

# Oil Market Review in Japan No. 27/2021

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## Overview

The key WTI (West Texas Intermediate) crude oil futures contract on NYMEX (New York Mercantile Exchange) in the September 30-October 6 week moved within a range of \$75.03 per barrel and \$78.93/bbl.

On October 7, the November contract closed at \$78.30/bbl up \$0.87/bbl from the previous day. After the preceding selling trend, the market players were concerned again about the possibility of a shortage of crude oil supply in heating oil demand expanding season. Some of the market players were not sure whether Russia would be able to increase the supply of natural gas to stabilize the market. Also, the U.S. Government would be unlikely to release its SPR (Strategic Petroleum Reserve) for the time being.

On October 8, the November contract rose further in the increasing alertness of tight energy supply and demand with economic recovery from damages caused by the new coronavirus. Baker Hughes reported that the number of operating U.S. oil-drilling rigs increased by five units from a week earlier to 433 units. The November contract closed at \$79.35/bbl up \$1.05/bbl from the previous day.

On October 11, the key contract rose temporarily reached \$82.18/bbl, the highest level for the first time in about seven years since October 2014 by the expectation for continuing tight energy supply and demand in heating oil demand expanding season. The November contract closed at \$80.52/bbl up \$1.17/bbl from the previous day, rising further for the third straight trading day.

On October 12, the key contract rose further for the fourth straight trading day by continuing buying trend due to concerns over shortage of energy supply worldwide. The November contract closed at \$80.64/bbl up \$0.12/bbl from the previous day.

On October 13, the key contract turned down for the first time in five trading days due to concerns over slow energy demand growth. The November contract lost \$0.20/bbl to \$80.44/bbl from the previous day.

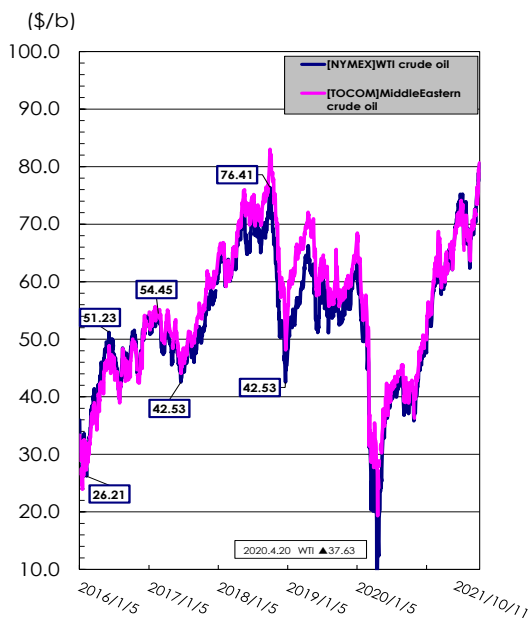
The Asian benchmark crude oil of Dubai for November delivery on the Tokyo market ranged from \$75.80/bbl to \$80.70/bbl in the September 30-October 6 week. It closed at \$79.00/bbl on October 7, at \$81.00/bbl on October 8, at \$81.40/bbl on October 11, at \$81.50/bbl on October 12, at \$81.30/bbl on October 13.

On the foreign exchange market in the September 30-October 6 week, the dollar moved within a range of 110.91 yen and 111.92 yen. It changed hands at 111.40 yen in late trading on October 7, at 111.73 yen on October 8, at 112.30 yen on October 11, at 113.50 yen on October 12, at 113.49 yen on October 13.

According to preliminary 10-day trade statistics released by the Ministry of Finance on October 7, the average crude oil import CIF price for Japan in the mid-September period stood at 50,832 yen/kl (kiloliter), down 227 yen/kl from the previous 10-day period. In dollars, the price was \$73.50/bbl, down \$0.44/bbl. The average exchange rate was 109.95 yen to the dollar.

Japan's average retail price on October 11 gained by 2.1 yen/l from a week earlier for gasoline and gained by 2.0 yen/l for diesel oil and gained by 31 yen for kerosene on an 18-liter tank basis. The gasoline price increased for the sixth straight week. Diesel oil price increased for the sixth straight week. Kerosene price increased for the sixth straight week. As crude oil cost increased for the second week of October, Motouri companies increased their wholesale prices by 2.5-3.0 yen/l from a week earlier for gasoline, diesel oil and kerosene for the next week.

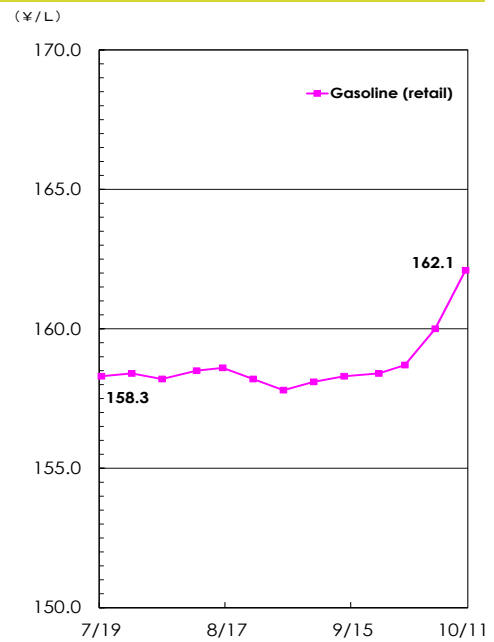
Crude oil			This week	From a week earlier	From a year earlier
Supply/ Demand	Crude oil runs (1,000 kl)	10/3 ~ 10/9	2,744	▲ 18	▲ —
	Topper capacity utilization rate (%)	"	71.3	▲ 0.5	▲ —
	Crude oil inventories (1,000 kl)	10/9	9,728	▲ 374	▼ —
Prices	Middle Eastern crude oil (TOCOM) (\$/bbl)	10/11	80.69	▲ 5.12	▲ 38.9
	WTI crude oil (NYMEX) (\$/bbl)	10/11	80.52	▲ 2.90	▲ 41.1
	Crude oil import CIF price (\$/bbl)	Mid Sep	73.50	▼ -0.44	▲ 27.25
	① Crude oil import CIF price (yen/kl)	"	50,832	▼ -227	▲ 20,007
	② Yen-dollar exchange rate (yen/dollar)	"	109.95	▼ -0.16	▼ -4.00
	TTS exchange rate (yen/dollar)	10/11	113.30	▼ -1.31	▼ -6.64



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

Gasoline		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	10/3 ~ 10/9	823	▼ -16	▼ -	
	Imports	"	n.d.	n.d.	n.d.	
	Shipments	"	758	▼ -28	▲ -	
	Exports	"	169	▲ 28	▲ -	
	Inventories	10/9	1,501	▼ -104	▼ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	10/5 ~ 10/11	72.1	▲ 2.6	▲ 29.5	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	10/5 ~ 10/11	72.1	▲ 2.7	▲ 32.6
		(TOCOM/ Chubu)	10/11	72.8	▲ 2.8	▲ 31.7
	Retail prices [weekly trend] (published by ANRE)	10/11	162.1	▲ 2.1	▲ 28.0	

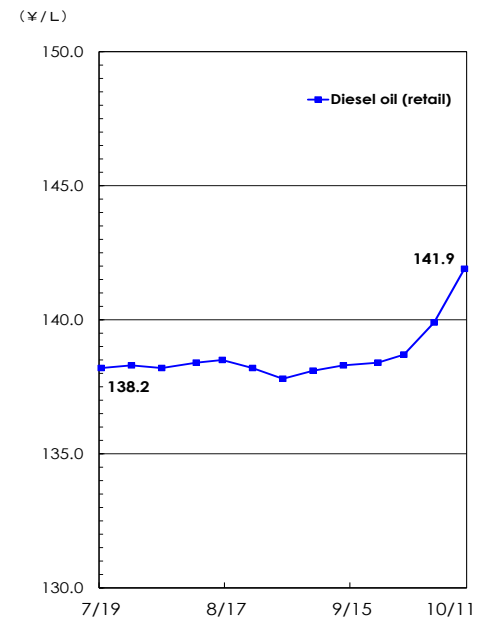
\*Gyoten and futures prices are before tax



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

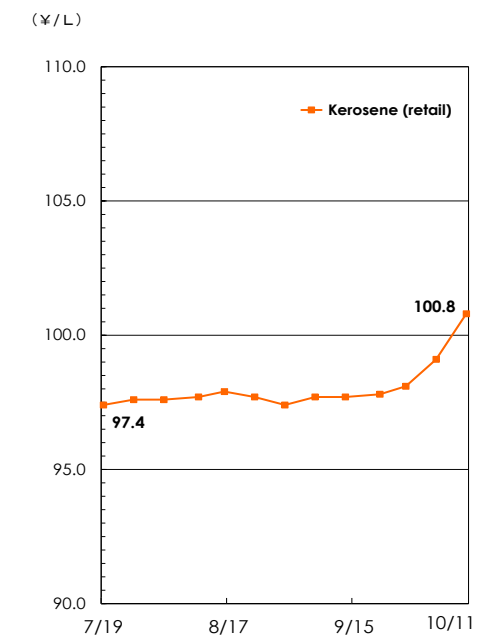
Diesel oil		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	10/3 ~ 10/9	726	▼ -14	▲ -	
	Imports	"	n.d.	n.d.	n.d.	
	Shipments	"	620	▲ 22	▲ -	
	Exports	"	185	▲ 36	▲ -	
	Inventories	10/9	1,461	▼ -79	▼ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	10/5 ~ 10/11	73.1	▲ 1.9	▲ 27.9	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	10/5 ~ 10/11	74.7	▲ 2.9	▲ 27.2
		(TOCOM/ Chubu)	10/11	-	-	-
	Retail prices [weekly trend] (published by ANRE)	10/11	141.9	▲ 2.0	▲ 27.1	

\*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	10/3 ~ 10/9	174	▼ -33	▼ -	
	Imports	"	n.d.	n.d.	n.d.	
	Shipments	"	115	▼ -38	▼ -	
	Exports	"	0	➡ 0	▼ -	
	Inventories	10/9	2,598	▲ 59	▼ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	10/5 ~ 10/11	73.0	▲ 2.6	▲ 28.0	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	10/5 ~ 10/11	72.5	▲ 4.5	▲ 29.9
		(TOCOM/ Chubu)	10/11	75.0	▲ 6.5	▲ 31.0
	Retail prices [weekly trend] (published by ANRE)	10/11	100.8	▲ 1.7	▲ 20.4	



## Relevant Information

### 1 Overseas crude oil prices

On October 13, WTI crude oil futures price on NYMEX turned down for the first time in five trading days. According to the announcement of the U.S. Department of Labor in the morning, the U.S. CPI (Consumer Price Index) increased by 5.4 percentage points for September 2021 compared to the same month of the previous year, which supported the expectation for rising inflation. Therefore, some of the market players were concerned about the possibility of the less-than-expected growth of energy demand. On the other hand, the extent of price reduction was limited. The U.S. EIA (Energy Information Administration) announced on this day that the U.S. household expenses on natural gas for heating from October 2021 to March 2022 would increase by 30% compared to the same period of the previous year. The market players expected tight energy supply and demand including crude oil for the time being. The November contract lost \$0.20/bbl to \$80.44/bbl from the previous day. The December contract lost \$0.10/bbl to \$79.82/bbl from the previous day.

According to the EIA, the average U.S. retail price of gasoline as of October 11 increased by 7.7 cents per gallon from a week earlier to \$3.267/gal (97.7 yen/l). The average diesel oil price increased by 10.9 cents per gallon to \$3.586/gal (107.2 yen/l). The gasoline price increased for the second straight week. Diesel oil price increased for the fourth 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 October 3-October 9 week in 2021 stood at 373,000 barrels per day, increasing by 50,000 bpd from the previous week (total capacity remained at 3,458,000 bpd).

Crude oil throughput in the week increased by 18,000 kl from the previous week to 2,744,000 kl. From a year earlier, it increased by 259,000 kl. The topper capacity utilization rate stood at 71.3%, up 0.5 points from the previous week and up 7.2 points from a year earlier.

Production increased from the previous week for Fuel Oil A and Fuel Oil C and decreased for other petroleum products. Output was down 2.0% for gasoline, down 21.1% for jet fuel, down 16.0% for kerosene, down 1.9% for diesel oil, up 5.1% for Fuel Oil A, and up 47.6% 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 185,000 kl, up 36,000 kl from the previous week.

Shipments (excluding imports) in the week increased from the previous week for diesel oil Fuel Oil A, and Fuel Oil C and decreased for other products. From a year earlier, shipments expanded for gasoline, diesel oil, Fuel Oil A, and Fuel Oil C and declined for all petroleum products. Gasoline shipments decreased by 3.6% from the previous week to 758,000 kl, decreasing for the second straight week. Shipments totaled 49,000 kl for jet fuel (down 25.1% from the previous week), 115,000 kl for kerosene (down 24.9% from the previous week), 620,000 kl for diesel oil (up 3.7% from the previous week), 183,000 kl for Fuel Oil A (up

31.6% from the previous week), and 193,000 kl for Fuel Oil C (up 215.8% from the previous week).

(Unit: 1,000 kl)

	This week (10/3 ~ 10/9)	Previous week (9/26 ~ 10/2)	From a week earlier
Gasoline	758	786	▼ -28 (-4%)
Jet fuel	49	65	▼ -16 (-25%)
Kerosene (heating Oil)	115	153	▼ -38 (-25%)
Diesel oil	620	598	▲ 22 (4%)
Fuel oil A	183	139	▲ 44 (32%)
Fuel Oil C	193	61	▲ 132 (216%)
Total	1,918	1,802	▲ 116 (6%)

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 October 9 increased from a week earlier for kerosene and decreased for other petroleum products. From a year earlier, inventories expanded for Fuel Oil C and declined for other petroleum products.

Gasoline inventories totaled 1,501,000 kl, down 104,000 kl from a week earlier and down 387,000 kl from a year earlier.

Kerosene inventories totaled 2,598,000 kl, up 59,000 kl from a week earlier and down 375,000 kl from a year earlier.

Diesel oil inventories totaled 1,461,000 kl, down 79,000 kl from a week earlier and down 118,000 kl from a year earlier.

Fuel Oil A inventories totaled 712,000 kl, down 11,000 kl from a week earlier and down 33,000 kl from a year earlier.

Fuel Oil C inventories totaled 1,910,000 kl, down 41,000 kl from a week earlier and up 96,000 kl from a year earlier.

(Unit: 1,000 kl)

	This week (10/9)	Previous week (10/2)	From a week earlier
Gasoline	1,501	1,605	▼ -104 (-6%)
Jet fuel	837	859	▼ -22 (-3%)
Kerosene (heating Oil)	2,598	2,539	▲ 59 (2%)
Diesel oil	1,461	1,540	▼ -79 (-5%)
Fuel oil A	712	723	▼ -11 (-2%)
Fuel Oil C	1,910	1,951	▼ -41 (-2%)
Total	9,019	9,217	▼ -198 (-2.1%)

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

During October 5-October 11, crude oil cost in yen increased from a week earlier with the increase in crude oil price and the slight depreciation of the yen to the US dollar.

For the next week of October 14-October 20, Motouri companies increased their wholesale prices by 2.5-3.0 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 October 5-October 11 week increased for all oil products in all trading compared to the period of September 28-October 4.

The latest onshore cargo spot price (the average onshore rack price for four districts -- Chiba, Kawasaki, Chukyo, and Hanshin -- for the October 5-October 11) increased by 2.6 yen/l from a week earlier (September 28-October 4) for gasoline, increased by 2.6 yen/l for kerosene and increased by 1.9 yen/l for diesel oil.

The average offshore barge spot price in Tokyo Bay increased by 2.5 yen/l for gasoline, increased by 3.1 yen/l for kerosene and increased by 2.4 yen/l for diesel oil for the October 5-October 11 week from a week earlier.

The key average futures price increased by 2.7 yen/l for gasoline, increased by 4.5 yen/l for kerosene and increased by 2.9 yen/l for diesel oil from a week earlier.

(RIM) [4-district average lorry rack price]		(Unit: yen/l)		
		This week (10/5 ~ 10/11)	Previous week (9/28 ~ 10/4)	From a week earlier
Spot Prices	Regular	72.1	69.5	▲ 2.6
	Kerosene	73.0	70.4	▲ 2.6
	Diesel oil	73.1	71.2	▲ 1.9

(TOCOM) [Front-month contract/closing price] [Average]		(Unit: yen/l)		
		This week (10/5 ~ 10/11)	Previous week (9/28 ~ 10/4)	From a week earlier
Futures Price	Regular	72.1	69.4	▲ 2.7
	Kerosene	72.5	68.0	▲ 4.5
	Diesel oil	74.7	71.8	▲ 2.9

Above prices are before tax.

Reference (October 5 - October 11 actual data)

(Unit: yen/l)			
Products	Spot	Futures	Average
Gasoline	▲ 2.6	▲ 2.7	▲ 2.6
Kerosene	▲ 2.6	▲ 4.5	▲ 3.6
Diesel oil	▲ 1.9	▲ 2.9	▲ 2.4
Fuel Oil A	▲ 2.2		

(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 October 11 increased by 2.1 yen from a week earlier to 162.1 yen/l for gasoline, increased by 2.0 yen to 141.9 yen/l for diesel oil and increased by 31 yen to 1,814 yen for kerosene on an 18-liter tank basis (increased by 1.7 yen/l to 100.8 yen/l) from a week earlier. The gasoline price increased for the sixth straight week. Diesel oil price increased for the sixth straight week. Kerosene price increased for the sixth straight week.

Gasoline prices increased in all 47 prefectures, leveled off in no prefectures and decreased in no prefectures. The lowest gasoline price among the prefectures was 156.5 yen/l in Iwate (up 1.4 yen/l from a week earlier). The second lowest was 156.9 yen/l in Miyagi (up 3.2 yen/l from a week earlier). The highest price was 170.4 yen/l in Nagasaki (up 0.9 yen/l from a week earlier). Okayama logged the largest price gain of 3.7 yen/l to 158.5 yen/l.

The price leveled off in no prefectures. The price decreased in no prefectures.

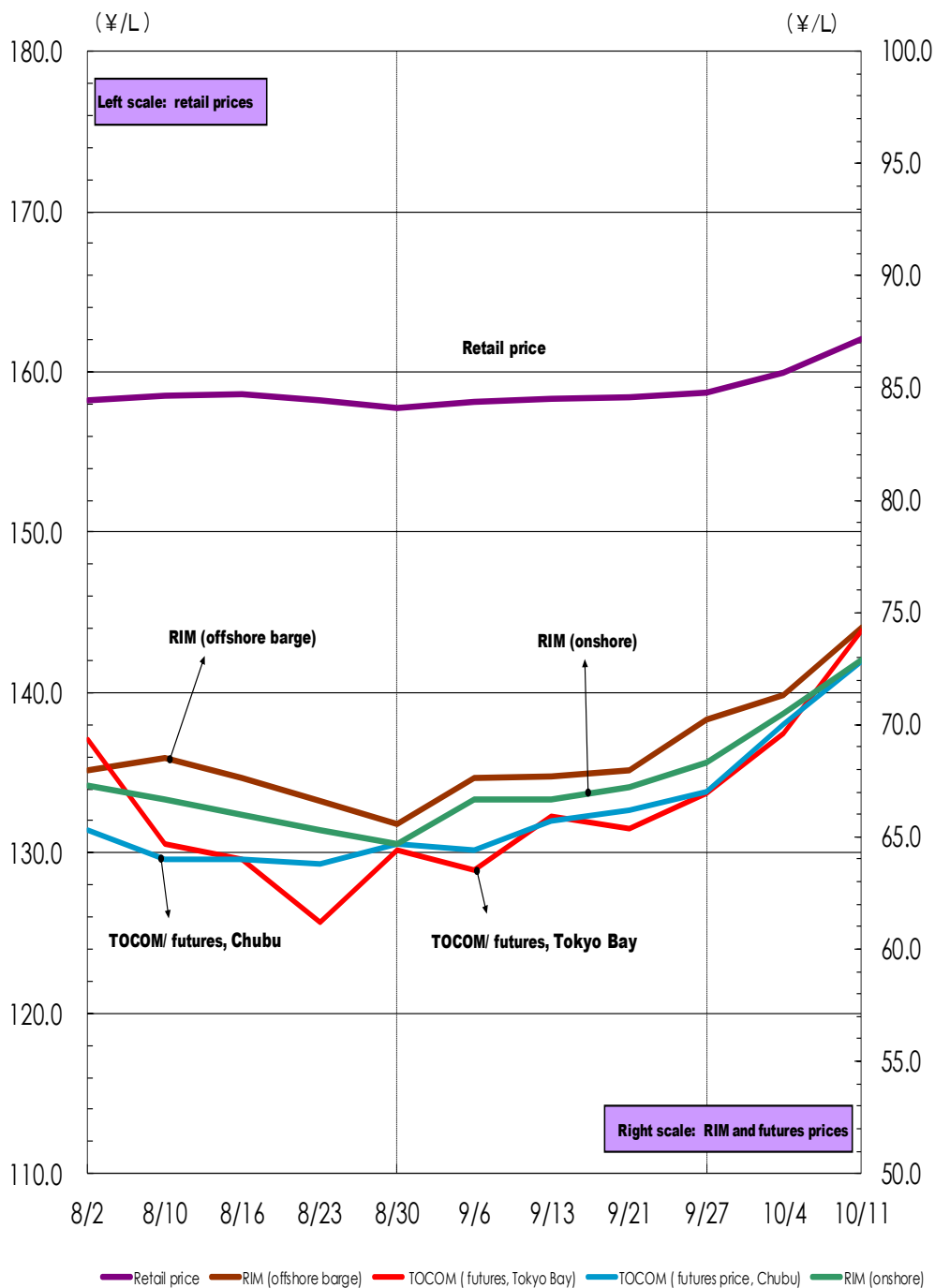
Crude oil cost in yen increased for the period from October 5-October 11 with the increase in crude oil price and the slight depreciation yen to the US dollar. Motouri companies increased their wholesale prices by 2.5-3.0 yen/l for gasoline, diesel oil and kerosene for the period from October 14-October 20. Retail gasoline price on the next price survey day (October 18) is expected to increase from a week earlier.

(Published by ANRE)[Weekly trend]		(Unit: yen/l)			
		This week (10/11)	Previous week (10/4)	From a week earlier	Latest high
Retail Price	Regular	162.1	160.0	▲ 2.1	08/8/4 185.1
	Kerosene	100.8	99.1	▲ 1.7	08/8/11 132.1
	Diesel oil	141.9	139.9	▲ 2.0	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

(2021/8/2 ~ 2021/10/11)



(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. 28 for 2021) will be announced on October 29.

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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).