

Oil Market Review in Japan No. 5/2022

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Inui Bldg. Kachidoki, 11th Floor, 13-1, Kachidoki 1-chome, Chuo-ku, Tokyo, 104-8581 Japan
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Overview

The key WTI (West Texas Intermediate) crude oil futures contract on NYMEX (New York Mercantile Exchange) in the April 14-April 20 week moved within a range of \$102.56 per barrel and \$108.21/bbl.

On April 21, the key contract rose further due to a sense of tight oil demand and supply both for the long-term and the short-term. The EU (European Union) countries were reportedly considering a step-by-step ban on crude oil import from Russia. The German Foreign Minister announced that German would ban crude oil import from Russia within this year as economic sanctions against Russia. In addition, Libya had been suspending its crude oil export. However, the price rise was restricted by the announcement of Chairman of FRB (Federal Reserve Board) Volcker that FRB was considering significant rate hike of 0.5%. The June contract, which replaced the May contract as the key front month contract, closed at \$103.79/bbl up \$1.60/bbl from the previous trading day.

On April 22, the key contract turned down due to deepening concerns about oil demand in the future. The IMF (International Monetary Fund) made a downward revision of the world economic growth forecast for the year 2022 in its report announced on April 19. Market players expected economic slowdown in China due to the recent new outbreaks of the coronavirus. The U.S. dollar was appreciated due to the expectations of rate hike by FRB. A sense of overvalued crude oil futures was another factor for declining crude oil price. Baker Hughes reported that the number of operating U.S. oil-drilling rigs increased by one unit from a week earlier to 549 units, increasing for the fifth straight week. The June contract closed at \$102.07/bbl down \$1.72/bbl from the previous trading day.

On April 25, the key contract turned down further due to concerns about slowdown of the world economy, following the trend from the previous weekend. The end price declined below \$100/bbl level, the lowest price for the first time in two weeks. However, the price was supported by persisting concerns about tight oil supply in the background of prolongation of conflicts in Ukraine. The June contract closed at \$98.54/bbl down \$3.53/bbl from the previous trading day.

On April 26, the key contract rebounded for the first time in three trading days by buying trend in response to bargain hunting and strengthening economic sanctions against Russia. The June contract closed at \$101.70/bbl up \$3.16/bbl from the previous day.

On April 27, the key contract rose slightly. The market players expected an increased sense of tight oil demand and supply. Russia halted natural gas export to Poland and Bulgaria. The U.S. domestic inventory increased for crude oil less than the market expectation for the previous week and decreased for oil products. The June contract closed at \$102.02/bbl up \$0.32/bbl from the previous trading day.

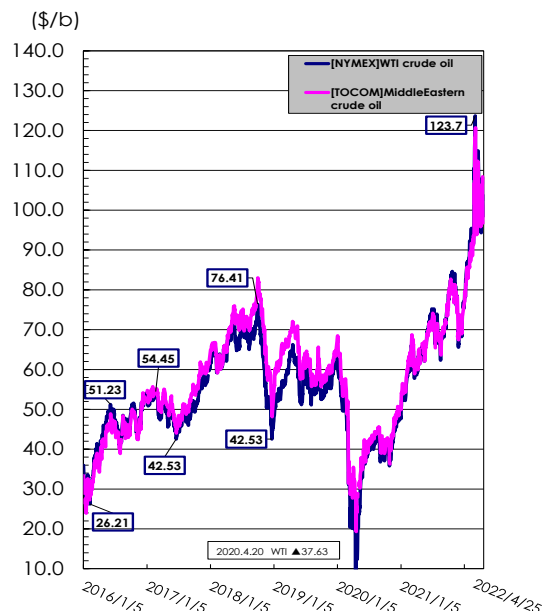
The Asian benchmark crude oil of Dubai for June delivery on the Tokyo market ranged from \$105.30/bbl to \$108.90/bbl on April 14-April 20 week. It closed at \$106.10/bbl on April 21, at \$104.20/bbl on April 22, at \$100.50/bbl on April 25, at \$101.00/bbl on April 26, at \$103.80/bbl on April 27.

On the foreign exchange market in the April 14-April 20 week, the dollar moved within a range of 125.58 yen and 129.43 yen. It changed hands at 128.28 yen in late trading on April 21, at 128.65 yen on April 22, at 128.81 yen on April 25, at 127.60 yen on April 26, at 127.66 yen on April 27.

According to preliminary 10-day trade statistics released by the Ministry of Finance on April 27, the average crude oil import CIF price for Japan in the early April period stood at 78,774 yen/kl (kiloliter), up 10,308 yen/kl from the previous 10-day period. In dollars, the price was \$103.78/bbl, up \$10.68/bbl. The average exchange rate was 120.69 yen to the dollar.

Japan's average retail price on April 25 lost by 0.7 yen/l from a week earlier for gasoline and lost by 0.6 yen/l for diesel oil and lost by 7.0 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 decreased for the second straight week. The national average gasoline price was 172.8 yen/l and mitigation measures against the extreme change in fuel oil were invoked again. The subsidy was 31.8 yen/l.

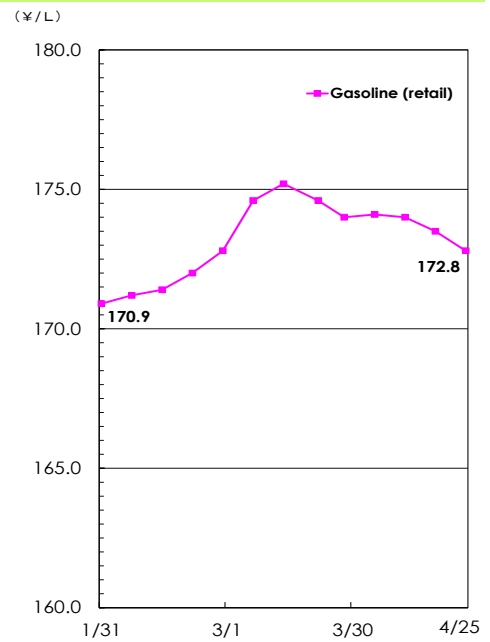
Crude oil			This week	From a week earlier	From a year earlier
Supply/ Demand	Crude oil runs (1,000 kl)	4/17 ~ 4/23	3,063	▲ 84	▲ —
	Topper capacity utilization rate (%)	"	79.6	▲ 2.2	▲ —
	Crude oil inventories (1,000 kl)	4/23	10,040	▲ 412	▼ —
Prices	Middle Eastern crude oil (TOCOM) (\$/bbl)	4/25	96.78	▼ -9.75	▲ 35.1
	WTI crude oil (NYMEX) (\$/bbl)	4/25	98.54	▼ -9.67	▲ 36.6
	Crude oil import CIF price (\$/bbl)	Early Apr	103.78	▲ 10.68	▲ 37.47
	① Crude oil import CIF price (yen/kl)	"	78,774	▲ 10,308	▲ 33,074
	② Yen-dollar exchange rate (yen/dollar)	"	120.69	▼ -3.77	▼ -11.12
	TTS exchange rate (yen/dollar)	4/25	129.81	▼ -2.13	▼ -20.92



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

Gasoline		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	4/17 ~ 4/23	831	▼ -25	▲ —	
	Imports	"	n.a.	n.a.	n.a.	
	Shipments	"	745	▼ -7	▼ —	
	Exports	"	6	▼ -27	▲ —	
	Inventories	4/23	1,678	▲ 80	▼ —	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	4/19 ~ 4/25	78.0	▼ -0.8	▲ 18.1	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	4/19 ~ 4/25	78.4	▼ -0.9	▲ 21.1
		(TOCOM/ Chubu)	4/25	75.8	▼ -4.4	▲ 17.7
	Retail prices [weekly trend] (published by ANRE)	4/25	172.8	▼ -0.7	▲ 22.3	

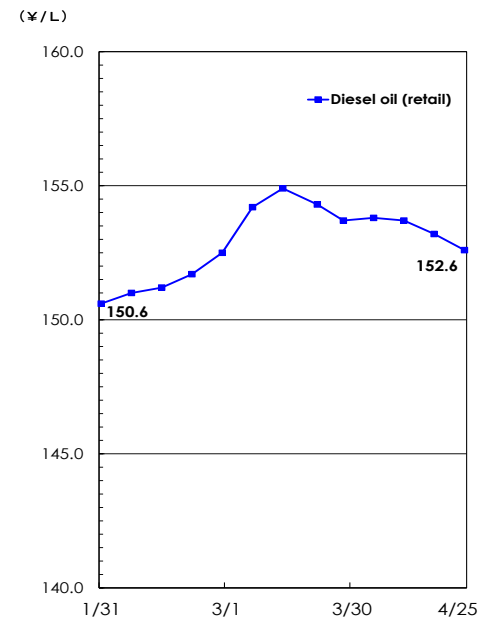
*Gyoten and futures prices are before tax



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

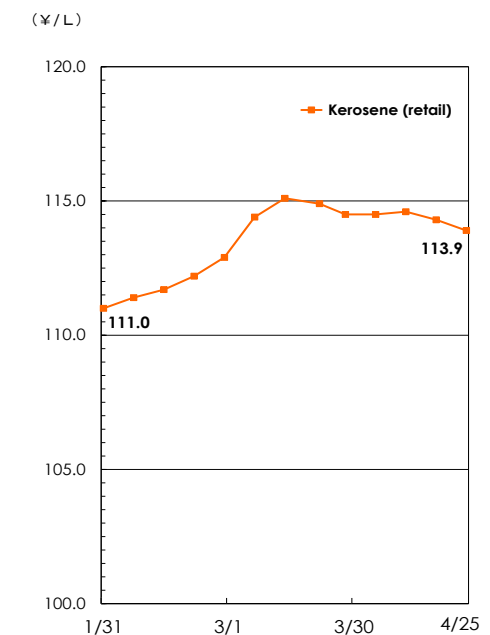
Diesel oil		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	4/17 ~ 4/23	729	▲ 35	▲ —	
	Imports	"	n.a.	n.a.	n.a.	
	Shipments	"	578	▼ -102	▼ —	
	Exports	"	62	▼ -31	▲ —	
	Inventories	4/23	1,205	▲ 89	▼ —	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	4/19 ~ 4/25	77.9	▼ -1.1	▲ 16.5	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	4/19 ~ 4/25	90.5	▼ -0.8	▲ 28.8
		(TOCOM/ Chubu)	4/25	—	—	—
	Retail prices [weekly trend] (published by ANRE)	4/25	152.6	▼ -0.6	▲ 21.9	

*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	4/17 ~ 4/23	169	▼ -22	▲ —	
	Imports	"	n.a.	n.a.	n.a.	
	Shipments	"	169	▲ 25	▼ —	
	Exports	"	0	→ 0	▲ —	
	Inventories	4/23	1,119	▼ -1	▼ —	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	4/19 ~ 4/25	77.8	▼ -1.0	▲ 16.9	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	4/19 ~ 4/25	76.3	▼ -3.0	▲ 20.4
		(TOCOM/ Chubu)	4/25	77.3	▼ -2.5	▲ 19.2
	Retail prices [weekly trend] (published by ANRE)	4/25	113.9	▼ -0.4	▲ 22.0	



Relevant Information

1 Overseas crude oil prices

On April 27, WTI crude oil futures price on NYMEX rose slightly. Russia halted natural gas export to Poland and Bulgaria. The market players were concerned about the side effect of oil demand and supply. According to the U.S. EIA (Energy Information Administration) Weekly Report announced on this day, the U.S. domestic crude oil inventory the previous weekend (April 22) increased slightly by 0.7 million bbl much less than the market expectations of an increase by 2 million bbl, decreased by 1.6 million bbl for gasoline and decreased by 1.4 million bbl for the middle distillates. The U.S. dollar was appreciated due to the expectations of a significant rate hike by FRB. Buying trend prevailed due to a sense of overvalued crude oil futures, which supported the price level, falling temporarily below \$100/bbl level in the morning trading-hours. The June contract closed at \$102.02/bbl up \$0.32/bbl from the previous trading day. The July contract closed at \$100.68/bbl up \$0.27/bbl from the previous trading day.

According to the EIA, the average U.S. retail price of gasoline as of April 25 increased by 4.1 cents per gallon from a week earlier to \$4.107/gal (140.7 yen/l). The average diesel oil price increased by 5.9 cents per gallon to \$5.160/gal (176.7 yen/l). The gasoline price decreased for the first time in six weeks. Diesel oil price increased 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 top capacity in the April 17-April 23 week in 2022 stood at 309,000 barrels per day, decreasing by 38,000 bpd from the previous week (total capacity remained at 3,458,000 bpd).

Crude oil throughput in the week increased by 84,000 kl from the previous week to 3,063,000 kl. From a year earlier, it increased by 430,000 kl. The top capacity utilization rate stood at 79.6%, up 2.2 points from the previous week and up 11.2 points from a year earlier.

Production increased from the previous week for jet fuel, diesel oil and Fuel Oil C and decreased for other petroleum products. Output was down 3.0% for gasoline, up 10.0% for jet fuel, down 11.4% for kerosene, up 5.1% for diesel oil, down 8.8% for Fuel Oil A, and up 4.0% for Fuel Oil C. Fuel Oil C imports in the week totaled 61,000 kl, up 5,000 kl from the previous week. Diesel oil exports aggregated 62,000 kl, down 31,000 kl from the previous week.

Shipments (excluding imports) in the week increased from the previous week for jet fuel and kerosene, and decreased for other oil products. From a year earlier, shipments declined for all petroleum products. Gasoline shipments decreased by 0.9% from the previous week to 745,000 kl, decreasing for the first time in two weeks. Shipments totaled 69,000 kl for jet fuel (up 70.5% from the previous week), 169,000 kl for kerosene (up

17.3% from the previous week), 578,000 kl for diesel oil (down 15.0% from the previous week), 187,000 kl for Fuel Oil A (down 2.3% from the previous week), and 156,000 kl for Fuel Oil C (down 23.7% from the previous week).

(Unit: 1,000 kl)

	This week (4/17 ~ 4/23)	Previous week (4/10 ~ 4/16)	From a week earlier
Gasoline	745	752	▼ -7 (-1%)
Jet fuel	69	41	▲ 28 (68%)
Kerosene (heating Oil)	169	144	▲ 25 (17%)
Diesel oil	578	680	▼ -102 (-15%)
Fuel oil A	187	192	▼ -5 (-3%)
Fuel Oil C	156	205	▼ -49 (-24%)
Total	1,904	2,014	▼ -110 (-5%)

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 April 23 decreased for kerosene and Fuel Oil A and increased for other petroleum products. From a year earlier, inventories declined for all petroleum products.

Gasoline inventories totaled 1,678,000 kl, up 80,000 kl from a week earlier and down 218,000 kl from a year earlier.

Kerosene inventories totaled 1,119,000 kl, down 1,000 kl from a week earlier and down 298,000 kl from a year earlier.

Diesel oil inventories totaled 1,205,000 kl, up 89,000 kl from a week earlier and down 433,000 kl from a year earlier.

Fuel Oil A inventories totaled 678,000 kl, down 4,000 kl from a week earlier and down 73,000 kl from a year earlier.

Fuel Oil C inventories totaled 1,586,000 kl, up 68,000 kl from a week earlier and down 318,000 kl from a year earlier.

(Unit: 1,000 kl)

	This week (4/23)	Previous week (4/16)	From a week earlier
Gasoline	1,678	1,598	▲ 80 (5%)
Jet fuel	775	742	▲ 33 (4%)
Kerosene (heating Oil)	1,119	1,120	▼ -1 (-0%)
Diesel oil	1,205	1,116	▲ 89 (8%)
Fuel oil A	678	682	▼ -4 (-1%)
Fuel Oil C	1,586	1,518	▲ 68 (4%)
Total	7,041	6,776	▲ 265 (3.9%)

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

During April 19-April 25, crude oil cost in yen increased by 5.0 yen/l from a week earlier with a slight increase in crude oil price and the significant depreciation of the yen to the US dollar.

For the next week of April 21-April 27, Motouri companies decreased their real wholesale prices by 1.8 yen/l for gasoline, kerosene, and diesel oil from a week earlier, because subsidy of 31.8 yen/l from this week was added to an increase in cost of 30.0 yen/l including the previous week's subsidy of 25.0 yen/l.

3 Petroleum products wholesale prices in Japan (2) Spot (Gyoten) and futures price trend

Spot petroleum products prices in the April 19-April 25 week decreased for all oil products in all trading except for an increase in offshore gasoline compared to the period of April 12-April 18.

The latest onshore cargo spot price (the average onshore rack price for four districts -- Chiba, Kawasaki, Chukyo, and Hanshin -- for the April 19-April 25) decreased by 0.8 yen/l from a week earlier (April 12-April 18) for gasoline, decreased by 1.0 yen/l for kerosene and decreased by 1.1 yen/l for diesel oil.

The average offshore barge spot price in Tokyo Bay increased by 0.2 for gasoline, decreased by 0.5 yen/l for kerosene and decreased by 0.1 yen/l for diesel oil for April 19-April 25 week from a week earlier.

The key average futures price decreased by 0.9 yen/l for gasoline, decreased by 3.0 yen/l for kerosene and decreased by 0.8 yen/l for diesel oil from a week earlier.

(RIM) [4-district average lorry rack price]		(Unit: yen/l)		
		This week (4/19 ~ 4/25)	Previous week (4/12 ~ 4/18)	From a week earlier
Spot Prices	Regular	78.0	78.8	▼ -0.8
	Kerosene	77.8	78.8	▼ -1.0
	Diesel oil	77.9	79.0	▼ -1.1

(TOCOM) [Front-month contract/closing price] [Average]		(Unit: yen/l)		
		This week (4/19 ~ 4/25)	Previous week (4/12 ~ 4/18)	From a week earlier
Futures Price	Regular	78.4	79.3	▼ -0.9
	Kerosene	76.3	79.3	▼ -3.0
	Diesel oil	90.5	91.3	▼ -0.8

Above prices are before tax.

Reference (April 19 - April 25 actual data)

(Unit: yen/l)			
Products	Spot	Futures	Average
Gasoline	▼ -0.8	▼ -0.9	▼ -0.9
Kerosene	▼ -1.0	▼ -3.0	▼ -2.0
Diesel oil	▼ -1.1	▼ -0.8	▼ -1.0
Fuel Oil A	▼ -0.6		

(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 April 25 decreased by 0.7 yen from a week earlier to 172.8 yen/l for gasoline, decreased by 0.6 yen to 152.6 yen/l for diesel oil and decreased by 7.0 yen/l to 2,051 yen for kerosene on an 18-liter tank basis (decreased by 0.4 yen/l to 113.9 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 decreased for the second straight week.

Gasoline prices increased in three prefectures, leveled off in four prefectures and decreased in 40 prefectures. The lowest gasoline price among the prefectures was 166.6 yen/l in Miyagi. The second lowest was 167.7 yen/l in Saitama. The highest price was 181.8 yen/l in Nagasaki. Aichi logged the largest price gain of 0.3 yen/l. The price leveled off in Oita and three other prefectures. Tochigi and Tokyo logged the largest price fall of 2.0 yen/l.

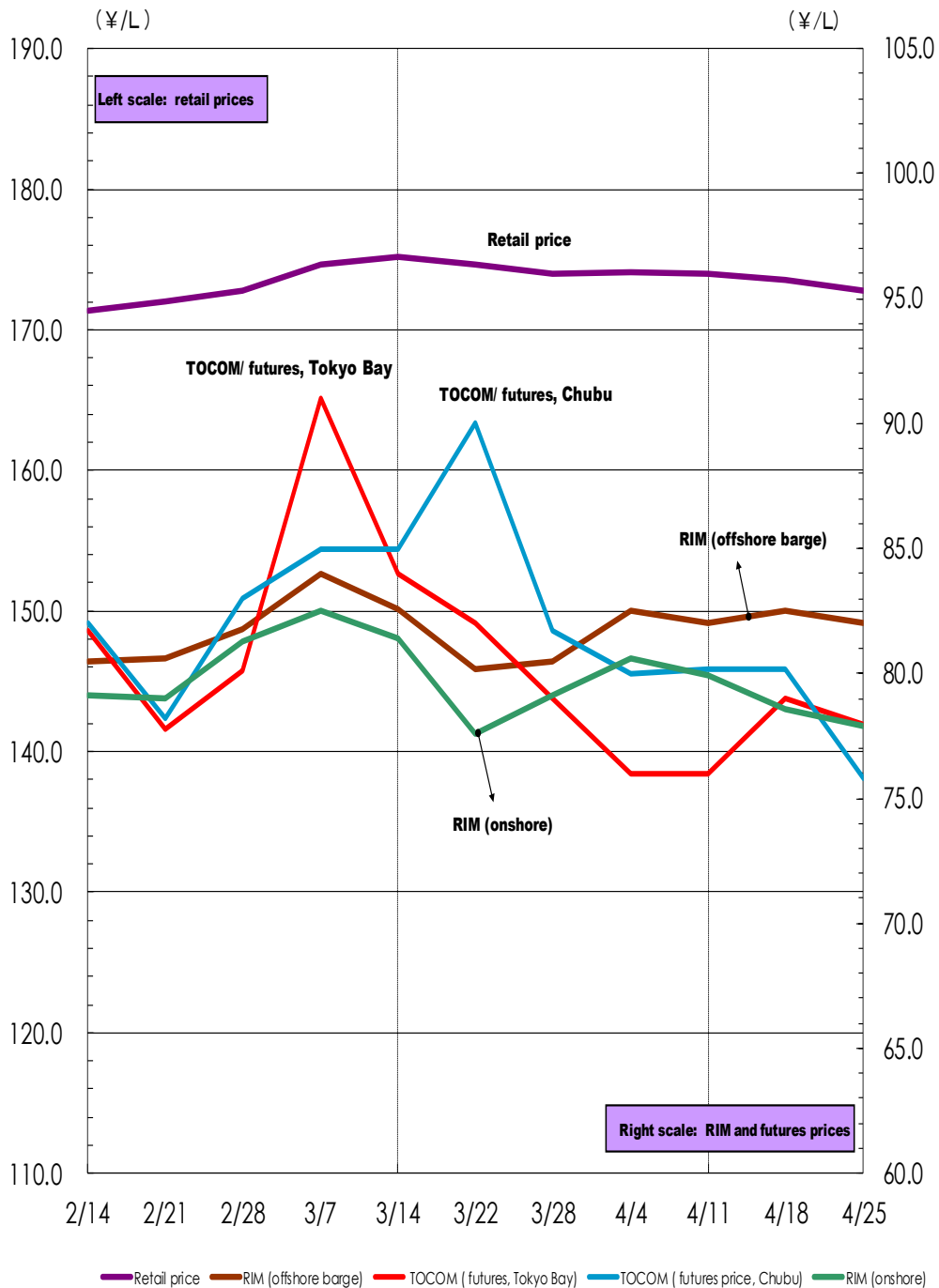
Retail gasoline price on the next price survey day (May 9) is expected to decrease from a week earlier.

(Published by ANRE)[Weekly trend]		(Unit: yen/l)			
		This week (4/25)	Previous week (4/18)	From a week earlier	Latest high
Retail Price	Regular	172.8	173.5	▼ -0.7	08/8/4 185.1
	Kerosene	113.9	114.3	▼ -0.4	08/8/11 132.1
	Diesel oil	152.6	153.2	▼ -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

(2022/2/14 ~ 2022/4/25)



(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. 6 for 2022) will be announced on May 20.

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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).