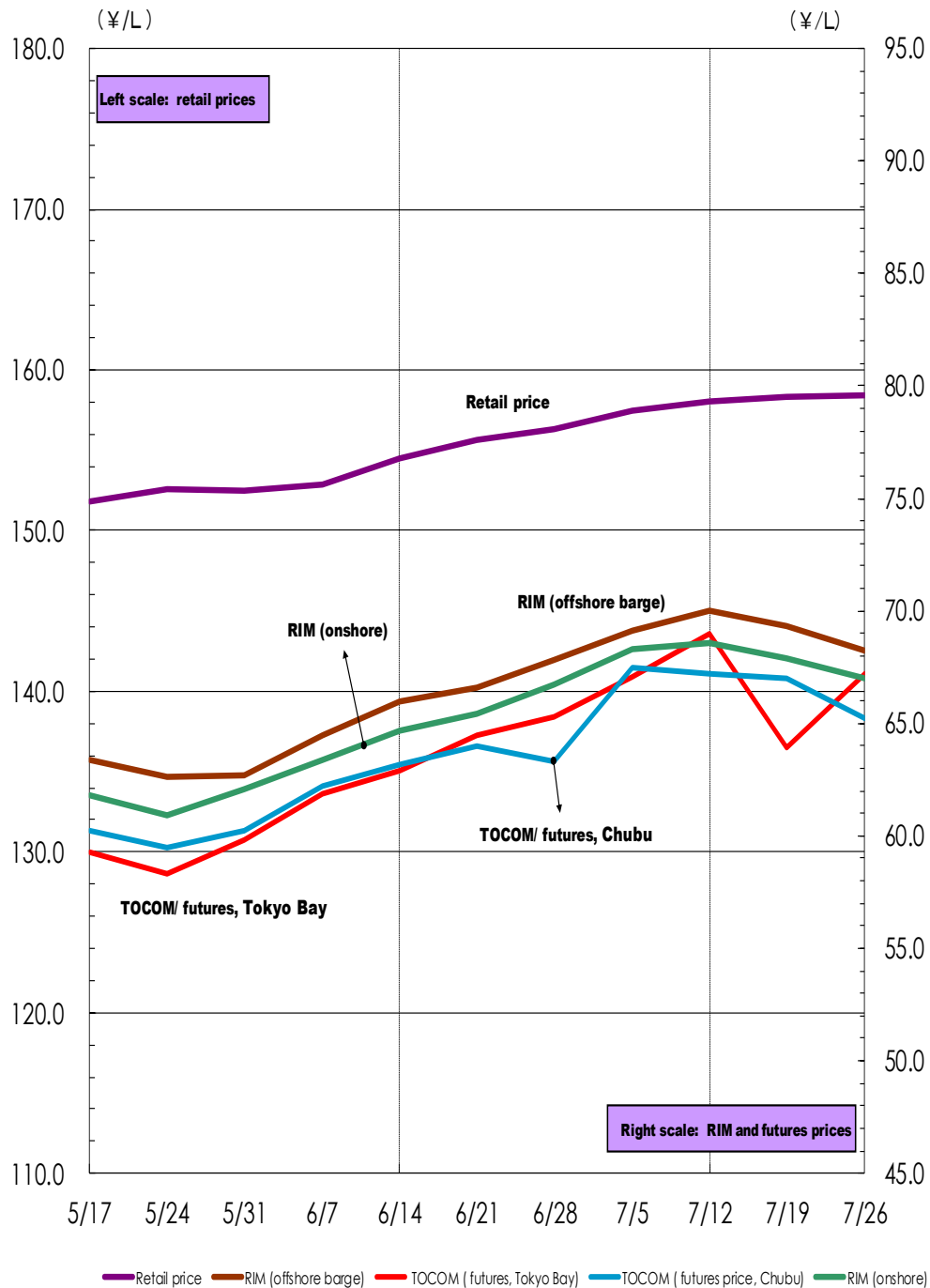
Crude oil cost in yen decreased for the period from July 20-July 26 with the decrease in crude oil price and the appreciation of the yen to the US dollar. Motouri companies decreased their wholesale prices by 0.5-1.0 yen/l for gasoline, diesel oil and kerosene for the period from July 29-August 4. Retail gasoline price on the next price survey day (August 2) is expected to decrease slightly from a week earlier.

(Published by ANRE)[Weekly trend]		(Unit: yen/l)			
		This week (7/26)	Previous week (7/19)	From a week earlier	Latest high
Retail Price	Regular	158.4	158.3	▲ 0.1	08/8/4 185.1
	Kerosene	97.6	97.4	▲ 0.2	08/8/11 132.1
	Diesel oil	138.3	138.2	▲ 0.1	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

(2021/5/17 ~ 2021/7/26)



(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. 18 for 2021) will be announced on August 20.

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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).