

# Oil Market Review in Japan No. 22/2021

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## Overview

The key WTI (West Texas Intermediate) crude oil futures contract on NYMEX (New York Mercantile Exchange) in the August 26-September 1 week moved within a range of \$67.42 per barrel and \$69.21/bbl.

On September 2, the October contract rose further, reaching the highest level for the first time in about one month in response to the previous day's announcement of the significant decrease in the U.S. domestic crude oil inventory and cautious easing of the cooperative crude oil production cut by Member of OPEC (Organization for the Petroleum Exporting Countries) Plus. The U.S. DOE (Department of Energy) lent 1.5 million bbl of crude oil from SPR (Strategic Petroleum Reserve) to ExxonMobil in light of oil supply disruption caused by Hurricane "Aida." The October contract closed at \$69.99/bbl up \$1.40/bbl from the previous day.

On September 3, the October contract turned down for the first time in three trading days due to concerns over the U.S. economic outlook. The U.S. Employment Statistics showed less-than-expected results. In addition, the market players tended to take selling position before the three consecutive holidays starting from the following day. However, it took much time for recovery from damages caused by Hurricane "Aida." The price level was supported by concerns over oil supply disruption. Baker Hughes reported that the number of operating U.S. oil-drilling rigs decreased by 16 units from a week earlier to 394 units.

The October contract closed at \$69.29/bbl down \$0.70/bbl from the previous day.

On September 6, market was closed for Labor Day.

On September 7, the key contract turned down further due to concerns over relaxing oil supply and demand in the future. It was announced the previous weekend that Saudi Aramco lowered adjustment fees of crude oil price for October 2021 shipment. Another factor pushing down price was a sense of overvalued crude oil futures price caused by the appreciation of the U.S. dollar in the foreign exchange market. However, it took still much time for recovery from damages caused by Hurricane "Aida." The market players were still concerned about oil supply disruption. The October contract lost \$0.94/bbl to \$68.35/bbl from the previous day.

On September 8, the key contract rebounded for the first time in three trading days due to a sense of tightening oil supply and demand. Oil facilities in the U.S. Gulf of Mexico were still damaged by Hurricane "Aida", which would still take more time for recovery. The October contract gained \$0.95/bbl to \$69.30/bbl from the previous day.

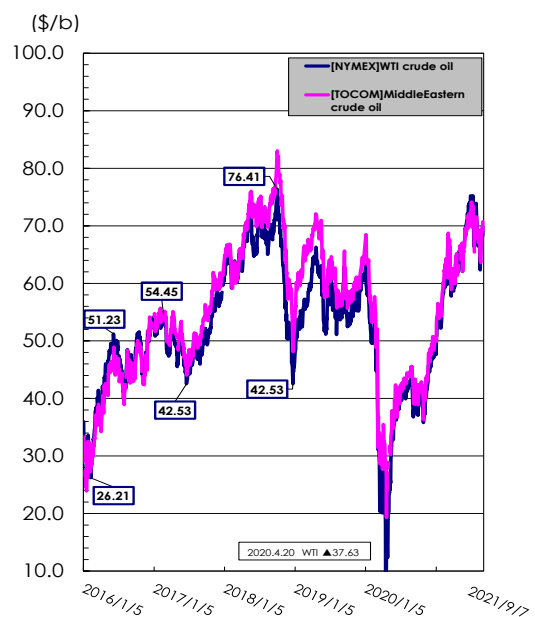
The Asian benchmark crude oil of Dubai for October delivery on the Tokyo market ranged from \$70.30/bbl to \$71.70/bbl in the August 26-September 1 week. It closed at \$69.60/bbl on September 2, at \$71.30/bbl on September 3, at \$69.70/bbl on September 6, at \$70.50/bbl on September 7, at \$69.90/bbl on September 8.

On the foreign exchange market in the August 26-September 1 week, the dollar moved within a range of 109.74 yen and 110.19 yen. It changed hands at 110.00 yen in late trading on September 2 at 109.94 yen on September 3, at 109.83 yen on September 6, at 109.78 yen on September 7, at 110.27 yen on September 8.

According to preliminary 10-day trade statistics released by the Ministry of Finance on September 7, the average crude oil import CIF price for Japan in the mid-August period stood at 51,599 yen/kl (kiloliter), up 1,202 yen/kl from the previous 10-day period. In dollars, the price was \$74.79/bbl, up \$1.83/bbl. The average exchange rate was 109.68 yen to the dollar.

Japan's average retail price on September 6 gained by 0.3 yen/l from a week earlier for gasoline and gained by 0.3 yen/l for diesel oil and gained by 4.0 yen for kerosene on an 18-liter tank basis. The gasoline price increased for the first time in three weeks. Diesel oil price increased for the first time in three weeks. Kerosene price increased for the first time in three weeks. As crude oil cost increased slightly for the first week of September, Motouri companies increased their wholesale prices by 0.5 yen/l from a week earlier for gasoline, diesel oil and kerosene for the next week.

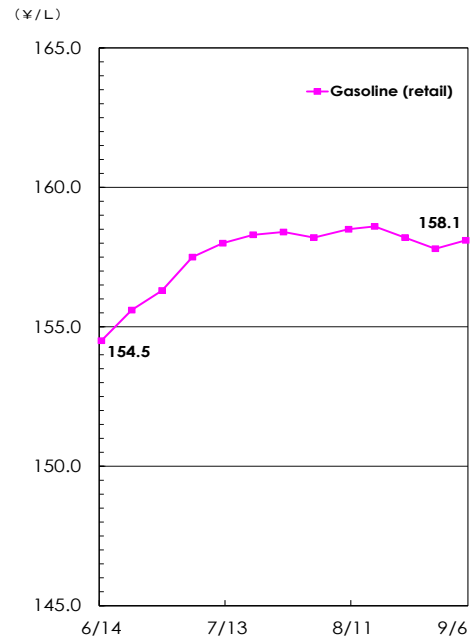
Crude oil			This week	From a week earlier	From a year earlier
Supply/Demand	Crude oil runs (1,000 kl)	8/29 ~ 9/4	3,000	▲ 7	▲ —
	Topper capacity utilization rate (%)	"	78.0	▲ 0.2	▲ —
	Crude oil inventories (1,000 kl)	9/4	10,358	▲ 152	▼ —
Prices	Middle Eastern crude oil (TOCOM) (\$/bbl)	9/6	69.03	▼ -0.23	▲ 27.5
	WTI crude oil (NYMEX) (\$/bbl)	9/7	68.35	▼ -0.86	▲ 31.6
	Crude oil import CIF price (\$/bbl)	Mid Aug	74.79	▲ 1.83	▲ 31.34
	①Crude oil import CIF price (yen/kl)	"	51,599	▲ 1,202	▲ 22,597
	②Yen-dollar exchange rate (yen/dollar)	"	109.68	▲ 0.15	▼ -3.57
	TTS exchange rate (yen/dollar)	9/6	110.83	▼ -0.09	▼ -3.47



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

Gasoline		This week	From a week earlier	From a year earlier	
Supply/ Demand	Production	8/29 ~ 9/4	811 ▼ -32	▼ -	
	Imports	"	n.d.	n.d.	
	Shipments	"	737 ▼ -44	▼ -	
	Exports	"	32 ▲ 32	▲ -	
	Inventories	9/4	1,620 ▲ 42	▼ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	8/31 ~ 9/6	66.3 ▲ 1.6	▲ 20.3	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	8/31 ~ 9/6	64.0 ▲ 0.1	▲ 22.7
		(TOCOM/ Chubu)	9/6	64.4 ▼ -0.3	▲ 22.4
	Retail prices [weekly trend] (published by ANRE)	9/6	158.1 ▲ 0.3	▲ 22.6	

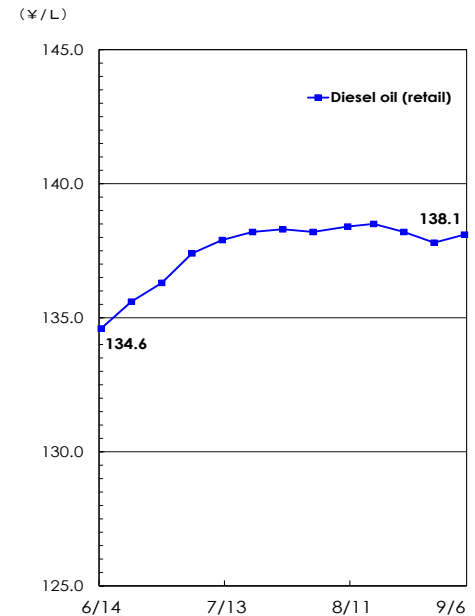
\*Gyoten and futures prices are before tax



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

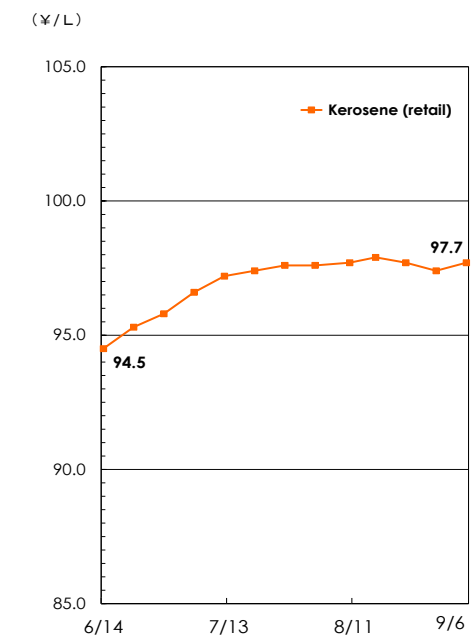
Diesel oil		This week	From a week earlier	From a year earlier	
Supply/ Demand	Production	8/29 ~ 9/4	796 ▲ 46	▲ -	
	Imports	"	n.d.	n.d.	
	Shipments	"	753 ▲ 213	▲ -	
	Exports	"	248 ▲ 22	▲ -	
	Inventories	9/4	1,583 ▼ -205	▼ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	8/31 ~ 9/6	67.4 ▲ 2.0	▲ 19.0	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	8/31 ~ 9/6	66.1 ▲ 0.6	▲ 17.8
		(TOCOM/ Chubu)	9/6	-	-
	Retail prices [weekly trend] (published by ANRE)	9/6	138.1 ▲ 0.3	▲ 22.1	

\*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	8/29 ~ 9/4	175 ▼ -43	▲ -	
	Imports	"	n.d.	n.d.	
	Shipments	"	143 ▼ -7	▲ -	
	Exports	"	48 ▲ 48	▲ -	
	Inventories	9/4	2,138 ▼ -16	▼ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	8/31 ~ 9/6	67.1 ▲ 2.2	▲ 19.0	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	8/31 ~ 9/6	62.2 ▲ 1.0	▲ 19.4
		(TOCOM/ Chubu)	9/6	65.9 ▲ 3.4	▲ 22.4
	Retail prices [weekly trend] (published by ANRE)	9/6	97.7 ▲ 0.3	▲ 16.5	



## Relevant Information

### 1 Overseas crude oil prices

On September 8, WTI crude oil futures price on NYMEX rebounded for the first time in three trading days. It took much time for recovery from damages caused by Hurricane "Aida", which hit the southern part of the U.S. at the end of August 2021. As of September 8, about 80% of crude oil production (about 0.45 million bbl/d) in the U.S. Gulf of Mexico was suspended. The total loss of crude oil production reached 17.50 million bbl. The U.S. oil facilities off the coast of the Gulf of Mexico account for about 20% of the U.S. total crude oil production and about 50% of the U.S. oil refineries. The market players were still concerned about oil supply disruption. The U.S. EIA (Energy Information Administration) will announce the U.S. domestic oil inventories on September 9, one day delay due to Labor Day. The October contract gained \$0.95/bbl to \$69.30/bbl from the previous day. The November contract gained \$0.92/bbl to \$69.05/bbl from the previous day.

According to the EIA, the average U.S. retail price of gasoline as of September 6 increased by 3.7 cents per gallon from a week earlier to \$3.176/gal (92.9 yen/l). The average diesel oil price increased by 3.4 cents per gallon to \$3.373/gal (98.6 yen/l). The gasoline price increased for the first time in three weeks. Diesel oil price increased for the second 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 August 29-September 4 week in 2021 stood at 187,000 barrels per day, increasing by 52,000 bpd from the previous week (total capacity remained at 3,458,000 bpd).

Crude oil throughput in the week increased by 7,000 kl from the previous week to 3,000,000 kl. From a year earlier, it increased by 535,000 kl. The topper capacity utilization rate stood at 78.0%, up 0.2 points from the previous week and up 15.0 points from a year earlier.

Production increased from the previous week for diesel oil and decreased for other petroleum products. Output was down 3.8% for gasoline, down 0.9% for jet fuel, down 19.6% for kerosene, up 6.1% for diesel oil, down 16.8% for Fuel Oil A, and down 0.5% for Fuel Oil C. Fuel Oil C imports in the week totaled 0 kl, down 5,000 kl from the previous week. Diesel oil exports aggregated 248,000 kl, up 22,000 kl from the previous week.

Shipments (excluding imports) in the week increased from the previous week for jet fuel and Fuel Oil C and increased for other products. From a year earlier, shipments declined for gasoline and jet fuel and expanded for other petroleum products. Gasoline shipments decreased by 5.7% from the previous week to 737,000 kl, decreasing for the first time in two weeks. Shipments totaled 48,000 kl for jet fuel (up 25.6% from the previous week), 143,000 kl for kerosene (down 5.0% from the previous week), 753,000 kl for diesel oil (down 36.4% from the previous week), 177,000 kl for Fuel Oil A (down 5.7% from the previous week), and 185,000 kl for Fuel Oil C (up 22.9% from the previous week).

(Unit: 1,000 kl)

	This week (8/29 ~ 9/4)	Previous week (8/22 ~ 8/28)	From a week earlier
Gasoline	737	781	▼ -44 (-6%)
Jet fuel	48	38	▲ 10 (26%)
Kerosene (heating Oil)	143	150	▼ -7 (-5%)
Diesel oil	753	540	▲ 213 (39%)
Fuel oil A	177	188	▼ -11 (-6%)
Fuel Oil C	185	151	▲ 34 (23%)
<b>Total</b>	<b>2,043</b>	<b>1,848</b>	<b>▲ 195 (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 September 4 increased from a week earlier for gasoline, Fuel Oil A and Fuel Oil C and decreased for other petroleum products. From a year earlier, inventories expanded for Fuel Oil A and Fuel Oil C and declined for other petroleum products.

Gasoline inventories totaled 1,620,000 kl, up 42,000 kl from a week earlier and down 112,000 kl from a year earlier.

Kerosene inventories totaled 2,138,000 kl, down 16,000 kl from a week earlier and down 466,000 kl from a year earlier.

Diesel oil inventories totaled 1,583,000 kl, down 205,000 kl from a week earlier and down 56,000 kl from a year earlier.

Fuel Oil A inventories totaled 745,000 kl, up 9,000 kl from a week earlier and up 34,000 kl from a year earlier.

Fuel Oil C inventories totaled 1,919,000 kl, up 8,000 kl from a week earlier and up 14,000 kl from a year earlier.

(Unit: 1,000 kl)

	This week (9/4)	Previous week (8/28)	From a week earlier
Gasoline	1,620	1,578	▲ 42 (3%)
Jet fuel	753	842	▼ -89 (-11%)
Kerosene (heating Oil)	2,138	2,154	▼ -16 (-1%)
Diesel oil	1,583	1,788	▼ -205 (-11%)
Fuel oil A	745	736	▲ 9 (1%)
Fuel Oil C	1,919	1,911	▲ 8 (0%)
<b>Total</b>	<b>8,758</b>	<b>9,009</b>	<b>▼ -251 (-2.8%)</b>

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

During August 31-September 6, crude oil cost in yen increased slightly from a week earlier with the slight increase in crude oil price and the almost leveled off yen to the US dollar.

For the next week of September 9-September 15, Motouri companies increased their wholesale prices by 0.5 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 August 31-September 6 week increased for all oil products compared to the period of August 24-August 30.

The latest onshore cargo spot price (the average onshore rack price for four districts -- Chiba, Kawasaki, Chukyo, and Hanshin -- for the August 31-September 6) increased by 1.6 yen/l from a week earlier (August 24-August 30 week) for gasoline, increased by 2.2 yen/l for kerosene and increased by 2.0 yen/l for diesel oil. For the latest period of August 31-September 6, the price increased significantly in a 118-120 yen/l range for gasoline; and decreased slightly after the significant increase in a 65-67 yen/l range for kerosene; decreased slightly after the significant increase in a 65-68 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 1.5 yen/l for kerosene and increased by 2.0 yen/l for diesel oil for the August 31-September 6 week from a week earlier. Offshore cargo spot prices during August 31-September 6 increased in a 119-121 yen/l range for gasoline and decreased after the significant increase in a 63-65 yen/l range for kerosene and increased significantly in a 66-69 yen/l range for diesel oil from a week earlier.

The key average futures price increased by 0.1 yen/l for gasoline, increased by 1.0 yen/l for kerosene and increased by 0.6 yen/l for diesel oil from a week earlier. The key futures price during August 31-September 6 decreased significantly in a 117-118 yen/l range for gasoline, leveled off in a 62 yen/l for kerosene and decreased after the fluctuation in a 65-66 yen/l range for diesel oil.

(RIM) [4-district average lorry rack price]		(Unit: yen/l)		
		This week (8/31 ~ 9/6)	Previous week (8/24 ~ 8/30)	From a week earlier
Spot Prices	Regular	66.3	64.7	▲ 1.6
	Kerosene	67.1	64.9	▲ 2.2
	Diesel oil	67.4	65.4	▲ 2.0

(TOCOM) [Front-month contract/closing price] [Average]		(Unit: yen/l)		
		This week (8/31 ~ 9/6)	Previous week (8/24 ~ 8/30)	From a week earlier
Futures Price	Regular	64.0	63.9	▲ 0.1
	Kerosene	62.2	61.2	▲ 1.0
	Diesel oil	66.1	65.5	▲ 0.6

Above prices are before tax.

Reference (August 31 - September 6 actual data)

(Unit: yen/l)			
Products	Spot	Futures	Average
Gasoline	▲ 1.6	▲ 0.1	▲ 0.9
Kerosene	▲ 2.2	▲ 1.0	▲ 1.6
Diesel oil	▲ 2.0	▲ 0.6	▲ 1.3
Fuel Oil A	▲ 1.7		

(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 September 6 increased by 0.3 yen from a week earlier to 158.1 yen/l for gasoline, increased by 0.3 yen to 138.1 yen/l for diesel oil and increased by 4 yen to 1,758 yen for kerosene on an 18-liter tank basis (increased by 0.3 yen to 97.7 yen/l) from a week earlier. The gasoline price increased for the first time in three weeks. Diesel oil price increased for the first time in three weeks. Kerosene price increased for the first time in three weeks.

Gasoline prices increased in 29 prefectures, leveled off in eight prefectures and decreased in 10 prefectures. The lowest gasoline price among the prefectures was 151.6 yen/l in Saitama (up 0.9 yen/l from a week earlier). The second lowest was 152.3 yen/l in Miyagi (up 0.4 yen/l). The highest price was 168.5 yen/l in Nagasaki (down 0.6 yen/l). Aichi logged the largest price gain of 1.9 yen/l to 155.4 yen/l. The price leveled off in Oita and other seven prefectures. Kagoshima logged the largest price fall of 1.5 yen/l to 166.0 yen/l.

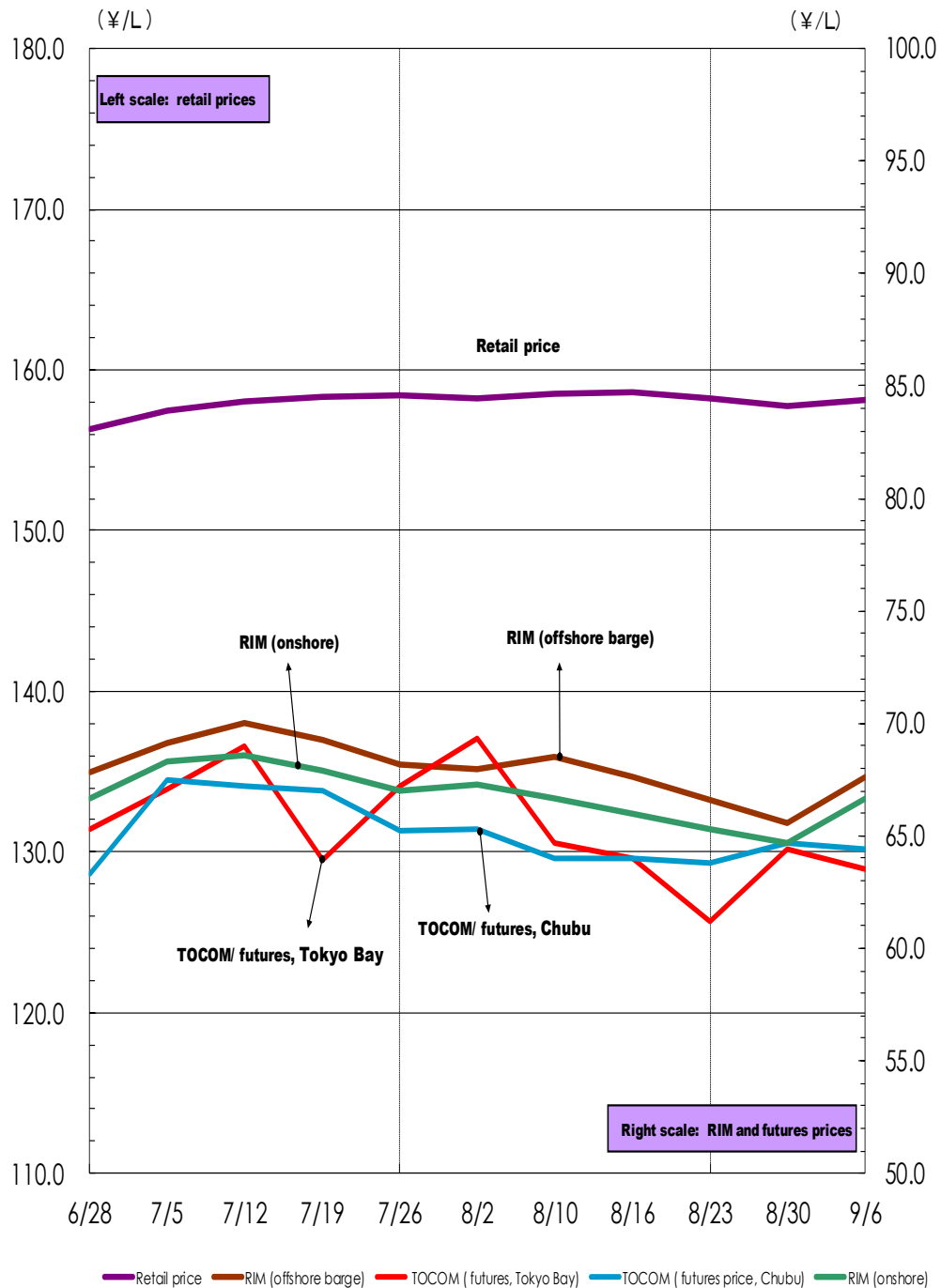
Crude oil cost in yen increased slightly for the period from August 31-September 6 with the slight increase in crude oil price and the almost leveled off yen to the US dollar. Motouri companies increased their wholesale prices by 0.5 yen/l for gasoline, diesel oil and kerosene for the period from September 9-September 15. Retail gasoline price on the next price survey day (September 13) is expected to increase slightly from a week earlier.

(Published by ANRE)[Weekly trend]		(Unit: yen/l)			
		This week (9/6)	Previous week (8/30)	From a week earlier	Latest high
Retail Price	Regular	158.1	157.8	▲ 0.3	08/8/4 185.1
	Kerosene	97.7	97.4	▲ 0.3	08/8/11 132.1
	Diesel oil	138.1	137.8	▲ 0.3	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

(2021/6/28 ~ 2021/9/6)



(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. 23 for 2021) will be announced on September 24.

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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).