

Oil Market Review in Japan No. 34/2021

December 10, 2021, Friday Released every Friday

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

Inui Bldg. Kachidoki, 11th Floor, 13-1, Kachidoki 1-chome, Chyo-ku, Tokyo, 104-8581 Japan
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 November 18-November 24 week moved within a range of \$76.10 per barrel and \$79.01/bbl.

On November 26, after the Thanksgiving holiday, the key contract turned down quite significantly and the January contract closed at \$68.15/bbl down \$10.24/bbl from the previous trading day. A variant of the new coronavirus was discovered in South Africa and market players were concerned about negative effects on the world economy and crude oil demand. The key contract temporarily fell to \$67.40/bbl, the lowest level for the first time since early September 2021. Baker Hughes reported that the number of operating U.S. oil-drilling rigs increased by six units from a week earlier to 467 units.

On November 29, the key contract rebounded for the first time in three trading days and the January contract closed at \$69.95/bbl up \$1.80/bbl from the previous day. The key contract fell by 13% from the end of the previous week due to concerns about the variant "Omicron" of the new coronavirus. Buying trend prevailed in response to dips in price.

On November 30, the key contract turned down significantly and the January contract closed at \$66.18/bbl, down \$3.77/bbl from the previous day. Market players saw many reports and announcements that existing vaccines and therapeutic drugs had a little effect on the variant "Omicron" of the new coronavirus. Selling trend prevailed by the expectation for delay in the world economic recovery due to the new outbreaks of the new coronavirus.

On December 1, the key contract turned down further and the January contract closed at \$65.57/bbl down \$0.61/bbl from the previous day. A person was infected with the variant "Omicron" of the new coronavirus was confirmed in California, the U.S. Selling trend prevailed due to concerns about a slump in crude oil demand in case of the variant outbreaks.

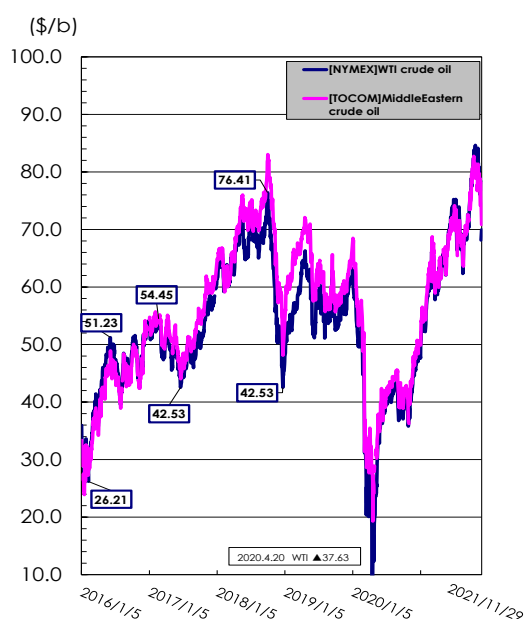
The Asian benchmark crude oil of Dubai for January delivery on the Tokyo market ranged from \$77.50/bbl to \$81.80/bbl in November 18-November 24 week. It closed at \$81.70/bbl on November 25, at \$79.20/bbl on November 26, at \$74.60/bbl on November 29, at \$71.60/bbl on November 30, at \$69.00/bbl on December 1.

On the foreign exchange market in the November 18-November 24 week, the dollar moved within a range of 114.10 yen and 115.21 yen. It changed hands at 115.33 yen in late trading on November 25, at 114.93 yen on November 26, at 113.77 yen on November 29, at 113.77 yen on November 30, at 113.26 yen on December 1.

According to preliminary 10-day trade statistics released by the Ministry of Finance on November 26, the average crude oil import CIF price for Japan in the early November period stood at 58,058 yen/kl (kiloliter), up 2,957 yen/kl from the previous 10-day period. In dollars, the price was \$80.92/bbl, up \$3.32/bbl. The average exchange rate was 114.07 yen to the dollar.

Japan's average retail price on November 29 lost by 0.1 yen/l from a week earlier for gasoline and lost by 0.1 yen/l for diesel oil and gained by 2 yen/l for kerosene on an 18-liter tank basis. The gasoline price decreased for the third straight week. Diesel oil price decreased for the third straight week. Kerosene price increased for the second straight week. Crude oil cost decreased for the week of November 23-November 29, 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.

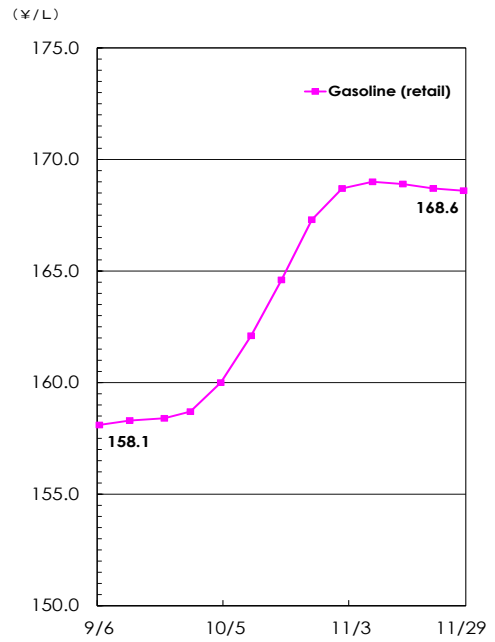
Crude oil			This week	From a week earlier	From a year earlier
Supply/ Demand	Crude oil runs (1,000 kl)	11/21 ~ 11/27	3,021	▲ 99	▲ —
	Topper capacity utilization rate (%)	"	78.5	▲ 2.6	▲ —
	Crude oil inventories (1,000 kl)	11/27	9,024	▼ -630	▼ —
Prices	Middle Eastern crude oil (TOCOM) (\$/bbl)	11/29	70.83	▼ -3.32	▲ 24.1
	WTI crude oil (NYMEX) (\$/bbl)	11/29	69.95	▼ -6.80	▲ 24.6
	Crude oil import CIF price (\$/bbl)	Early Nov	80.92	▲ 3.32	▲ 38.61
	① Crude oil import CIF price (yen/kl)	"	58,058	▲ 2,957	▲ 30,201
	② Yen-dollar exchange rate (yen/dollar)	"	114.07	▼ -1.19	▼ -9.39
	TTS exchange rate (yen/dollar)	11/29	114.77	▲ 0.33	▼ -9.88



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

Gasoline		This week	From a week earlier	From a year earlier	
Supply/ Demand	Production	11/21 ~ 11/27	942 ▲ 11	▼ -	
	Imports	"	n.a.	n.a.	
	Shipments	"	779 ▼ -42	▲ -	
	Exports	"	268 ▲ 238	▲ -	
	Inventories	11/27	1,488 ▼ -105	▼ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	11/23 ~ 11/29	75.4 ▼ -0.6	▲ 32.3	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	11/23 ~ 11/29	69.9 ▼ -3.1	▲ 27.9
		(TOCOM/ Chubu)	11/29	71.2 ▼ -3.0	▲ 27.2
	Retail prices [weekly trend] (published by ANRE)	11/29	168.6 ▼ -0.1	▲ 35.2	

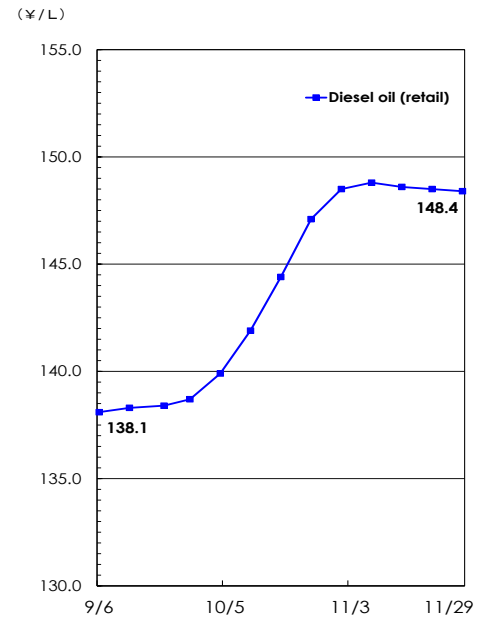
*Gyoten and futures prices are before tax



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

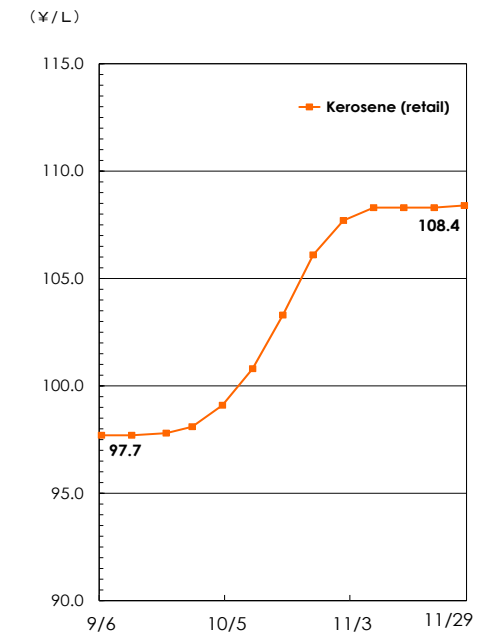
Diesel oil		This week	From a week earlier	From a year earlier	
Supply/ Demand	Production	11/21 ~ 11/27	699 ▼ -34	▲ -	
	Imports	"	n.a.	n.a.	
	Shipments	"	585 ▼ -30	▲ -	
	Exports	"	95 ▲ 45	▲ -	
	Inventories	11/27	1,345 ▲ 20	▼ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	11/23 ~ 11/29	75.8 ▼ -1.2	▲ 29.9	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	11/23 ~ 11/29	77.9 ▼ -1.0	▲ 29.1
		(TOCOM/ Chubu)	11/29	-	-
	Retail prices [weekly trend] (published by ANRE)	11/29	148.4 ▼ -0.1	▲ 34.2	

*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	11/21 ~ 11/27	291 ▲ 97	▼ -	
	Imports	"	n.a.	n.a.	
	Shipments	"	192 ▼ -92	▼ -	
	Exports	"	0 ▼ -24	▼ -	
	Inventories	11/27	2,816 ▲ 99	▼ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	11/23 ~ 11/29	75.6 ▼ -1.2	▲ 30.6	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	11/23 ~ 11/29	72.3 ▼ -1.6	▲ 26.9
		(TOCOM/ Chubu)	11/29	71.0 ▼ -3.0	▲ 24.3
	Retail prices [weekly trend] (published by ANRE)	11/29	108.4 ▲ 0.1	▲ 29.5	



Relevant Information

1 Overseas crude oil prices

On December 1, WTI crude oil futures price on NYMEX turned down further. Buying on price dip preceded. However, the price rise was restricted by the weekly announcement of the U.S. domestic oil inventory by the U. S. EIA (Energy Information Administration) and concerns about the further outbreaks of the new coronavirus. The January contract closed at \$65.57/bbl down \$0.61/bbl from the previous day, the lowest level for the first time in about three months as in the previous trading day. The February contract closed at \$65.37/bbl down \$0.48/bbl from the previous day. According to the U.S. EIA Weekly Report, the U.S. domestic inventory decreased by 0.9 million bbl from the previous week for crude oil, which was less than the market expectation of the decrease. On the other hand, the U.S. domestic inventory increased by 4 million bbl for gasoline and by 2.2 million bbl for the middle distillates, both of which were more than the market expectation. The market players were again concerned about a slowdown of crude oil demand due to the economic slump after the announcement of confirmation of the first person in the U.S., who was infected by the variant "Omicron" in late trading hours.

According to the EIA, the average U.S. retail price of gasoline as of November 27 decreased by 1.5 cents per gallon from a week earlier to \$3.380/gal (102.4 yen/l). The average diesel oil price decreased by 0.4 cents per gallon to \$3.720/gal (112.7 yen/l). The gasoline price decreased for the third straight week. Diesel oil price decreased 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 November 21-November 27 week in 2021 stood at 326,000 barrels per day, decreasing by 190,000 bpd from the previous week (total capacity remained at 3,458,000 bpd).

Crude oil throughput in the week increased by 99,000 kl from the previous week to 3,021,000 kl. From a year earlier, it increased by 181,000 kl. The topper capacity utilization rate stood at 78.5%, up 2.6 points from the previous week and up 4.7 points from a year earlier.

Production increased from the previous week for gasoline and kerosene and decreased for other petroleum products. Output was up 1.2% for gasoline, down 33.0% for jet fuel, up 50.3% for kerosene, down 4.6% for diesel oil, down 2.0% for Fuel Oil A, and down 34.9% for Fuel Oil C. Fuel Oil C imports in the week totaled 30,000 kl, down 6,000 kl from the previous week. Diesel oil exports aggregated 95,000 kl, up 45,000 kl from the previous week.

Shipments (excluding imports) in the week increased from the previous week for jet fuel and decreased for other products. From a year earlier, shipments declined for kerosene and Fuel Oil A and expanded for all petroleum products. Gasoline shipments decreased by 5.1% from the previous week to 779,000 kl, decreasing for the first time in four weeks. Shipments totaled 111,000 kl for jet fuel (up 243.4% from the previous week), 192,000 kl for kerosene (down 32.5% from the previous week), 585,000 kl for diesel oil (down 5.0% from the previous week),

167,000 kl for Fuel Oil A (down 28.5% from the previous week), and 205,000 kl for Fuel Oil C (down 26.6% from the previous week).

(Unit: 1,000 kl)

	This week (11/21 ~ 11/27)	Previous week (11/14 ~ 11/20)	From a week earlier
Gasoline	779	821	▼ -42 (-5%)
Jet fuel	111	32	▲ 79 (247%)
Kerosene (heating Oil)	192	284	▼ -92 (-32%)
Diesel oil	585	615	▼ -30 (-5%)
Fuel oil A	167	233	▼ -66 (-28%)
Fuel Oil C	205	279	▼ -74 (-27%)
Total	2,039	2,264	▼ -225 (-10%)

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 27 increased for kerosene, diesel oil and Fuel Oil A and decreased for other petroleum products. From a year earlier, inventories declined for all petroleum products.

Gasoline inventories totaled 1,488,000 kl, down 105,000 kl from a week earlier and down 505,000 kl from a year earlier.

Kerosene inventories totaled 2,816,000 kl, up 99,000 kl from a week earlier and down 108,000 kl from a year earlier.

Diesel oil inventories totaled 1,345,000 kl, up 20,000 kl from a week earlier and down 278,000 kl from a year earlier.

Fuel Oil A inventories totaled 731,000 kl, up 23,000 kl from a week earlier and down 49,000 kl from a year earlier.

Fuel Oil C inventories totaled 1,725,000 kl, down 45,000 kl from a week earlier and down 115,000 kl from a year earlier.

(Unit: 1,000 kl)

	This week (11/27)	Previous week (11/20)	From a week earlier
Gasoline	1,488	1,593	▼ -105 (-7%)
Jet fuel	804	840	▼ -36 (-4%)
Kerosene (heating Oil)	2,816	2,717	▲ 99 (4%)
Diesel oil	1,345	1,325	▲ 20 (2%)
Fuel oil A	731	708	▲ 23 (3%)
Fuel Oil C	1,725	1,770	▼ -45 (-3%)
Total	8,909	8,953	▼ -44 (-0.5%)

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

During November 23-November 29, crude oil cost in yen decreased from a week earlier with the decrease in crude oil price and the depreciation of the yen to the US dollar.

For the next week of December 2-December 8, Motouri companies increased 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 November 23-November 29 week decreased for all oil products in all trading compared to the period of November 16-November 22.

The latest onshore cargo spot price (the average onshore rack price for four districts -- Chiba, Kawasaki, Chukyo, and Hanshin -- for the November 23-November 29) decreased by 0.6 yen/l from a week earlier (November 16-November 22) for gasoline, decreased by 1.2 yen/l for kerosene and decreased by 1.2 yen/l for diesel oil.

The average offshore barge spot price in Tokyo Bay decreased by 0.9 yen/l for gasoline, decreased by 0.9 yen/l for kerosene and decreased by 1.6 yen/l for diesel oil for the November 23-November 29 week from a week earlier.

The key average futures price decreased by 3.1 yen/l for gasoline, decreased by 1.6 yen/l for kerosene and decreased by 1.0 yen/l for diesel oil from a week earlier.

(RIM) [4-district average lorry rack price]		(Unit: yen/l)		
		This week (11/23 ~ 11/29)	Previous week (11/16 ~ 11/22)	From a week earlier
Spot Prices	Regular	75.4	76.0	▼ -0.6
	Kerosene	75.6	76.8	▼ -1.2
	Diesel oil	75.8	77.0	▼ -1.2

(TOCOM) [Front-month contract/closing price] [Average]		(Unit: yen/l)		
		This week (11/23 ~ 11/29)	Previous week (11/16 ~ 11/22)	From a week earlier
Futures Price	Regular	69.9	73.0	▼ -3.1
	Kerosene	72.3	73.9	▼ -1.6
	Diesel oil	77.9	78.9	▼ -1.0

Above prices are before tax.

Reference (November 23 - November 29 actual data)

(Unit: yen/l)			
Products	Spot	Futures	Average
Gasoline	▼ -0.6	▼ -3.1	▼ -1.8
Kerosene	▼ -1.2	▼ -1.6	▼ -1.4
Diesel oil	▼ -1.2	▼ -1.0	▼ -1.1
Fuel Oil A	▼ -1.0		

(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 29 decreased by 0.1 yen from a week earlier to 168.6 yen/l for gasoline, decreased by 0.1 yen to 148.4 yen/l for diesel oil and increased by 2 yen/l to 1,952 yen for kerosene on an 18-liter tank basis (increased by 0.1 yen/l to 108.3 yen/l) from a week earlier. The gasoline price decreased for the third straight week. Diesel oil price decreased for the third straight week. Kerosene price increased for the first time in two weeks.

Gasoline prices increased in 19 prefectures, leveled off in four prefectures and decreased in 24 prefectures. The lowest gasoline price among the prefectures was 162.7 yen/l in Saitama. The second lowest was 163.5 yen/l in Tokushima. The highest price was 177.0 yen/l in Nagasaki. Fukuoka logged the largest price gain of 0.7 yen/l. The price leveled off in Kouchi and other three prefectures. Gunma logged the largest price fall of 1.2 yen/l.

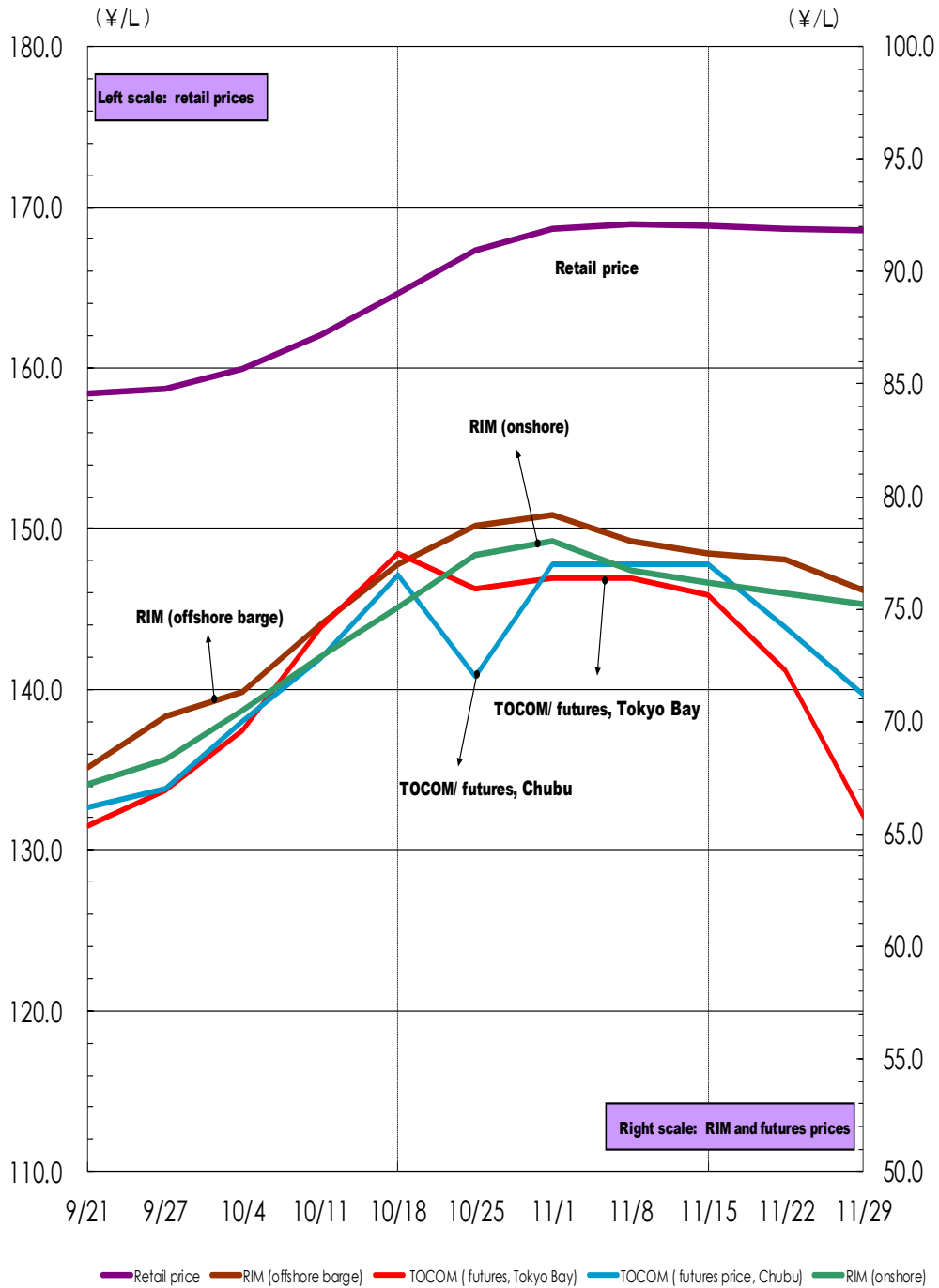
Crude oil cost in yen decreased for the period from November 23-November 29 with the decrease in crude oil price and the depreciation of the yen to the US dollar. Motouri companies decreased their wholesale prices by 1.5 yen/l for gasoline, diesel oil and kerosene for the period from December 2-December 8. Retail gasoline price on the next price survey day (December 6) is expected to decrease from a week earlier.

(Published by ANRE)[Weekly trend]		(Unit: yen/l)			
		This week (11/29)	Previous week (11/22)	From a week earlier	Latest high
Retail Price	Regular	168.6	168.7	▼ -0.1	08/8/4 185.1
	Kerosene	108.4	108.3	▲ 0.1	08/8/11 132.1
	Diesel oil	148.4	148.5	▼ -0.1	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

(2021/9/21 ~ 2021/11/29)



(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. 35 for 2021) will be announced on December 17.

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).