

Oil Market Review in Japan No. 30/2021

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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 21-October 27 week moved within a range of \$82.50 per barrel and \$84.65/bbl.

On October 28, the key contract rebounded slightly. The December contract closed at \$82.81/bbl up \$0.15/bbl from the previous day. Selling trend preceded in response to the announcement of the resumption of resurrection talks on the Iranian Nuclear Agreement, but it was not sustained due to uncertainty in negotiations.

On October 29, the key contract rose further. The December contract closed at \$83.57/bbl up \$0.76/bbl from the previous day. Buying trend prevailed. The market players expected continuation of tight oil supply and demand based on the observation that major oil-producing countries would maintain their current amount of the crude oil production increase. Although the U.S. and other major consuming countries requested the enlargement of the increase in crude oil production, major oil-producing countries have been cautious about the oil demand forecast and are expected to take into account that some oil-producing countries which have difficulties in increasing crude oil production due to delays in investment.

On November 1, the key contract rose further for the third straight trading day. The December contract closed at \$84.05/bbl, up \$0.48/bbl from the previous day. Buying trend prevailed. The market players expected tightening oil supply and demand for the time being in view of maintaining major oil-producing countries' careful attitude for increasing crude oil production.

On November 2, the key contract turned down for the first time in four trading days by the expectation for the increase in the U.S. domestic crude oil inventory. The December contract closed at \$83.91/bbl down \$0.14/bbl from the previous day.

On November 3, the key contract turned down and closed at \$80.86/bbl down \$3.05/bbl from the previous day. According to the U.S. EIA (Energy Information Administration) Weekly Report, the U.S. domestic crude oil inventory decreased more than the market expectation. The market players lowered expectations for tight oil supply and demand.

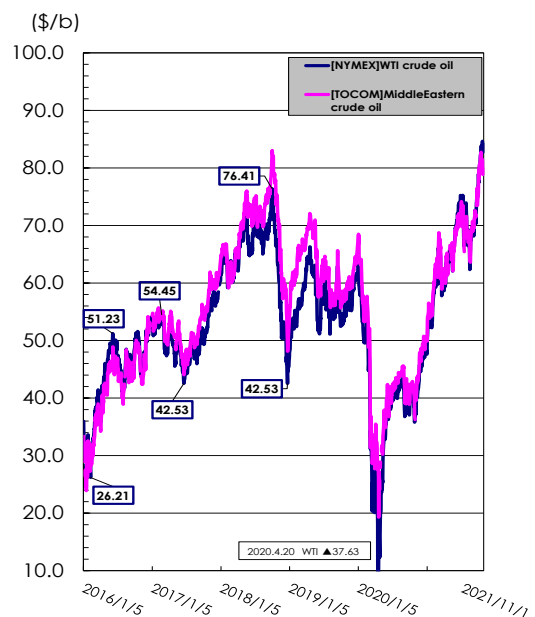
The Asian benchmark crude oil of Dubai for December delivery on the Tokyo market ranged from \$82.00/bbl to \$84.00/bbl in October 21-October 27 week. It closed at \$82.00/bbl on October 28, at \$82.60/bbl on October 29, at \$81.30/bbl on November 1, at \$82.80/bbl on November 2.

On the foreign exchange market in the October 21-October 27 week, the dollar moved within a range of 113.72 yen and 114.28 yen. It changed hands at 113.87 yen in late trading on October 28, at 113.67 yen on October 29, at 114.09 yen on November 1, at 114.11 yen on November 2.

According to preliminary 10-day trade statistics released by the Ministry of Finance on October 28, the average crude oil import CIF price for Japan in the early October period stood at 52,427 yen/kl (kiloliter), up 1,312 yen/kl from the previous 10-day period. In dollars, the price was \$75.85/bbl, up \$1.89/bbl. The average exchange rate was 109.89 yen to the dollar.

Japan's average retail price on November 1 gained by 1.4 yen/l from a week earlier for gasoline and gained by 1.4 yen/l for diesel oil and gained by 29 yen for kerosene on an 18-liter tank basis. The gasoline price increased for the ninth straight week. Diesel oil price increased for the ninth straight week. Kerosene price increased for the ninth straight week. As crude oil cost decreased for the first week of November, Motouri companies decreased their wholesale prices by 1.5 yen/l from a week earlier for gasoline, diesel oil and kerosene for the next week.

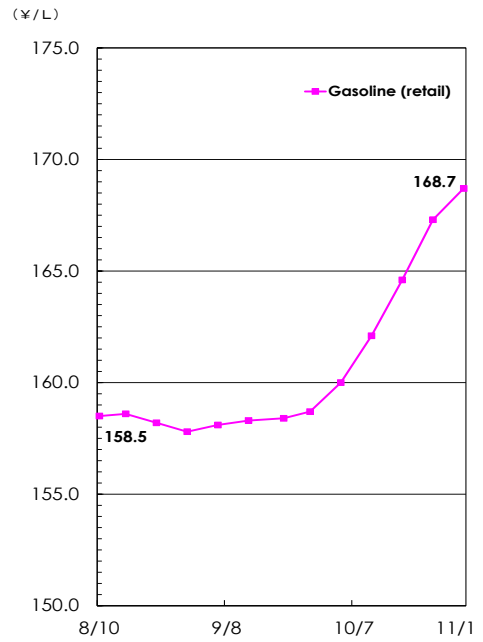
Crude oil			This week	From a week earlier	From a year earlier
Supply/Demand	Crude oil runs (1,000 kl)	10/24 ~ 10/30	2,641	▼ -100	▼ -
	Topper capacity utilization rate (%)	"	68.6	▼ -2.6	▼ -
	Crude oil inventories (1,000 kl)	10/30	9,082	▼ -814	▼ -
Prices	Middle Eastern crude oil (TOCOM) (\$/bbl)	11/1	79.66	▼ -1.84	▲ 43.4
	WTI crude oil (NYMEX) (\$/bbl)	11/1	84.05	▲ 0.29	▲ 47.2
	Crude oil import CIF price (\$/bbl)	Early Oct	75.85	▲ 1.89	▲ 31.31
	① Crude oil import CIF price (yen/kl)	"	52,427	▲ 1,312	▲ 22,870
	② Yen-dollar exchange rate (yen/dollar)	"	109.89	▼ -0.01	▼ -4.38
	TTS exchange rate (yen/dollar)	11/1	115.09	▼ -0.37	▼ -9.33



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

Gasoline		This week	From a week earlier	From a year earlier	
Supply/ Demand	Production	10/24 ~ 10/30	836 ▼ -29	▲ -	
	Imports	"	n.d.	n.d.	
	Shipments	"	725 ▼ -12	▲ -	
	Exports	"	137 ▲ 74	▲ -	
	Inventories	10/30	1,550 ▼ -25	▼ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	10/26 ~ 11/1	77.2 ▲ 0.3	▲ 34.9	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	10/26 ~ 11/1	76.4 ▲ 0.4	▲ 39.1
		(TOCOM/ Chubu)	11/1	77.0 ▲ 5.0	▲ 37.8
	Retail prices [weekly trend] (published by ANRE)	11/1	168.7 ▲ 1.4	▲ 35.2	

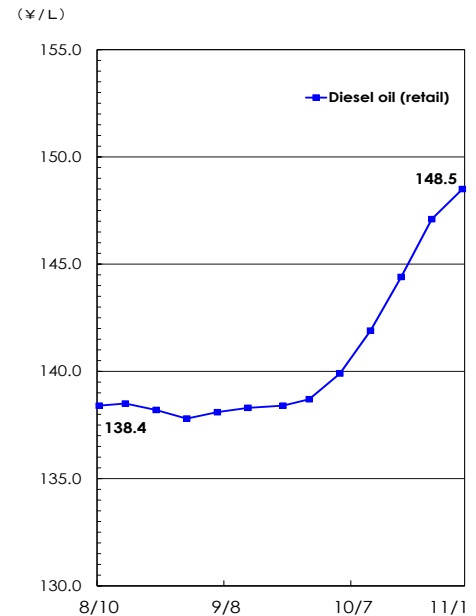
*Gyoten and futures prices are before tax



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

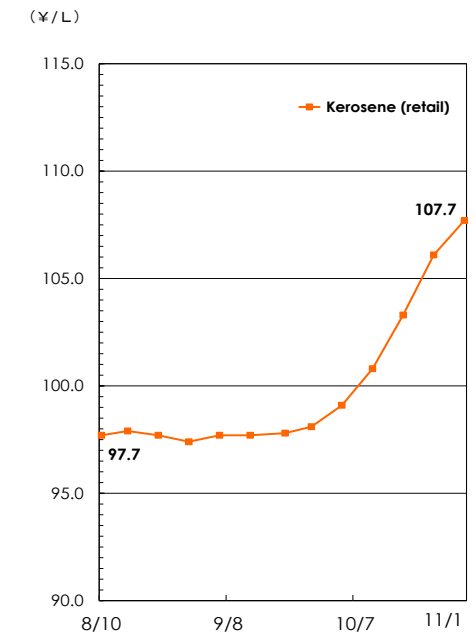
Diesel oil		This week	From a week earlier	From a year earlier	
Supply/ Demand	Production	10/24 ~ 10/30	711 ▲ 4	▲ -	
	Imports	"	n.d.	n.d.	
	Shipments	"	565 ▲ 1	▲ -	
	Exports	"	200 ▲ 75	▲ -	
	Inventories	10/30	1,383 ▼ -55	▼ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	10/26 ~ 11/1	78.8 ▲ 0.7	▲ 34.1	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	10/26 ~ 11/1	79.5 ▲ 1.5	▲ 34.3
		(TOCOM/ Chubu)	11/1	-	-
	Retail prices [weekly trend] (published by ANRE)	11/1	148.5 ▲ 1.4	▲ 34.3	

*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	10/24 ~ 10/30	228 ▲ 8	▼ -	
	Imports	"	n.d.	n.d.	
	Shipments	"	237 ▼ -46	▲ -	
	Exports	"	0 ➡ 0	▼ -	
	Inventories	10/30	2,602 ▼ -9	▼ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	10/26 ~ 11/1	78.7 ▲ 1.3	▲ 34.2	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	10/26 ~ 11/1	76.5 ▲ 1.1	▲ 36.0
		(TOCOM/ Chubu)	11/1	77.2 ▼ -0.6	▲ 35.7
	Retail prices [weekly trend] (published by ANRE)	11/1	107.7 ▲ 1.6	▲ 28.1	



Relevant Information

1 Overseas crude oil prices

On November 3, WTI crude oil futures price on NYMEX turned down further. The December contract closed at \$80.86/bbl down \$3.05/bbl from the previous day. The January contract closed at \$79.57/bbl down \$2.87/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 29 increased by 3.3 million bbl from the previous week for crude oil, which was more than the market expectation of the increase by 2.2 million bbl (surveyed by Reuters). On the other hand, the U.S. domestic inventory decreased by 1.5 million bbl from the previous week for gasoline (against the market expectation of the decrease by 1.3 million) and increased by 2.2 million bbl for the middle distillates (against the market expectation of the decrease by 1.4 million). Concerns for tightening supply and demand receded in the background of the increase in crude oil inventory, which strengthened the selling trend during the trading hours and temporarily pushed down the key contract price to \$80.19/bbl.

According to the EIA, the average U.S. retail price of gasoline as of November 1 increased by 0.7 cents per gallon from a week earlier to \$3.390/gal (102.9 yen/l). The average diesel oil price increased by 1.4 cents per gallon to \$3.727/gal (113.2 yen/l). The gasoline price increased for the fifth straight week. Diesel oil price increased for the seventh 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 24-October 30 week in 2021 stood at 519,000 barrels per day, increasing by 94,000 bpd from the previous week (total capacity remained at 3,458,000 bpd). Crude oil throughput in the week decreased by 100,000 kl from the previous week to 2,641,000 kl. From a year earlier, it decreased by 3,000 kl. The topper capacity utilization rate stood at 68.6%, down 2.6 points from the previous week and down 0.1 points from a year earlier.

Production increased from the previous week for jet fuel, kerosene and diesel oil and decreased for other petroleum products. Output was down 3.3% for gasoline, up 13.5% for jet fuel, up 3.7% for kerosene, up 0.5% for diesel oil, down 12.7% for Fuel Oil A, and down 24.9% for Fuel Oil C. Fuel Oil C imports in the week totaled 0 kl, unchanged from the previous week. Diesel oil exports aggregated 200,000 kl, up 75,000 kl from the previous week.

Shipments (excluding imports) in the week increased from the previous week for jet fuel, diesel oil, Fuel Oil A and Fuel Oil C and decreased for other products. From a year earlier, shipments declined for Fuel Oil C and expanded for all petroleum products. Gasoline shipments decreased by 1.7% from the previous week to 725,000 kl, decreasing for the second straight week. Shipments totaled 89,000 kl for jet fuel (up 58.7% from the previous week), 237,000 kl for kerosene (down 16.1% from the previous week), 565,000 kl for diesel oil (up 0.2% from the previous week), 185,000 kl for Fuel Oil A (up 6.9% from the

previous week), and 165,000 kl for Fuel Oil C (up 3.0% from the previous week).

(Unit: 1,000 kl)

	This week (10/24 ~ 10/30)	Previous week (10/17 ~ 10/23)	From a week earlier
Gasoline	725	737	▼ -12 (-2%)
Jet fuel	89	56	▲ 33 (59%)
Kerosene (heating Oil)	237	283	▼ -46 (-16%)
Diesel oil	565	564	▲ 1 (0%)
Fuel oil A	185	173	▲ 12 (7%)
Fuel Oil C	165	160	▲ 5 (3%)
Total	1,966	1,973	▼ -7 (-0%)

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 30 decreased for all petroleum products. From a year earlier, inventories declined for all petroleum products.

Gasoline inventories totaled 1,550,000 kl, down 25,000 kl from a week earlier and down 361,000 kl from a year earlier.

Kerosene inventories totaled 2,602,000 kl, down 9,000 kl from a week earlier and down 295,000 kl from a year earlier.

Diesel oil inventories totaled 1,383,000 kl, down 55,000 kl from a week earlier and down 233,000 kl from a year earlier.

Fuel Oil A inventories totaled 711,000 kl, down 10,000 kl from a week earlier and down 68,000 kl from a year earlier.

Fuel Oil C inventories totaled 1,758,000 kl, down 63,000 kl from a week earlier and down 28,000 kl from a year earlier.

(Unit: 1,000 kl)

	This week (10/30)	Previous week (10/23)	From a week earlier
Gasoline	1,550	1,575	▼ -25 (-2%)
Jet fuel	712	770	▼ -58 (-8%)
Kerosene (heating Oil)	2,602	2,611	▼ -9 (-0%)
Diesel oil	1,383	1,438	▼ -55 (-4%)
Fuel oil A	711	721	▼ -10 (-1%)
Fuel Oil C	1,758	1,821	▼ -63 (-3%)
Total	8,716	8,936	▼ -220 (-2.5%)

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

During October 26-November 1, 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 November 4-November 10, Motouri companies decreased their wholesale prices by 1.5 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 26-November 1 week increased for all oil products in all trading compared to the period of October 19-October 25.

The latest onshore cargo spot price (the average onshore rack price for four districts -- Chiba, Kawasaki, Chukyo, and Hanshin -- for the October 26-November 1) increased by 0.3 yen/l from a week earlier (October 19-October 25) for gasoline, increased by 1.3 yen/l for kerosene and increased by 0.7 yen/l for diesel oil.

The average offshore barge spot price in Tokyo Bay increased by 0.6 yen/l for gasoline, increased by 0.8 yen/l for kerosene and increased by 1.2 yen/l for diesel oil for the October 26-November 1 week from a week earlier.

The key average futures price increased by 0.4 yen/l for gasoline, increased by 1.1 yen/l for kerosene and increased by 1.5 yen/l for diesel oil from a week earlier.

(RIM) [4-district average lorry rack price]		(Unit: yen/l)		
		This week (10/26 ~ 11/1)	Previous week (10/19 ~ 10/25)	From a week earlier
Spot Prices	Regular	77.2	76.9	▲ 0.3
	Kerosene	78.7	77.4	▲ 1.3
	Diesel oil	78.8	78.1	▲ 0.7

(TOCOM) [Front-month contract/closing price] [Average]		(Unit: yen/l)		
		This week (10/26 ~ 11/1)	Previous week (10/19 ~ 10/25)	From a week earlier
Futures Price	Regular	76.4	76.0	▲ 0.4
	Kerosene	76.5	75.4	▲ 1.1
	Diesel oil	79.5	78.0	▲ 1.5

Above prices are before tax.

Reference (October 26 - November 1 actual data)

(Unit: yen/l)			
Products	Spot	Futures	Average
Gasoline	▲ 0.3	▲ 0.4	▲ 0.3
Kerosene	▲ 1.3	▲ 1.1	▲ 1.2
Diesel oil	▲ 0.7	▲ 1.5	▲ 1.1
Fuel Oil A	▲ 1.2		

(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 November 1 increased by 1.4 yen from a week earlier to 168.7 yen/l for gasoline, increased by 1.4 yen to 148.5 yen/l for diesel oil and increased by 29 yen to 1,939 yen for kerosene on an 18-liter tank basis (increased by 1.6 yen/l to 107.7 yen/l) from a week earlier. The gasoline price increased for the ninth straight week. Diesel oil price increased for the ninth straight week. Kerosene price increased for the ninth straight week.

Gasoline prices increased in 45 prefectures, leveled off in one prefecture and decreased in one prefecture. The lowest gasoline price among the prefectures was 163.5 yen/l in Tokushima (up 0.9 yen/l from a week earlier). The second lowest was 163.7 yen/l in Iwate (up 1.2 yen/l from a week earlier). The highest price was 176.9 yen/l in Kagoshima (up 2.9 yen/l from a week earlier). Tokyo logged the largest price gain of 3.4 yen/l to 171.5 yen/l. The price leveled off in one prefecture, Tottori. The price decreased in one prefecture, Toyama (down 0.2 yen/l to 169.9 yen/l from a week earlier).

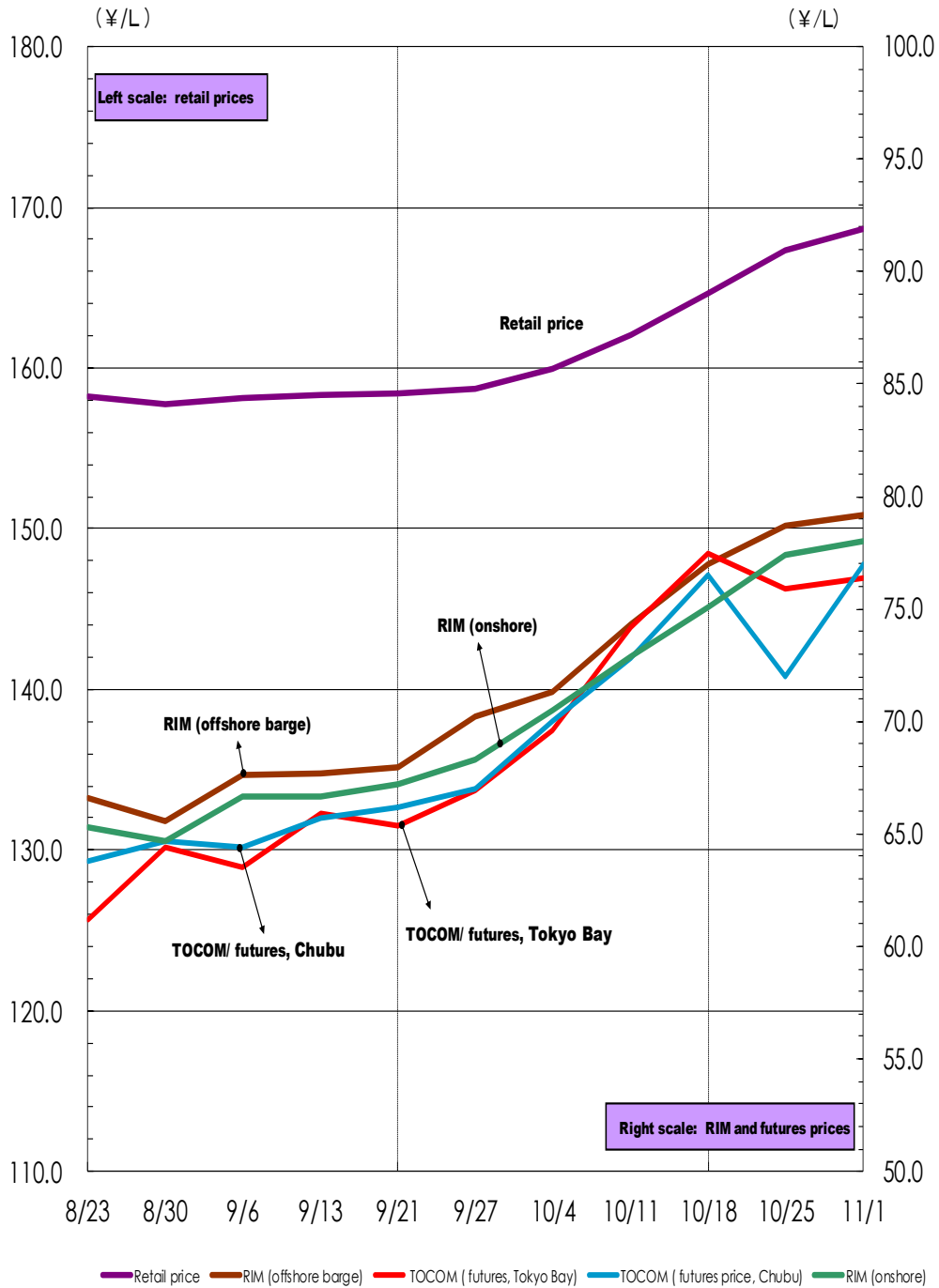
Crude oil cost in yen decreased for the period from October 26-November 1 with the decrease in crude oil price and the appreciation yen to the US dollar. Motouri companies decreased their wholesale prices by 1.5 yen/l for gasoline, diesel oil and kerosene for the period from November 4-November 10. Retail gasoline price on the next price survey day (November 8) is expected to decrease from a week earlier.

(Published by ANRE)[Weekly trend]		(Unit: yen/l)			
		This week (11/1)	Previous week (10/25)	From a week earlier	Latest high
Retail Price	Regular	168.7	167.3	▲ 1.4	08/8/4 185.1
	Kerosene	107.7	106.1	▲ 1.6	08/8/11 132.1
	Diesel oil	148.5	147.1	▲ 1.4	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

(2021/8/23 ~ 2021/11/1)



(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. 31 for 2021) will be announced on November 19.

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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).