

# Oil Market Review in Japan No. 29/2021

November 5, 2021, Friday Released every Friday

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

Inui Bldg. Kachidoki, 11th Floor, 13-1, Kachidoki 1-chome, Chuo-ku, Tokyo, 104-8581 Japan  
[https://eneken.ieej.or.jp/en/weekly\\_oil/index.php](https://eneken.ieej.or.jp/en/weekly_oil/index.php)

## Overview

The key WTI (West Texas Intermediate) crude oil futures contract on NYMEX (New York Mercantile Exchange) in the October 14-October 20 week moved within a range of \$81.31 per barrel and \$83.87/bbl.

On October 21, the key contract turned down due to prevailing profit-taking sale. The market players were less cautious for tightening of oil supply and demand caused by a growing fuel oil demand for heating. The NOAA (National Oceanic and Atmospheric Administration) released the weather forecast for this winter on the morning of this day that it would be warmer-than-normal winter in most parts of the U.S., including southern and eastern parts. The December contract, which replaced the November contract as the key front-month contract, closed at \$82.50/bbl down \$0.92/bbl from the previous day.

On October 22, the key contract rose due to the depreciation of the U.S. dollar against the Euro and so forth. The December contract closed at \$83.76/bbl up \$1.26/bbl from the previous day. Buying trend prevailed due to a sense of undervalued commodities denominated in the U.S. dollar. Furthermore, investors' risk aversion has gradually abated. The market players also bought crude oil futures, one of the risk assets. The price rise was also supported by the expectation that replacement to oil would proceed while China, European countries and India faced shortage of coal and natural gas. Baker Hughes reported that the number of operating U.S. oil-drilling rigs decreased by two units from a week earlier to 443 units.

On October 25, the key contract rose further, reaching \$85/bbl level for the first time in seven years on a key contract price basis. However, selling trend prevailed for profit-taking later. The December contract closed at \$83.76/bbl, unchanged from the previous day. On the previous weekend, Prince Abdulaziz bin Salman, Energy Minister of Saudi Arabia, reportedly stated that the outbreak of the new coronavirus subsided but did not end. Major oil-producing countries will be unlikely to further increase crude oil production due to caution for sluggish oil demand. The market players raised their expectations for tightening oil supply and demand. Selling for profit-taking prevailed after the bull trend. Many of the analysts expected the increase in the U.S. domestic crude oil inventory to be announced by the U.S. EIA (Energy Information Administration) Weekly Report on October 27, which restricted the price rise.

On October 26, the key contract rose further due to the expectation for tightening oil supply and demand worldwide. The December contract closed at \$84.65/bbl up \$0.89/bbl from the previous day, updating the highest price for the first time in about seven years since October 2014.

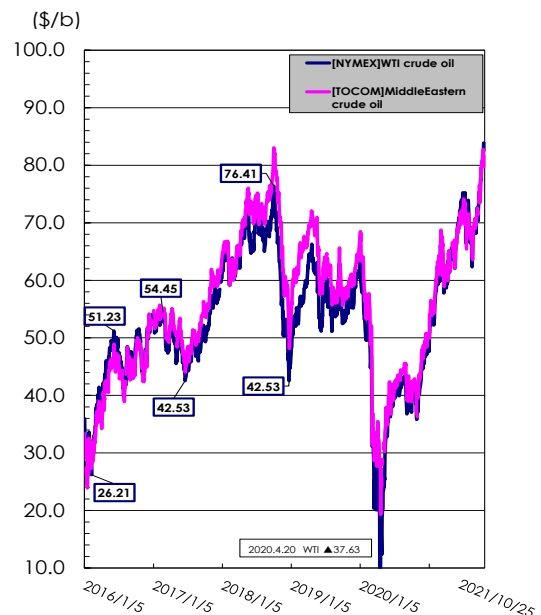
On October 27, the key contract turned down and closed at \$82.66/bbl down \$1.99/bbl from the previous day. According to the U.S. EIA Weekly Report, the U.S. domestic crude oil and oil products inventory increased from the previous week more than the market expectation, which caused a sense of relaxing oil supply and demand.

The Asian benchmark crude oil of Dubai for December delivery on the Tokyo market ranged from \$81.80/bbl to \$83.70/bbl in October 14-October 20 week. It closed at \$83.50/bbl on October 21, at \$82.00/bbl on October 22, at \$83.80/bbl on October 25, at \$84.00/bbl on October 26, at \$83.50/bbl on October 27.

On the foreign exchange market in the October 14-October 20 week, the dollar moved within a range of 113.89 yen and 114.68 yen. It changed hands at 114.28 yen in late trading on October 21, at 114.03 yen on October 22, at 113.72 yen on October 25, at 113.83 yen on October 26, at 114.12 yen on October 27.

Japan's average retail price on October 25 gained by 2.7 yen/l from a week earlier for gasoline and gained by 2.7 yen/l for diesel oil and gained by 50 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 eighth straight week. As crude oil cost increased for the fourth week of October, 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.

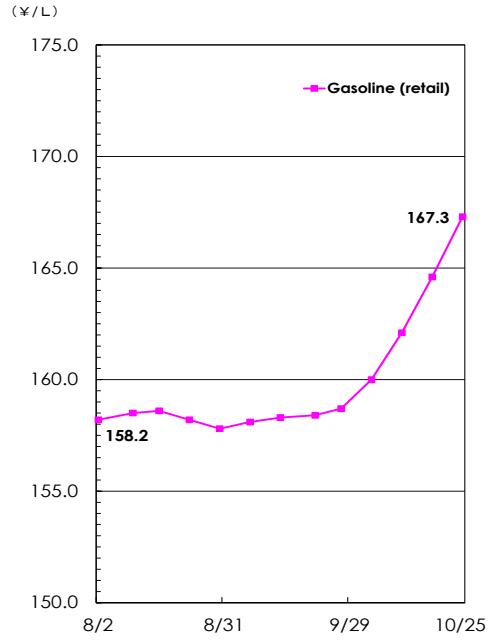
| Crude oil      |   |               | This week | From a week earlier | From a year earlier |
|----------------|---|---------------|-----------|---------------------|---------------------|
| Supply/ Demand | Crude oil runs (1,000 kl)                 | 10/17 ~ 10/23 | 2,741     | ▼ -80               | ▲ —                 |
|                | Topper capacity utilization rate (%)      | "             | 71.2      | ▼ -2.1              | ▲ —                 |
|                | Crude oil inventories (1,000 kl)          | 10/23         | 9,896     | ▼ -132              | ▼ —                 |
| Prices         | Middle Eastern crude oil (TOCOM) (\$/bbl) | 10/25         | 81.50     | ▼ -1.24             | ▲ 40.8              |
|                | WTI crude oil (NYMEX) (\$/bbl)            | 10/25         | 83.76     | ▲ 1.32              | ▲ 45.2              |
|                | Crude oil import CIF price (\$/bbl)       | Late Sep      | 73.96     | ▲ 0.46              | ▲ 27.71             |
|                | ①Crude oil import CIF price (yen/kl)      | "             | 51,115    | ▲ 283               | ▲ 20,290            |
|                | ②Yen-dollar exchange rate (yen/dollar)    | "             | 109.88    | ▲ 0.07              | ▼ -3.93             |
|                | TTS exchange rate (yen/dollar)            | 10/25         | 114.72    | ▲ 0.55              | ▼ -9.02             |



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

| Gasoline          |   | This week          | From a week earlier | From a year earlier |        |
|-------------------|---|--------------------|---------------------|---------------------|--------|
| Supply/<br>Demand | Production  | 10/17 ~ 10/23      | 865 ▲ 24            | ▲ —                 |        |
|                   | Imports   | "                  | n.a.                | n.a.                |        |
|                   | Shipments   | "                  | 737 ▼ -93           | ▼ —                 |        |
|                   | Exports   | "                  | 63 ▲ 63             | ▲ —                 |        |
|                   | Inventories   | 10/23              | 1,575 ▲ 64          | ▼ —                 |        |
| Prices            | Gyoten (spot) [4-district average lorry rack price] (RIM) | 10/19 ~ 10/25      | 76.9 ▲ 2.4          | ▲ 33.8              |        |
|                   | Futures [front-month contract/closing price]              | (TOCOM/ Tokyo Bay) | 10/19 ~ 10/25       | 76.0 ▲ 0.4          | ▲ 36.7 |
|                   |   | (TOCOM/ Chubu)     | 10/25               | 72.0 ▼ -4.5         | ▲ 31.2 |
|                   | Retail prices [weekly trend] (published by ANRE)          | 10/25              | 167.3 ▲ 2.7         | ▲ 33.4              |        |

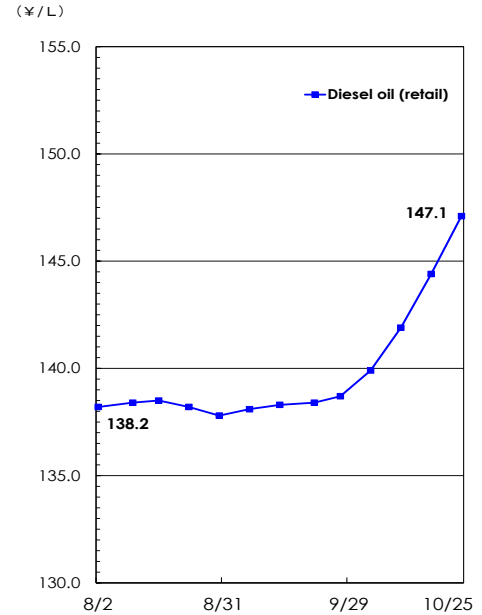
\*Gyoten and futures prices are before tax



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

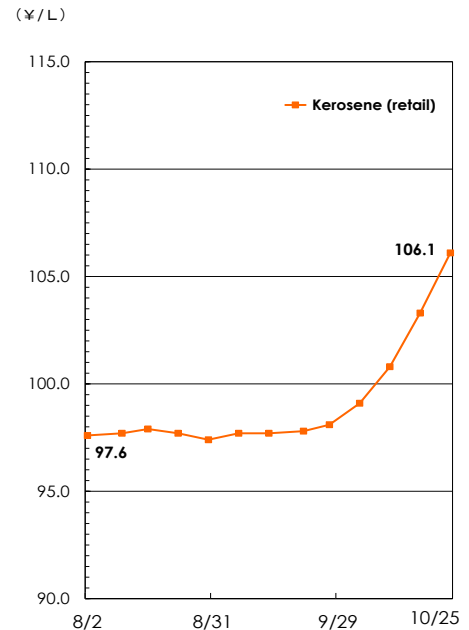
| Diesel oil        |   | This week          | From a week earlier | From a year earlier |        |
|-------------------|---|--------------------|---------------------|---------------------|--------|
| Supply/<br>Demand | Production  | 10/17 ~ 10/23      | 707 ▲ 18            | ▲ —                 |        |
|                   | Imports   | "                  | n.a.                | n.a.                |        |
|                   | Shipments   | "                  | 564 ▼ -33           | ▼ —                 |        |
|                   | Exports   | "                  | 126 ▼ -6            | ▲ —                 |        |
|                   | Inventories   | 10/23              | 1,438 ▲ 16          | ▼ —                 |        |
| Prices            | Gyoten (spot) [4-district average lorry rack price] (RIM) | 10/19 ~ 10/25      | 78.1 ▲ 2.8          | ▲ 32.5              |        |
|                   | Futures [front-month contract/closing price]              | (TOCOM/ Tokyo Bay) | 10/19 ~ 10/25       | 78.0 ▲ 1.7          | ▲ 31.3 |
|                   |   | (TOCOM/ Chubu)     | 10/25               | —                   | —      |
|                   | Retail prices [weekly trend] (published by ANRE)          | 10/25              | 147.1 ▲ 2.7         | ▲ 32.5              |        |

\*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/<br>Demand | Production  | 10/17 ~ 10/23      | 220 ▼ -60           | ▲ —                 |        |
|                   | Imports   | "                  | n.a.                | n.a.                |        |
|                   | Shipments   | "                  | 283 ▲ 104           | ▲ —                 |        |
|                   | Exports   | "                  | 0 ▼ -24             | ▼ —                 |        |
|                   | Inventories   | 10/23              | 2,611 ▼ -63         | ▼ —                 |        |
| Prices            | Gyoten (spot) [4-district average lorry rack price] (RIM) | 10/19 ~ 10/25      | 77.4 ▲ 2.4          | ▲ 32.0              |        |
|                   | Futures [front-month contract/closing price]              | (TOCOM/ Tokyo Bay) | 10/19 ~ 10/25       | 75.4 ➡ 0.0          | ▲ 33.1 |
|                   |   | (TOCOM/ Chubu)     | 10/25               | 77.8 ▲ 1.1          | ▲ 34.2 |
|                   | Retail prices [weekly trend] (published by ANRE)          | 10/25              | 106.1 ▲ 2.8         | ▲ 26.2              |        |



## Relevant Information

### 1 Overseas crude oil prices

On October 27, WTI crude oil futures price on NYMEX turned down due to more-than-expected increase in inventory for both crude oil and oil products. The December contract closed at \$82.66/bbl down \$1.99/bbl from the previous day. The January contract closed at \$81.48/bbl down \$1.88/bbl from the previous day. According to the announcement by the U.S. EIA in the morning, the U.S. domestic inventory for one week until October 22 increased by 4.3 million bbl from the previous week for crude oil, which was as more than twice as increase by the market expectation of the increase by 1.9 million bbl (surveyed by Reuters). On the other hand, stock of gasoline and the middle distillates were withdrawn. The U.S. domestic inventory decreased by 2 million bbl from the previous week for gasoline (against the market expectation of the decrease by 1.9 million) and decreased by 0.4 million bbl for the middle distillates (against the market expectation of the decrease by 2.3 million). Concerns for tightening supply and demand receded in the background of the increase in crude oil inventory, which temporarily pushed down the key contract price to \$82.36/bbl.

According to the EIA, the average U.S. retail price of gasoline as of October 25 increased by 6.1 cents per gallon from a week earlier to \$3.383/gal (102.4 yen/l). The average diesel oil price increased by 4.2 cents per gallon to \$3.713/gal (112.4 yen/l). The gasoline price increased for the fourth straight week. Diesel oil price increased for the sixth 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 17-October 23 week in 2021 stood at 425,000 barrels per day, increasing by 33,000 bpd from the previous week (total capacity remained at 3,458,000 bpd). Crude oil throughput in the week decreased by 80,000 kl from the previous week to 2,741,000 kl. From a year earlier, it increased by 204,000 kl. The topper capacity utilization rate stood at 71.2%, down 2.1 points from the previous week and up 5.3 points from a year earlier.

Production decreased from the previous week for kerosene and increased for other petroleum products. Output was up 2.9% for gasoline, up 11.8% for jet fuel, down 21.4% for kerosene, up 2.6% for diesel oil, up 5.8% for Fuel Oil A, and up 39.2% for Fuel Oil C. Fuel Oil C imports in the week totaled 0 kl, unchanged from the previous week. Diesel oil exports aggregated 126,000 kl, down 6,000 kl from the previous week.

Shipments (excluding imports) in the week increased from the previous week for jet fuel, kerosene and Fuel Oil C and decreased for other products. From a year earlier, shipments expanded for kerosene and declined for all petroleum products. Gasoline shipments decreased by 11.2% from the previous week to 737,000 kl, decreasing for the first time in two weeks. Shipments totaled 56,000 kl for jet fuel (up 37.2% from the previous week), 283,000 kl for kerosene (up 57.7% from the previous week), 564,000 kl for diesel oil (down 5.5% from the previous week), 173,000 kl for Fuel Oil A (down 12.1% from the previous week), and 160,000 kl for Fuel Oil C (up 21.0% from the previous week).

(Unit: 1,000 kl)

|                        | This week<br>(10/17 ~ 10/23) | Previous week<br>(10/10 ~ 10/16) | From<br>a week earlier |
|------------------------|------------------------------|----------------------------------|------------------------|
| Gasoline               | 737                          | 830                              | ▼ -93 (-11%)           |
| Jet fuel               | 56                           | 41                               | ▲ 15 (37%)             |
| Kerosene (heating Oil) | 283                          | 179                              | ▲ 104 (58%)            |
| Diesel oil             | 564                          | 597                              | ▼ -33 (-6%)            |
| Fuel oil A             | 173                          | 197                              | ▼ -24 (-12%)           |
| Fuel Oil C             | 160                          | 132                              | ▲ 28 (21%)             |
| <b>Total</b>           | <b>1,973</b>                 | <b>1,976</b>                     | <b>▼ -3 (-0%)</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 October 23 increased from a week earlier for gasoline, diesel oil and Fuel Oil A 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 1,575,000 kl, up 64,000 kl from a week earlier and down 258,000 kl from a year earlier.

Kerosene inventories totaled 2,611,000 kl, down 63,000 kl from a week earlier and down 281,000 kl from a year earlier.

Diesel oil inventories totaled 1,438,000 kl, up 16,000 kl from a week earlier and down 142,000 kl from a year earlier.

Fuel Oil A inventories totaled 721,000 kl, up 20,000 kl from a week earlier and down 37,000 kl from a year earlier.

Fuel Oil C inventories totaled 1,821,000 kl, down 11,000 kl from a week earlier and up 48,000 kl from a year earlier.

(Unit: 1,000 kl)

|                        | This week<br>(10/23) | Previous week<br>(10/16) | From<br>a week earlier |
|------------------------|----------------------|--------------------------|------------------------|
| Gasoline               | 1,575                | 1,511                    | ▲ 64 (4%)              |
| Jet fuel               | 770                  | 813                      | ▼ -43 (-5%)            |
| Kerosene (heating Oil) | 2,611                | 2,674                    | ▼ -63 (-2%)            |
| Diesel oil             | 1,438                | 1,422                    | ▲ 16 (1%)              |
| Fuel oil A             | 721                  | 701                      | ▲ 20 (3%)              |
| Fuel Oil C             | 1,821                | 1,832                    | ▼ -11 (-1%)            |
| <b>Total</b>           | <b>8,936</b>         | <b>8,953</b>             | <b>▼ -17 (-0.2%)</b>   |

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

During October 19-October 25, 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 October 28-November 3, 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 October 19-October 25 week increased for all oil products in all trading except for the leveled off kerosene futures price compared to the period of October 12-October 18.

The latest onshore cargo spot price (the average onshore rack price for four districts -- Chiba, Kawasaki, Chukyo, and Hanshin -- for the October 19-October 25) increased by 2.4 yen/l from a week earlier (October 12-October 18) for gasoline, increased by 2.4 yen/l for kerosene and increased by 2.8 yen/l for diesel oil.

The average offshore barge spot price in Tokyo Bay increased by 2.2 yen/l for gasoline, increased by 2.0 yen/l for kerosene and increased by 2.4 yen/l for diesel oil for the October 19-October 25 week from a week earlier.

The key average futures price increased by 0.4 yen/l for gasoline, leveled off for kerosene and increased by 1.7 yen/l for diesel oil from a week earlier.

| (RIM)<br>[4-district<br>average lorry<br>rack price] |            | (Unit: yen/l)                |                                  |                        |
|--|------------|------------------------------|----------------------------------|------------------------|
|  |            | This week<br>(10/19 ~ 10/25) | Previous week<br>(10/12 ~ 10/18) | From a week<br>earlier |
| Spot<br>Prices                                       | Regular    | 76.9                         | 74.5                             | ▲ 2.4                  |
|  | Kerosene   | 77.4                         | 75.0                             | ▲ 2.4                  |
|  | Diesel oil | 78.1                         | 75.3                             | ▲ 2.8                  |

| (TOCOM)<br>[Front-month<br>contract/closing<br>price]<br>[Average] |            | (Unit: yen/l)                |                                  |                        |
|--|------------|------------------------------|----------------------------------|------------------------|
|  |            | This week<br>(10/19 ~ 10/25) | Previous week<br>(10/12 ~ 10/18) | From a week<br>earlier |
| Futures<br>Price   | Regular    | 76.0                         | 75.6                             | ▲ 0.4                  |
|  | Kerosene   | 75.4                         | 75.4                             | ▶ 0.0                  |
|  | Diesel oil | 78.0                         | 76.3                             | ▲ 1.7                  |

Above prices are before tax.

Reference (October 19 - October 25 actual data)

| (Unit: yen/l) |       |         |         |
|---------------|-------|---------|---------|
| Products      | Spot  | Futures | Average |
| Gasoline      | ▲ 2.4 | ▲ 0.4   | ▲ 1.4   |
| Kerosene      | ▲ 2.4 | ▶ 0.0   | ▲ 1.2   |
| Diesel oil    | ▲ 2.8 | ▲ 1.7   | ▲ 2.3   |
| Fuel Oil A    | ▲ 2.6 |         |         |

(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 25 increased by 2.7 yen from a week earlier to 167.3 yen/l for gasoline, increased by 2.7 yen to 147.1 yen/l for diesel oil and increased by 50 yen to 1,910 yen for kerosene on an 18-liter tank basis (increased by 2.8 yen/l to 106.1 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 eighth 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 161.9 yen/l in Ibaraki (up 2.1 yen/l from a week earlier). The second lowest was 162.1 yen/l in Saitama (up 2.8 yen/l from a week earlier). The highest price was 175.1 yen/l in Nagano (up 2.7 yen/l from a week earlier). Oita logged the largest price gain of 4.7 yen/l to 173.5 yen/l. The price leveled off in no prefectures. The price decreased in no prefectures.

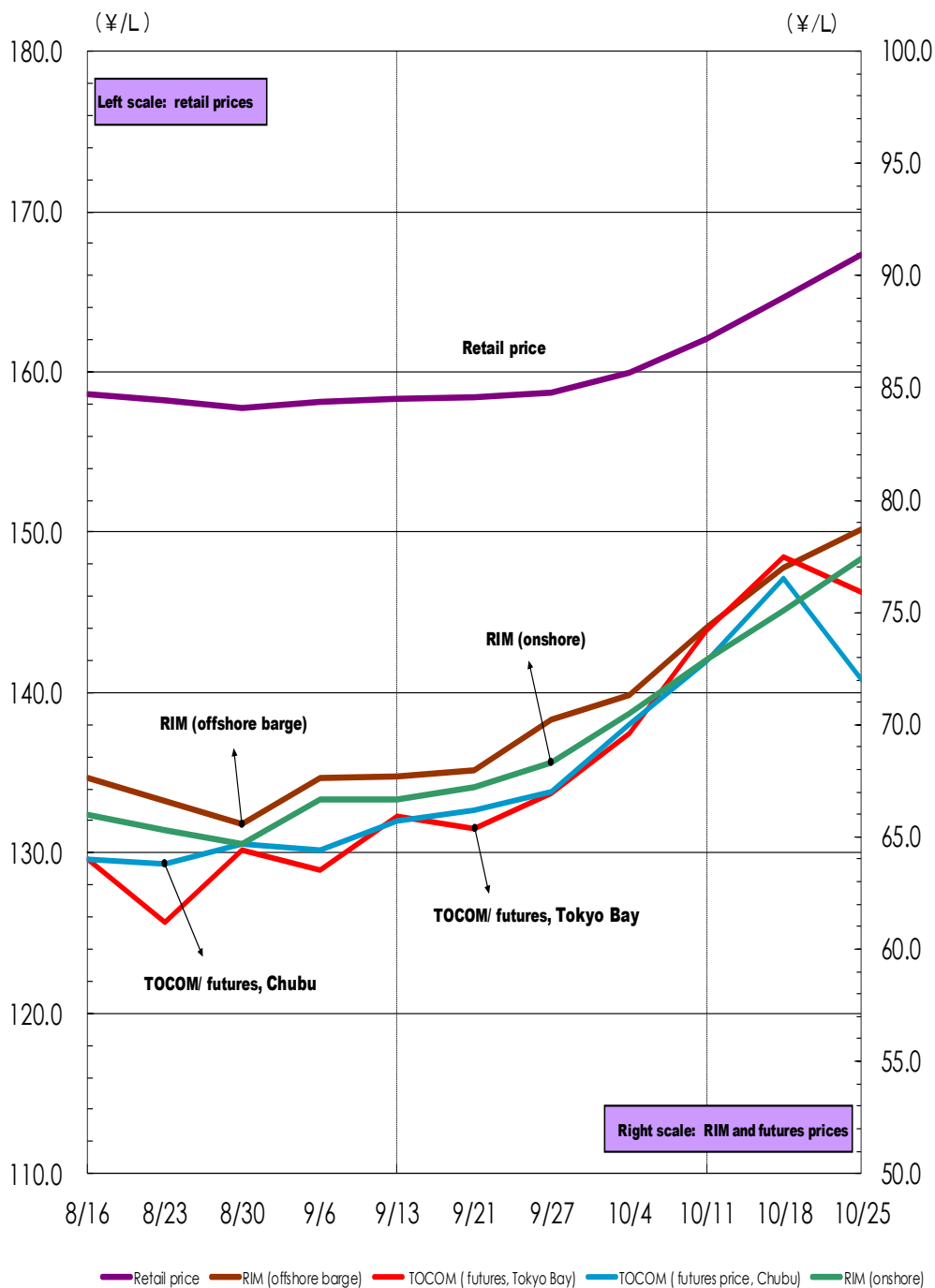
Crude oil cost in yen increased for the period from October 19-October 25 with the increase in crude oil price and the depreciation yen to the US dollar. Motouri companies increased their wholesale prices by 0.5 yen/l for gasoline, diesel oil and kerosene for the period from October 28-November 3. Retail gasoline price on the next price survey day (November 1) is expected to increase from a week earlier.

| (Published by<br>ANRE)[Weekly<br>trend] |            | (Unit: yen/l)        |                          |                        |               |
|---|------------|----------------------|--------------------------|------------------------|---------------|
|   |            | This week<br>(10/25) | Previous week<br>(10/18) | From a week<br>earlier | Latest high   |
| Retail<br>Price                         | Regular    | 167.3                | 164.6                    | ▲ 2.7                  | 08/8/4 185.1  |
|   | Kerosene   | 106.1                | 103.3                    | ▲ 2.8                  | 08/8/11 132.1 |
|   | Diesel oil | 147.1                | 144.4                    | ▲ 2.7                  | 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

(2021/8/16 ~ 2021/10/25)



(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. 30 for 2021) will be announced on November 12.

## On use of this report

The copyrights to texts, graphics and other information (hereinafter combined into "documents") in this report belong to the Oil Information Center of the Institute of Energy Economics, Japan (hereinafter referred to as this Center), or to third parties contributing the documents to this Center. This Center forbids the documents from being repurposed, duplicated or altered without approval by this Center.

This Center has made the documents comprehensive but no guarantee is made as to accuracy or safety.

## 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).