

# Oil Market Review in Japan No. 35/2021

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## Overview

The key WTI (West Texas Intermediate) crude oil futures contract on NYMEX (New York Mercantile Exchange) in the November 25- December 1 week moved within a range of \$65.57 per barrel and \$69.95/bbl.

On December 2, the key contract rebounded for the first time in three trading days and the January contract closed at \$66.50/bbl up \$0.93/bbl from the previous trading day. On this day, the Members of OPEC (Organization of the Petroleum Exporting Countries) Plus, consisted of the OPEC members and major non-OPEC oil-producing countries, such as Russia, decided to maintain the current framework of increasing crude oil production (reduction in crude oil production cut) for January 2022. The key contract turned down temporarily after the announcement. However, the buying trend gradually prevailed after a round of selling.

On December 3, the key contract turned down and the January contract closed at \$66.26/bbl down \$0.24/bbl from the previous day. The Member of OPEC Plus decided to maintain the current framework of increasing crude oil production (reduction in crude oil production cut), which had been carried out since August 2021, for January 2022 at its Ministerial Meeting held on December 2. On the other hand, the Member of OPEC Plus hinted at the possibility of taking an immediate action in advance of the next meeting scheduled for January 4, 2022, if the variant "Omicron" of the new coronavirus caused decrease in energy demand. The Reuters announced that the Member of OPEC Plus crude oil production for November 2021 was less than the target, which supported crude oil futures price in trading-hours in the morning. However, this buying trend was short-lived. Baker Hughes reported that the number of operating U.S. oil-drilling rigs leveled off from a week earlier at 467 units.

On December 6, the key contract rebounded significantly and the January contract closed at \$69.49/bbl, up \$3.23/bbl from the previous day. Excessive vigilance against the variant "Omicron" of the new coronavirus was relieved in the market. Market players expected that crude oil demand would decrease. The U.S. stock market prices rebounded, which partially supported crude oil futures price (considered as "risk asset" like stock).

On December 7, the key contract rose further. The buying trend prevailed with receding vigilance against the variant "Omicron" of the new coronavirus. The January contract closed at \$72.05/bbl up \$2.56/bbl from the previous day. There was no significant progress on Talks on the Iranian clear deal (the Joint Comprehensive Plan of Action) which restarted on November 29 for the first time in about five months. The price rise was also supported by an observation that the Iran's coming back to the international crude oil market would delay.

On December 8, the key contract rose further for the third straight trading day and the January contract closed at \$72.36/bbl up \$0.31/bbl from the previous day. Market players expected increase in crude oil demand and the buying trend prevailed with receding vigilance against the variant "Omicron" of the new coronavirus.

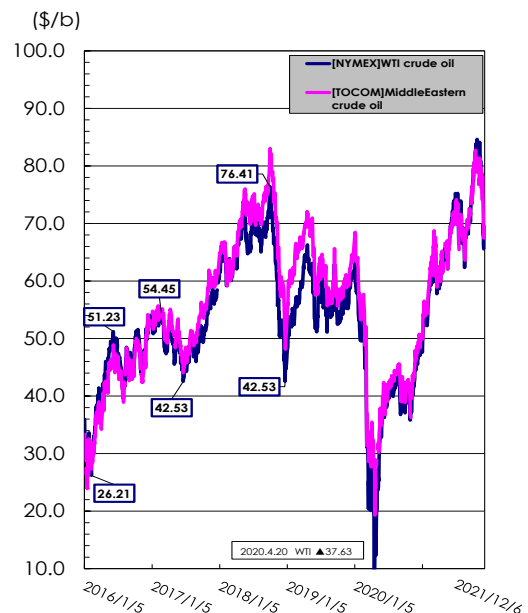
The Asian benchmark crude oil of Dubai for January delivery on the Tokyo market ranged from \$69.00/bbl to \$81.70/bbl on November 25- December 1 week. It closed at \$68.80/bbl on December 2, at \$69.90/bbl on December 3, at \$70.70/bbl on December 6, at \$72.80/bbl on December 7, at \$74.00/bbl on December 8.

On the foreign exchange market in the November 25- December 1 week, the dollar moved within a range of 113.26 yen and 115.33 yen. It changed hands at 112.98 yen in late trading on December 2, at 113.10 yen on December 3, at 113.08 yen on December 6, at 113.50 yen on December 7, at 113.57 yen on December 8.

According to preliminary 10-day trade statistics released by the Ministry of Finance on December 7, the average crude oil import CIF price for Japan in the mid-November period stood at 58,949 yen/kl (kiloliter), up 891 yen/kl from the previous 10-day period. In dollars, the price was \$82.23/bbl, up \$1.31/bbl. The average exchange rate was 113.97 yen to the dollar.

Japan's average retail price on December 6 lost by 0.6 yen/l from a week earlier for gasoline and lost by 0.6 yen/l for diesel oil and lost by 5 yen/l for kerosene on an 18-liter tank basis. The gasoline price decreased for the fourth straight week. Diesel oil price decreased for the fourth straight week. Kerosene price decreased for the first time in 14 weeks. Crude oil cost decreased for the week of November 30- December 6, Motouri companies decreased their wholesale prices by 6.5 yen/l from a week earlier for gasoline, diesel oil and kerosene for the next week.

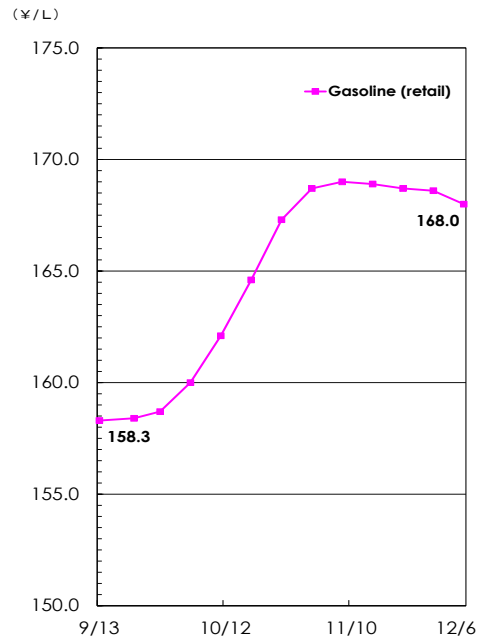
Crude oil			This week	From a week earlier	From a year earlier
Supply/ Demand	Crude oil runs (1,000 kl)	11/28 ~ 12/4	3,101	▲ 81	▲ —
	Topper capacity utilization rate (%)	"	80.6	▲ 2.1	▲ —
	Crude oil inventories (1,000 kl)	12/4	9,324	▲ 300	▼ —
Prices	Middle Eastern crude oil (TOCOM) (\$/bbl)	12/6	68.99	▼ -1.84	▲ 20.9
	WTI crude oil (NYMEX) (\$/bbl)	12/6	69.49	▼ -0.46	▲ 23.7
	Crude oil import CIF price (\$/bbl)	Mid Nov	82.23	▲ 1.31	▲ 39.92
	① Crude oil import CIF price (yen/kl)	"	58,949	▲ 891	▲ 31,092
	② Yen-dollar exchange rate (yen/dollar)	"	113.97	▲ 0.10	▼ -9.29
	TTS exchange rate (yen/dollar)	12/6	114.08	▲ 0.69	▼ -9.00



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

Gasoline			This week	From a week earlier	From a year earlier	
Supply/ Demand	Production	11/28 ~ 12/4	913	▼ -30	▼ -	
	Imports	"	n.a.	n.a.	n.a.	
	Shipments	"	839	▲ 60	▼ -	
	Exports	"	0	▼ -268	➡ -	
	Inventories	12/4	1,562	▲ 74	▼ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	11/30 ~ 12/6	70.5	▼ -4.9	▲ 24.9	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	11/30 ~ 12/6	61.7	▼ -8.2	▲ 19.2
		(TOCOM/ Chubu)	12/6	67.0	▼ -4.2	▲ 22.0
	Retail prices [weekly trend] (published by ANRE)	12/6	168.0	▼ -0.6	▲ 33.8	

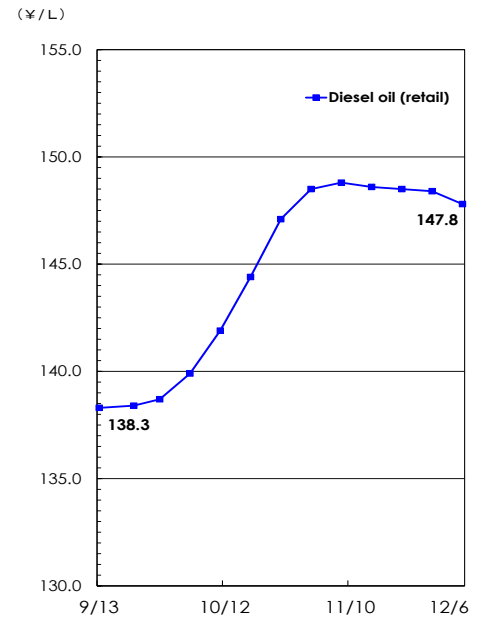
\*Gyoten and futures prices are before tax



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

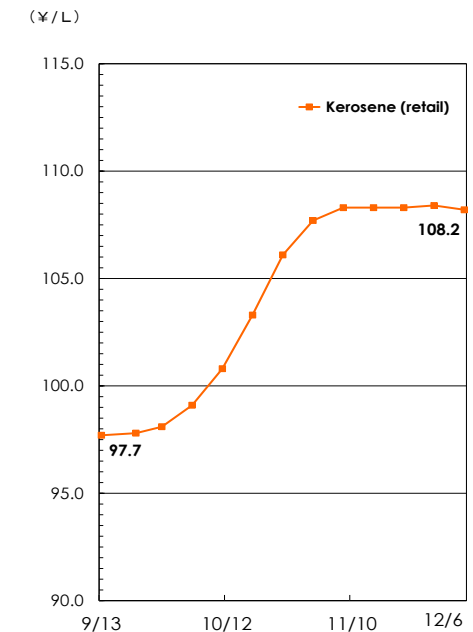
Diesel oil			This week	From a week earlier	From a year earlier	
Supply/ Demand	Production	11/28 ~ 12/4	722	▲ 22	▲ -	
	Imports	"	n.a.	n.a.	n.a.	
	Shipments	"	610	▲ 25	▼ -	
	Exports	"	54	▼ -41	▲ -	
	Inventories	12/4	1,403	▲ 58	▼ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	11/30 ~ 12/6	73.1	▼ -2.7	▲ 25.0	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	11/30 ~ 12/6	75.7	▼ -2.2	▲ 26.6
		(TOCOM/ Chubu)	12/6	-	-	-
	Retail prices [weekly trend] (published by ANRE)	12/6	147.8	▼ -0.6	▲ 32.9	

\*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	11/28 ~ 12/4	319	▲ 29	▼ -	
	Imports	"	n.a.	n.a.	n.a.	
	Shipments	"	340	▲ 148	▼ -	
	Exports	"	24	▲ 24	▲ -	
	Inventories	12/4	2,772	▼ -44	▼ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	11/30 ~ 12/6	72.1	▼ -3.5	▲ 24.7	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	11/30 ~ 12/6	66.8	▼ -5.5	▲ 21.3
		(TOCOM/ Chubu)	12/6	68.0	▼ -3.0	▲ 20.5
	Retail prices [weekly trend] (published by ANRE)	12/6	108.2	▼ -0.2	▲ 28.9	



## Relevant Information

### 1 Overseas crude oil prices

On December 8, WTI crude oil futures price on NYMEX rose further for the third straight trading day with receding vigilance against the variant "Omicron" of the new coronavirus. The January contract closed at \$72.36/bbl up \$0.31/bbl from the previous day. The February contract closed at \$72.18/bbl up \$0.34/bbl from the previous day. While many experts have been analyzing infectivity and vaccine efficacy of the variant "Omicron" of the new coronavirus, more and more market players consider that the variant "Omicron" would have less influence on the business activities and fuels demand than initial concerns. On this day, while the U.K. was reported to introduce measures for preventing the spread of infection, the U.S. Pfizer announced the result that the third vaccination would expectedly have a high preventive effect. Buying and selling were mixed in trading-hours early in the morning. Then, the price rose with fluctuation.

According to the EIA, the average U.S. retail price of gasoline as of December 6 decreased by 3.9 cents per gallon from a week earlier to \$3.341/gal (100.6 yen/l). The average diesel oil price decreased by 4.6 cents per gallon to \$3.674/gal (110.6 yen/l). The gasoline price decreased for the fourth straight week. Diesel oil price decreased for the third 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 28- December 4 week in 2021 stood at 172,000 barrels per day, decreasing by 154,000 bpd from the previous week (total capacity remained at 3,458,000 bpd).

Crude oil throughput in the week increased by 81,000 kl from the previous week to 3,101,000 kl. From a year earlier, it increased by 207,000 kl. The topper capacity utilization rate stood at 80.6%, up 2.1 points from the previous week and up 5.4 points from a year earlier.

Production decreased from the previous week for gasoline and jet fuel and increased for other petroleum products. Output was down 3.1% for gasoline, down 4.0% for jet fuel, up 9.8% for kerosene, up 3.2% for diesel oil, up 21.7% for Fuel Oil A, and up 16.0% for Fuel Oil C. Fuel Oil C imports in the week totaled 35,000 kl, up 5,000 kl from the previous week. Diesel oil exports aggregated 54,000 kl, down 41,000 kl from the previous week.

Shipments (excluding imports) in the week decreased from the previous week for jet fuel and Fuel Oil C and increased for other products. From a year earlier, shipments declined for all petroleum products. Gasoline shipments increased by 7.7% from the previous week to 839,000 kl, increasing for the first time in two weeks. Shipments totaled 15,000 kl for jet fuel (down 86.4% from the previous week), 340,000 kl for kerosene (up 77.0% from the previous week), 610,000 kl for diesel oil (up 4.4% from the previous week), 201,000 kl for Fuel Oil A (up 20.6% from

previous week), and 117,000 kl for Fuel Oil C (down 42.7% from the previous week).

(Unit: 1,000 kl)

	This week (11/28 ~ 12/4)	Previous week (11/21 ~ 11/27)	From a week earlier
Gasoline	839	779	▲ 60 (8%)
Jet fuel	15	111	▼ -96 (-86%)
Kerosene (heating Oil)	340	192	▲ 148 (77%)
Diesel oil	610	585	▲ 25 (4%)
Fuel oil A	201	167	▲ 34 (20%)
Fuel Oil C	117	205	▼ -88 (-43%)
<b>Total</b>	<b>2,122</b>	<b>2,039</b>	<b>▲ 83 (4%)</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 December 4 increased for gasoline, jet fuel, diesel oil and Fuel Oil A and decreased for other petroleum products. From a year earlier, inventories expanded for jet fuel and declined for other petroleum products.

Gasoline inventories totaled 1,562,000 kl, up 74,000 kl from a week earlier and down 436,000 kl from a year earlier.

Kerosene inventories totaled 2,772,000 kl, down 44,000 kl from a week earlier and down 155,000 kl from a year earlier.

Diesel oil inventories totaled 1,403,000 kl, up 58,000 kl from a week earlier and down 195,000 kl from a year earlier.

Fuel Oil A inventories totaled 766,000 kl, up 35,000 kl from a week earlier and down 36,000 kl from a year earlier.

Fuel Oil C inventories totaled 1,712,000 kl, down 13,000 kl from a week earlier and down 188,000 kl from a year earlier.

(Unit: 1,000 kl)

	This week (12/4)	Previous week (11/27)	From a week earlier
Gasoline	1,562	1,488	▲ 74 (5%)
Jet fuel	831	804	▲ 27 (3%)
Kerosene (heating Oil)	2,772	2,816	▼ -44 (-2%)
Diesel oil	1,403	1,345	▲ 58 (4%)
Fuel oil A	766	731	▲ 35 (5%)
Fuel Oil C	1,712	1,725	▼ -13 (-1%)
<b>Total</b>	<b>9,046</b>	<b>8,909</b>	<b>▲ 137 (1.5%)</b>

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

During November 30-December 6, 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 December 9-December 15, Motouri companies decreased their wholesale prices by 6.5 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 30-December 6 week decreased for all oil products in all trading compared to the period of November 23-November 29.

The latest onshore cargo spot price (the average onshore rack price for four districts -- Chiba, Kawasaki, Chukyo, and Hanshin -- for the November 30-December 6) decreased by 4.9 yen/l from a week earlier (November 23-November 29) for gasoline, decreased by 3.5 yen/l for kerosene and decreased by 2.7 yen/l for diesel oil.

The average offshore barge spot price in Tokyo Bay decreased by 4.2 yen/l for gasoline, decreased by 4.6 yen/l for kerosene and decreased by 2.4 yen/l for diesel oil for the November 30-December 6 week from a week earlier.

The key average futures price decreased by 8.2 yen/l for gasoline, decreased by 5.5 yen/l for kerosene and decreased by 2.2 yen/l for diesel oil from a week earlier.

(RIM) [4-district average lorry rack price]		(Unit: yen/l)		
		This week (11/30 ~ 12/6)	Previous week (11/23 ~ 11/29)	From a week earlier
Spot Prices	Regular	70.5	75.4	▼ -4.9
	Kerosene	72.1	75.6	▼ -3.5
	Diesel oil	73.1	75.8	▼ -2.7

(TOCOM) [Front-month contract/closing price] [Average]		(Unit: yen/l)		
		This week (11/30 ~ 12/6)	Previous week (11/23 ~ 11/29)	From a week earlier
Futures Price	Regular	61.7	69.9	▼ -8.2
	Kerosene	66.8	72.3	▼ -5.5
	Diesel oil	75.7	77.9	▼ -2.2

Above prices are before tax.

Reference (November 30 - December 6 actual data)

(Unit: yen/l)			
Products	Spot	Futures	Average
Gasoline	▼ -4.9	▼ -8.2	▼ -6.6
Kerosene	▼ -3.5	▼ -5.5	▼ -4.5
Diesel oil	▼ -2.7	▼ -2.2	▼ -2.5
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 December 6 decreased by 0.6 yen from a week earlier to 168.0 yen/l for gasoline, decreased by 0.6 yen to 147.8 yen/l for diesel oil and decreased by 5 yen/l to 1,947 yen for kerosene on an 18-liter tank basis (decreased by 0.2 yen/l to 108.2 yen/l) from a week earlier. The gasoline price decreased for the fourth straight week. Diesel oil price decreased for the fourth straight week. Kerosene price decreased for the first time in 14 weeks.

Gasoline prices increased in three prefectures, leveled off in three prefectures and decreased in 41 prefectures. The lowest gasoline price among the prefectures was 161.7 yen/l in Saitama. The second lowest was 162.6 yen/l in Iwate. The highest price was 176.7 yen/l in Nagasaki. Saga logged the largest price gain of 0.8 yen/l. The price leveled off in Kouchi and other two prefectures. Yamagata and Shimane logged the largest price fall of 1.7 yen/l.

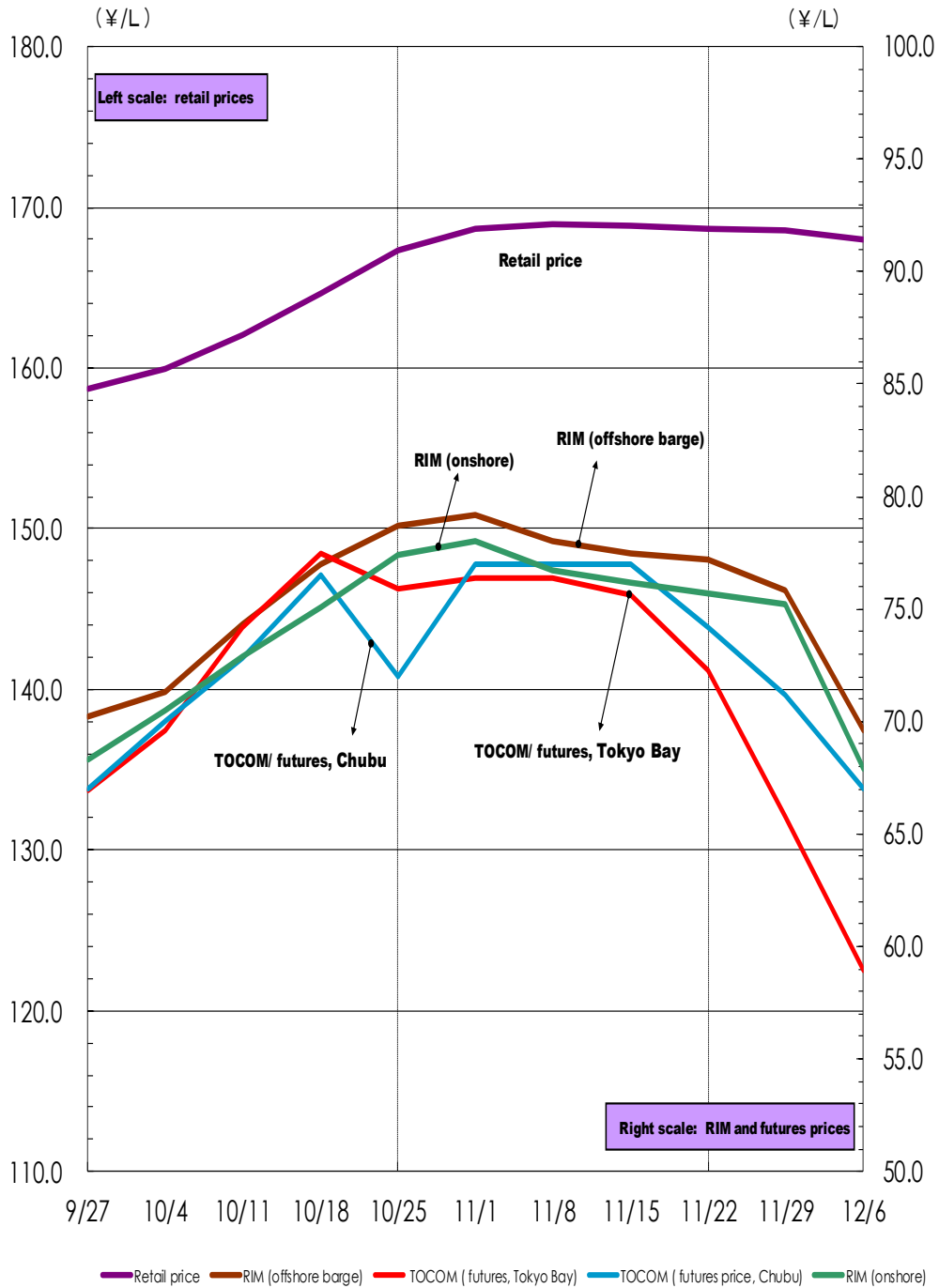
Crude oil cost in yen decreased for the period from November 30- December 6 with the decrease in crude oil price and the appreciation of the yen to the US dollar. Motouri companies decreased their wholesale prices by 6.5 yen/l for gasoline, diesel oil and kerosene for the period from December 9-December 15. Retail gasoline price on the next price survey day (December 13) is expected to decrease from a week earlier.

(Published by ANRE)[Weekly trend]		(Unit: yen/l)			
		This week (12/6)	Previous week (11/29)	From a week earlier	Latest high
Retail Price	Regular	168.0	168.6	▼ -0.6	08/8/4 185.1
	Kerosene	108.2	108.4	▼ -0.2	08/8/11 132.1
	Diesel oil	147.8	148.4	▼ -0.6	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

(2021/9/27 ~ 2021/12/6)



(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. 36 for 2021) will be announced on December 24.

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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).