

Oil Market Review in Japan No. 32/2021

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Overview

The key WTI (West Texas Intermediate) crude oil futures contract on NYMEX (New York Mercantile Exchange) in the November 4 -November 10 week moved within a range of \$78.81 per barrel and \$84.15/bbl.

On November 11, the key contract rebounded and the December contract closed at \$81.59/bbl up \$0.25/bbl from the previous day. The buying trend prevailed in response to the significant price dip on the previous trading day. However, the price rise was restricted by the expectation for weakened oil demand in near future in the background of high energy prices.

On November 12, the key contract turned down and the December contract closed at \$80.79/bbl down \$0.80/bbl from the previous day. The selling trend prevailed by the expectation for the release of SPR (Strategic Petroleum Reserve) (crude oil) by the U.S. Government and slow growth of crude oil demand towards the end of 2021. Baker Hughes reported that the number of operating U.S. oil-drilling rigs increased by four units from a week earlier to 454 units.

On November 15, the key contract rebounded slightly and the December contract closed at \$80.88/bbl, up \$0.09/bbl from the previous day. The price rise was restricted by the expectation for the release of SPR by the U.S. Government. However, buying trend prevailed due to the expectation for oil demand growth with the U.S. economic recovery after a round of selling. The market players expected that the U.S. Biden Administration would consider a temporary ban on gasoline export and a large-scale release of SPR. On the other hand, some market players expected that a dip in crude oil price would continue only for a short time due to a limited scale release of SPR. Therefore, the buying trend prevailed after a round of selling.

On November 16, the key contract turned down slightly. The market players had a divided view of oil demand in the future. In addition, the market players didn't see the clear buying trend nor the clear selling trend. The December contract closed at \$80.76/bbl down \$0.12/bbl from the previous day.

On November 17, the key contract turned down significantly and the December contract closed at \$78.36/bbl down \$2.40/bbl from the previous day, falling to the lowest level for the first time in six weeks. The U.S. reportedly asked China to release a strategic reserve of crude oil. The selling trend prevailed by a sense of easing supply and demand.

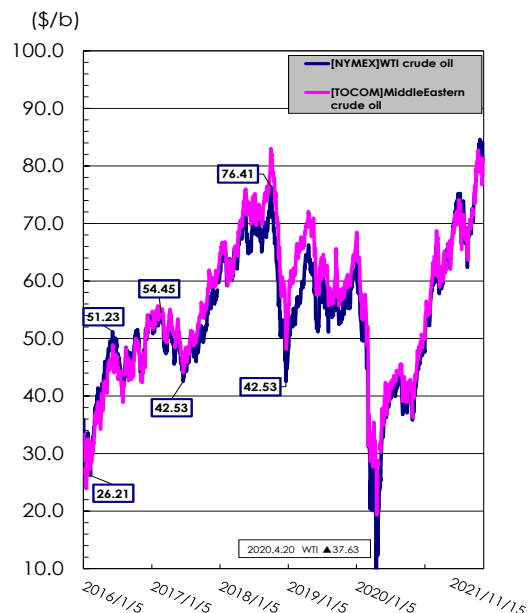
The Asian benchmark crude oil of Dubai for December delivery on the Tokyo market ranged from \$78.30/bbl to \$83.60/bbl in November 4-November 10 week. It closed at \$81.30/bbl on November 11, at \$81.20/bbl on November 12, at \$80.60/bbl on November 15, at \$81.80/bbl on November 16, at \$81.00/bbl on November 17.

On the foreign exchange market in the November 4-November 10 week, the dollar moved within a range of 112.86 yen and 114.14 yen. It changed hands at 113.96 yen in late trading on November 11, at 114.25 yen on November 12, at 114.00 yen on November 15, at 114.21 yen on November 16, at 114.87 yen on November 17.

According to preliminary 10-day trade statistics released by the Ministry of Finance on November 17, the average crude oil import CIF price for Japan in the late October period stood at 55,101 yen/kl (kiloliter), up 1,595 yen/kl from the previous 10-day period. In dollars, the price was \$77.60/bbl, up \$1.20/bbl. The average exchange rate was 112.88 yen to the dollar. According to preliminary 10-day trade statistics released by the Ministry of Finance on November 17, the average crude oil import CIF price for Japan in the October period stood at 53,824 yen/kl (kiloliter), up 2,815 yen/kl from the previous month. In dollars, the price was \$76.81/bbl, up \$3.00/bbl. The average exchange rate was 111.40 yen to the dollar.

Japan's average retail price on November 15 lost by 0.1 yen/l from a week earlier for gasoline and lost by 0.2 yen/l for diesel oil and gained by 1 yen for kerosene on an 18-liter tank basis. The gasoline price decreased for the first time in 11 weeks. Diesel oil price decreased for the first time in 11 weeks. Kerosene price increased for the 11th straight week. Although crude oil cost increased for the third week of November, Motouri companies maintained their wholesale prices from a week earlier for gasoline, diesel oil and kerosene for the next week.

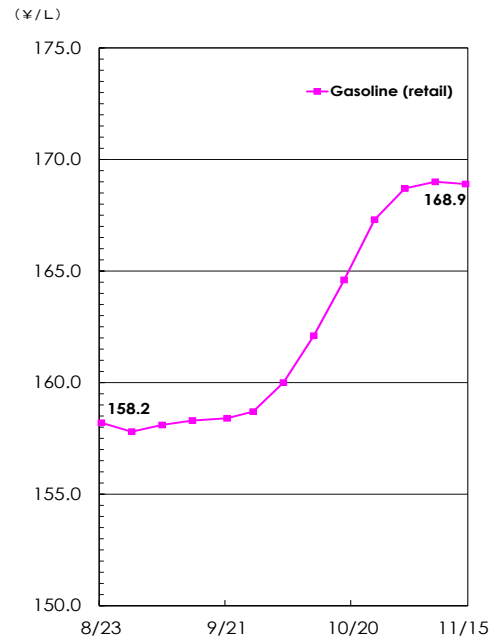
Crude oil			This week	From a week earlier	From a year earlier
Supply/ Demand	Crude oil runs (1,000 kl)	11/7 ~ 11/13	2,831	▲ 135	▲ —
	Topper capacity utilization rate (%)	"	73.6	▲ 3.5	▲ —
	Crude oil inventories (1,000 kl)	11/13	9,139	▼ -164	▼ —
Prices	Middle Eastern crude oil (TOCOM) (\$/bbl)	11/15	78.39	▼ -1.48	▲ 35.6
	WTI crude oil (NYMEX) (\$/bbl)	11/15	80.88	▼ -1.05	▲ 39.5
	Crude oil import CIF price (\$/bbl)	Late Oct	77.60	▲ 1.20	▲ 33.06
	①Crude oil import CIF price (yen/kl)	"	55,101	▲ 1,595	▲ 25,544
	②Yen-dollar exchange rate (yen/dollar)	"	112.88	▼ -1.54	▼ -7.37
	TTS exchange rate (yen/dollar)	11/15	115.00	▼ -0.38	▼ -9.31



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

Gasoline		This week	From a week earlier	From a year earlier	
Supply/ Demand	Production	11/7 ~ 11/13	817 ▼ -111	▼ -	
	Imports	"	n.a.	n.a.	
	Shipments	"	798 ▲ 54	▲ -	
	Exports	"	62 ▼ -116	▼ -	
	Inventories	11/13	1,511 ▼ -44	▼ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	11/9 ~ 11/15	76.3 ▼ -0.7	▲ 34.4	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	11/9 ~ 11/15	75.8 ▼ -0.1	▲ 36.1
		(TOCOM/ Chubu)	11/15	77.0 ➡ 0.0	▲ 34.8
	Retail prices [weekly trend] (published by ANRE)	11/15	168.9 ▼ -0.1	▲ 36.4	

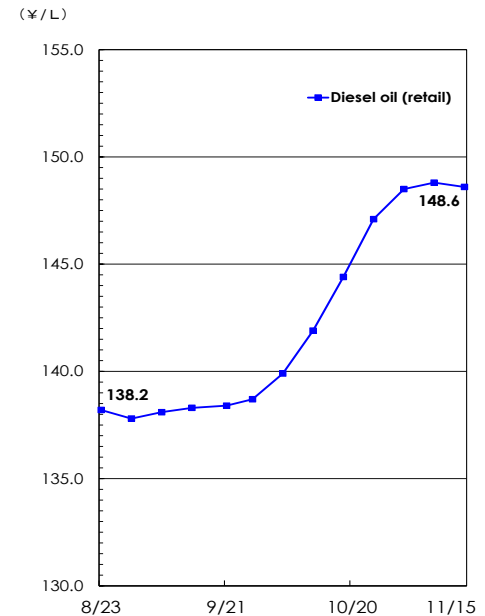
*Gyoten and futures prices are before tax



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

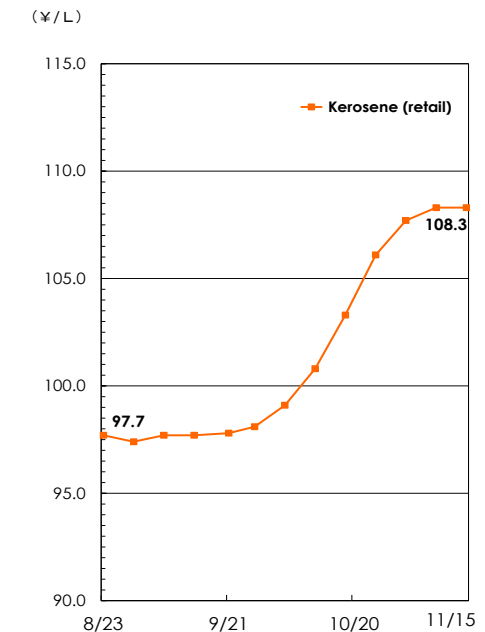
Diesel oil		This week	From a week earlier	From a year earlier	
Supply/ Demand	Production	11/7 ~ 11/13	699 ▲ 53	▲ -	
	Imports	"	n.a.	n.a.	
	Shipments	"	661 ▲ 67	▲ -	
	Exports	"	122 ▲ 27	▲ -	
	Inventories	11/13	1,257 ▼ -84	▼ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	11/9 ~ 11/15	77.4 ▼ -0.4	▲ 33.6	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	11/9 ~ 11/15	79.5 ▼ -0.1	▲ 32.2
		(TOCOM/ Chubu)	11/15	-	-
	Retail prices [weekly trend] (published by ANRE)	11/15	148.6 ▼ -0.2	▲ 35.3	

*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	11/7 ~ 11/13	259 ▼ -30	▼ -	
	Imports	"	n.a.	n.a.	
	Shipments	"	156 ▲ 22	▼ -	
	Exports	"	28 ▲ 28	▲ -	
	Inventories	11/13	2,832 ▲ 75	▲ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	11/9 ~ 11/15	77.3 ▼ -0.5	▲ 33.6	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	11/9 ~ 11/15	75.5 ▼ -0.6	▲ 33.0
		(TOCOM/ Chubu)	11/15	76.0 ▼ -1.2	▲ 31.5
	Retail prices [weekly trend] (published by ANRE)	11/15	108.3 ➡ 0.0	▲ 29.5	



Relevant Information

1 Overseas crude oil prices

On November 11, WTI crude oil futures price on NYMEX turned down significantly. The December contract closed at \$78.36/bbl down \$2.40/bbl from the previous day, falling to the lowest level for the first time in six weeks. The January contract closed at \$77.55/bbl down \$2.19/bbl from the previous day. The U.S. reportedly asked China to release a strategic reserve of crude oil, according to "The South China Morning Post" on November 17. The selling trend prevailed by a sense of easing supply and demand. The U.S. President Biden reportedly took it up as one of the agenda in the online meeting with the Chinese President Xi Jinping on November 16. Since last week, the market players started to expect the release of the SPR by the U.S. Government. The market players also expected a possibility of cooperation between the U.S. and China upon this news. On November 17, U.S. President Biden instructed FTC (Federal Trade Commission) to clamp down on illegal raising of prices by oil and gas companies in the background of gasoline price staying high. The market players expected that this measure would be useful for full-scale crude oil price restraint.

According to the EIA, the average U.S. retail price of gasoline as of November 15 decreased by 1.1 cents per gallon from a week earlier to \$3.399/gal (103.1 yen/l). The average diesel oil price increased by 0.4 cents per gallon to \$3.734/gal (113.3 yen/l). The gasoline price decreased for the first time in seven weeks. Diesel oil price increased for the ninth 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 November 7- November 13 week in 2021 stood at 462,000 barrels per day, decreasing by 4,000 bpd from the previous week (total capacity remained at 3,458,000 bpd). Crude oil throughput in the week increased by 135,000 kl from the previous week to 2,831,000 kl. From a year earlier, it increased by 74,000 kl. The topper capacity utilization rate stood at 73.6%, up 3.5 points from the previous week and up 1.9 points from a year earlier.

Production increased from the previous week for jet fuel and diesel oil and decreased for other petroleum products. Output was down 11.9% for gasoline, up 2.0% for jet fuel, down 10.3% for kerosene, up 8.2% for diesel oil, down 21.1% for Fuel Oil A, and down 11.4% for Fuel Oil C. Fuel Oil C imports in the week totaled 68,000 kl, up 64,000 kl from the previous week. Diesel oil exports aggregated 122,000 kl, up 27,000 kl from the previous week.

Shipments (excluding imports) in the week decreased from the previous week for jet fuel and increased for other products. From a year earlier, shipments expanded for gasoline, diesel oil and Fuel Oil C and declined for all petroleum products. Gasoline shipments increased by 7.3% from the previous week to 798,000 kl, increasing for the second straight week. Shipments totaled 9,000 kl for jet fuel (down 87.9% from the previous week), 156,000 kl for kerosene (up 16.5% from the previous week), 661,000 kl for diesel oil (up 11.3% from the previous week), 186,000 kl for Fuel Oil A (up 15.5% from the previous week), and 177,000 kl for Fuel Oil C (up 43.5% from the previous week).

(Unit: 1,000 kl)

	This week (11/7 ~ 11/13)	Previous week (10/31 ~ 11/6)	From a week earlier
Gasoline	798	744	▲ 54 (7%)
Jet fuel	9	71	▼ -62 (-87%)
Kerosene (heating Oil)	156	134	▲ 22 (16%)
Diesel oil	661	594	▲ 67 (11%)
Fuel oil A	186	161	▲ 25 (16%)
Fuel Oil C	177	123	▲ 54 (44%)
Total	1,987	1,827	▲ 160 (9%)

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 November 13 increased for jet fuel, kerosene and Fuel Oil C and decreased for other petroleum products. From a year earlier, inventories expanded for kerosene and declined for all petroleum products.

Gasoline inventories totaled 1,511,000 kl, down 44,000 kl from a week earlier and down 406,000 kl from a year earlier.

Kerosene inventories totaled 2,832,000 kl, up 75,000 kl from a week earlier and up 67,000 kl from a year earlier.

Diesel oil inventories totaled 1,257,000 kl, down 84,000 kl from a week earlier and down 341,000 kl from a year earlier.

Fuel Oil A inventories totaled 748,000 kl, down 4,000 kl from a week earlier and down 38,000 kl from a year earlier.

Fuel Oil C inventories totaled 1,798,000 kl, up 26,000 kl from a week earlier and down 56,000 kl from a year earlier.

(Unit: 1,000 kl)

	This week (11/13)	Previous week (11/6)	From a week earlier
Gasoline	1,511	1,555	▼ -44 (-3%)
Jet fuel	767	718	▲ 49 (7%)
Kerosene (heating Oil)	2,832	2,757	▲ 75 (3%)
Diesel oil	1,257	1,341	▼ -84 (-6%)
Fuel oil A	748	752	▼ -4 (-1%)
Fuel Oil C	1,798	1,772	▲ 26 (1%)
Total	8,913	8,895	▲ 18 (0.2%)

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

During November 9-November 15, crude oil cost in yen increased from a week earlier with the increase in crude oil price and the slight appreciation of the yen to the US dollar.

For the next week of November 18-November 24, Motouri companies maintained their wholesale prices 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 November 9-November 15 week decreased for all oil products in all trading compared to the period of November 2-November 8.

The latest onshore cargo spot price (the average onshore rack price for four districts -- Chiba, Kawasaki, Chukyo, and Hanshin -- for the November 9-November 15) decreased by 0.7 yen/l from a week earlier (November 2-November 8) for gasoline, decreased by 0.5 yen/l for kerosene and decreased by 0.4 yen/l for diesel oil.

The average offshore barge spot price in Tokyo Bay decreased by 0.5 yen/l for gasoline, decreased by 1.7 yen/l for kerosene and decreased by 0.5 yen/l for diesel oil for the November 9-November 15 week from a week earlier.

The key average futures price decreased by 0.1 yen/l for gasoline, decreased by 0.6 yen/l for kerosene and decreased by 0.1 yen/l for diesel oil from a week earlier.

(RIM) [4-district average lorry rack price]		(Unit: yen/l)		
		This week (11/9 ~ 11/15)	Previous week (11/2 ~ 11/8)	From a week earlier
Spot Prices	Regular	76.3	77.0	▼ -0.7
	Kerosene	77.3	77.8	▼ -0.5
	Diesel oil	77.4	77.8	▼ -0.4

(TOCOM) [Front-month contract/closing price] [Average]		(Unit: yen/l)		
		This week (11/9 ~ 11/15)	Previous week (11/2 ~ 11/8)	From a week earlier
Futures Price	Regular	75.8	75.9	▼ -0.1
	Kerosene	75.5	76.1	▼ -0.6
	Diesel oil	79.5	79.6	▼ -0.1

Above prices are before tax.

Reference (November 9 - November 15 actual data)

(Unit: yen/l)			
Products	Spot	Futures	Average
Gasoline	▼ -0.7	▼ -0.1	▼ -0.4
Kerosene	▼ -0.5	▼ -0.6	▼ -0.6
Diesel oil	▼ -0.4	▼ -0.1	▼ -0.2
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 November 15 decreased by 0.1 yen from a week earlier to 168.9 yen/l for gasoline, decreased by 0.2 yen to 148.6 yen/l for diesel oil and increased by 1 yen to 1,950 yen for kerosene on an 18-liter tank basis (unchanged at 108.3 yen/l) from a week earlier. The gasoline price decreased for the first time in 11 weeks. Diesel oil price decreased for the first time in 11 weeks. Kerosene price increased for the 11th straight week.

Gasoline prices increased in 13 prefectures, leveled off in 10 prefectures and decreased in 24 prefectures. The lowest gasoline price among the prefectures was 163.5 yen/l in Iwate. The second lowest was 163.8 yen/l in Tokushima and Saitama. The highest price was 177.0 yen/l in Kagoshima. Kagoshima, Ehime and Chiba logged the largest price gain of 0.6 yen/l. The price leveled off in Kyoto and other nine prefectures. Aichi logged the largest price fall of 1.3 yen/l.

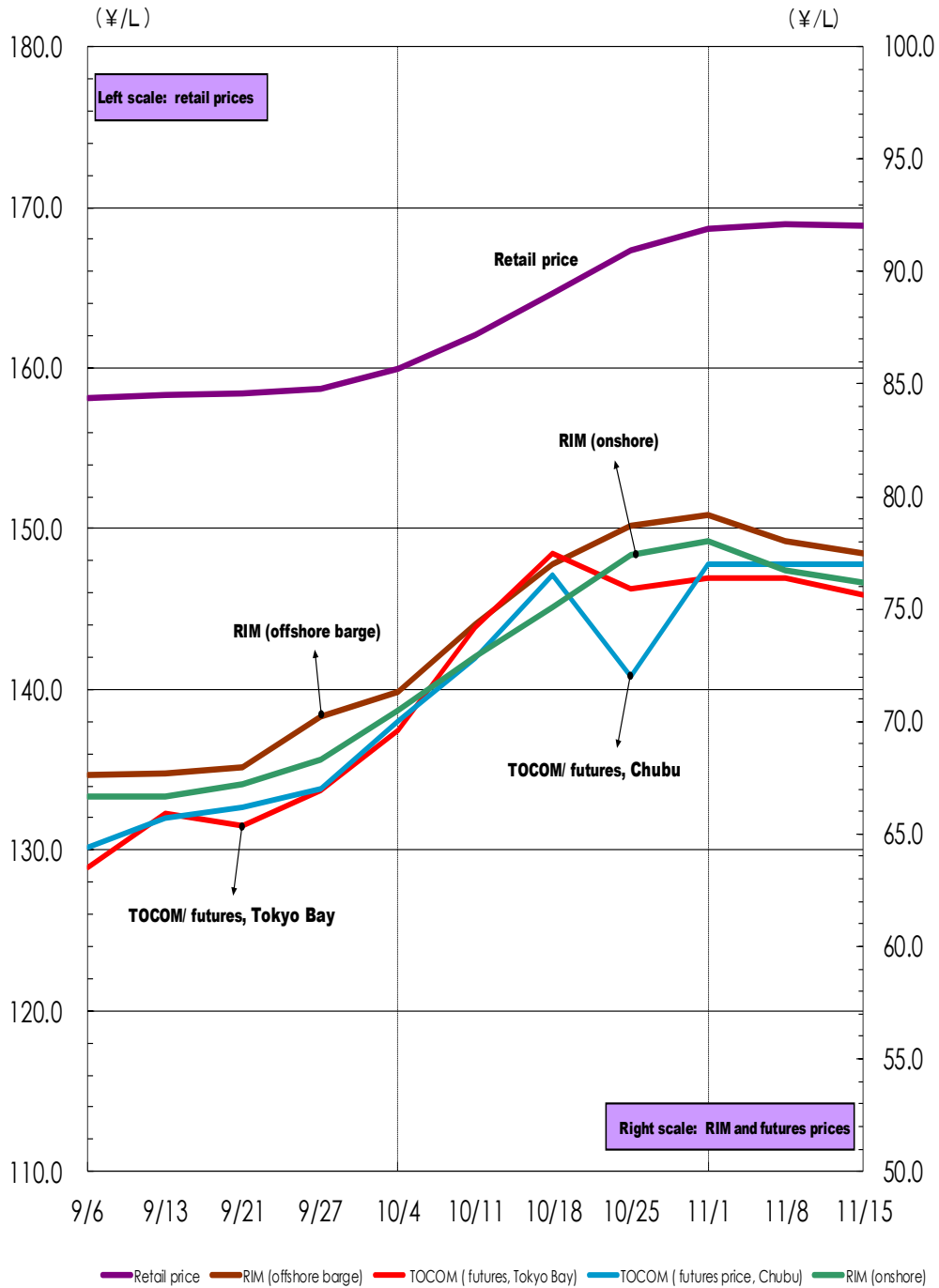
Crude oil cost in yen increased for the period from November 9-November 15 with the increase in crude oil price and the slight appreciation of the yen to the US dollar. Motouri companies maintained their wholesale prices for gasoline, diesel oil and kerosene for the period from November 18-November 24. Retail gasoline price on the next price survey day (November 22) is expected to maintain from a week earlier.

(Published by ANRE)[Weekly trend]		(Unit: yen/l)			
		This week (11/15)	Previous week (11/8)	From a week earlier	Latest high
Retail Price	Regular	168.9	169.0	▼ -0.1	08/8/4 185.1
	Kerosene	108.3	108.3	➡ 0.0	08/8/11 132.1
	Diesel oil	148.6	148.8	▼ -0.2	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

(2021/9/6 ~ 2021/11/15)



(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. 33 for 2021) will be announced on December 3.

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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).