

# Oil Market Review in Japan No. 15/2022

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[https://eneken.iej.or.jp/en/weekly\\_oil/index.php](https://eneken.iej.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 June 30 - July 6 week moved within a range of \$98.53 per barrel and \$108.43/bbl.

On July 7, the key contract rebounded significantly for the first time in three trading days due to revived concerns about tight oil demand and supply. Until this day, it was reported that Russia's court had ordered CPC (Caspian Pipeline Consortium) Pipeline, which connects Tengiz, the largest oil field in Kazakhstan and the Russian part of coast of the Black Sea to suspend its operation for 30 days due to a deficit in measures for leakage. Other factors raising oil price were the announcement of strengthening economic sanctions against Iran by the U.S. government and bullish trend that caused the recent price drop. The August contract closed at \$102.73/bbl up \$4.20/bbl from the previous trading day.

On July 8, the key contract rose further alongside the trend from the previous trading day by the announcement of the robust U.S. Employment Statistics. The August contract closed at \$104.79/bbl up \$2.06/bbl from the previous trading day.

On July 11, the key contract turned down for the first time in three trading days due to concerns about the recent recession and the economic slump in China caused by the new outbreaks of the coronavirus and a sense of overvalued crude oil futures price caused by the appreciation of the U.S. dollar and the depreciation of the Euro in the foreign exchange market. However, the price level was supported by the announcement that Nord Stream 1, which connects Russia and Germany had suspended its operation due to regular inspection. The August contract closed at \$104.09/bbl down \$0.70/bbl from the previous trading day.

On July 12, the key contract turned down significantly due to concerns about recession worldwide and reintroduction of behavioral restrictions by the new outbreaks of the coronavirus in China, and the appreciation of the U.S. dollar and the depreciation of the Euro. The OPEC (Organization of the Petroleum Exporting Countries) Monthly Report expected that the growth of the world oil demand in 2023 would exceed oil supply. However, it didn't affect the oil price level. The August contract closed at \$95.84/bbl down \$8.25/bbl from the previous trading day, falling below the \$100/bbl level and the lowest price for the first time in about three months since early April 2022.

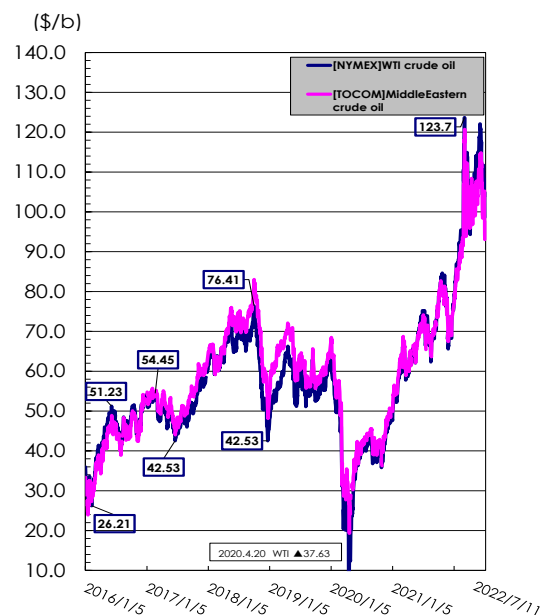
On July 13, the key contract rebounded slightly by bullish trend focusing on low price and position adjustment in response to low price on the previous trading day. The U.S. EIA Weekly Report announced that the U.S. domestic inventory increased for both crude oil and oil products last weekend from the previous week, which was against the market expectation. The IEA (International Energy Agency) made a slight downward revision of the world oil demand for 2022 and 2023 in its Monthly Report. These factors enhanced market players concerns about a decrease in oil demand. The August contract closed at \$96.30/bbl up \$0.46/bbl from the previous trading day.

The Asian benchmark crude oil of Dubai for August delivery on the Tokyo market ranged from \$101.30/bbl to \$112.10/bbl on June 30 - July 6 week. It closed at \$97.40/bbl on July 7, at \$101.20/bbl on July 8, at \$102.50/bbl on July 11, at \$102.30/bbl on July 12, at \$99.30/bbl on July 13.

On the foreign exchange market in the June 30 - July 6 week, the dollar moved within a range of 134.98 yen and 136.68 yen. It changed hands at 135.88 yen in late trading on July 7, at 136.06 yen on July 8, at 136.47 yen on July 11, at 137.24 yen on July 12, at 137.02 yen on July 13.

Japan's average retail price on July 11 lost by 0.9 yen/l from a week earlier for gasoline and lost by 0.9 yen/l for diesel oil and lost by 6 yen/l for kerosene on an 18-liter tank basis. The gasoline price decreased for the second straight week. Diesel oil price decreased for the second straight week. Kerosene price decreased for the second straight week. The national average gasoline price was 172.7 yen/l and mitigation measures against the extreme change in fuel oil were invoked again. The subsidy was 36.9 yen/l.

Crude oil			This week	From a week earlier	From a year earlier
Supply/ Demand	Crude oil runs (1,000 kl)	7/3 ~ 7/9	2,742	▲ 134	▲ -
	Topper capacity utilization rate (%)	"	71.3	▲ 3.5	▲ -
	Crude oil inventories (1,000 kl)	7/9	10,845	▲ 578	▼ -
Prices	Middle Eastern crude oil (TOCOM) (\$/bbl)	7/11	97.45	▼ -6.80	▲ 24.9
	WTI crude oil (NYMEX) (\$/bbl)	7/11	104.09	▲ 4.59	▲ 30.0
	Crude oil import CIF price (\$/bbl)	Mid Jun	117.35	▲ 2.87	▲ 48.23
	① Crude oil import CIF price (yen/kl)	"	95,558	▲ 3,436	▲ 47,954
	② Yen-dollar exchange rate (yen/dollar)	"	129.48	▼ -1.53	▼ -19.99
	TTS exchange rate (yen/dollar)	7/11	137.47	▼ -1.49	▼ -26.30

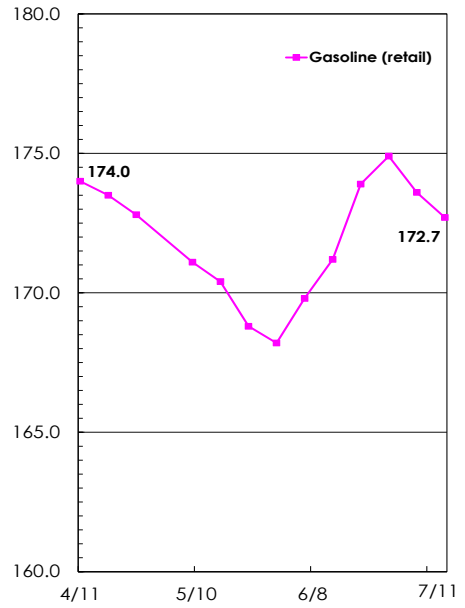


(Unit: 1,000 kl, yen/l)

Gasoline		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	7/3 ~ 7/9	933	▲ 125	▲ -	
	Imports	"	n.a.	n.a.	n.a.	
	Shipments	"	1,025	▲ 107	▲ -	
	Exports	"	4	▼ -36	▼ -	
	Inventories	7/9	1,370	▼ -97	▼ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	7/5 ~ 7/11	77.1	▼ -2.7	▲ 8.5	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	7/5 ~ 7/11	85.3	▼ -0.6	▲ 17.7
		(TOCOM/ Chubu)	7/11	77.0	▼ -3.0	▲ 9.8
	Retail prices [weekly trend] (published by ANRE)	7/11	172.7	▼ -0.9	▲ 14.7	

\*Gyoten and futures prices are before tax

(¥/L)

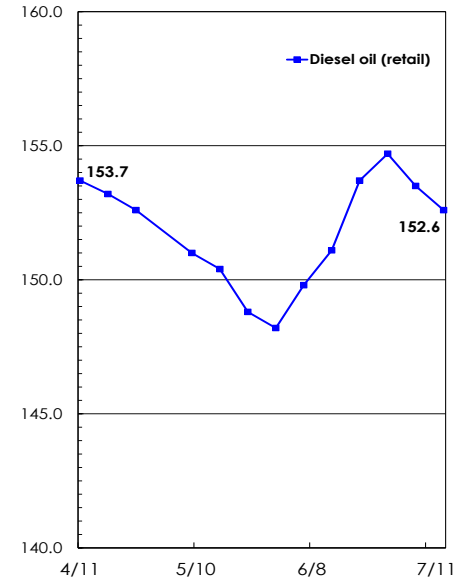


(Unit: 1,000 kl, yen/l)

Diesel oil		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	7/3 ~ 7/9	770	▲ 109	▲ -	
	Imports	"	n.a.	n.a.	n.a.	
	Shipments	"	727	▲ 155	▲ -	
	Exports	"	94	▼ -46	▲ -	
	Inventories	7/9	1,281	▼ -51	▼ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	7/5 ~ 7/11	76.6	▼ -2.0	▲ 6.7	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	7/5 ~ 7/11	89.9	▼ -2.8	▲ 20.7
		(TOCOM/ Chubu)	7/11	-	-	-
	Retail prices [weekly trend] (published by ANRE)	7/11	152.6	▼ -0.9	▲ 14.7	

\*Gyoten and futures prices are before tax

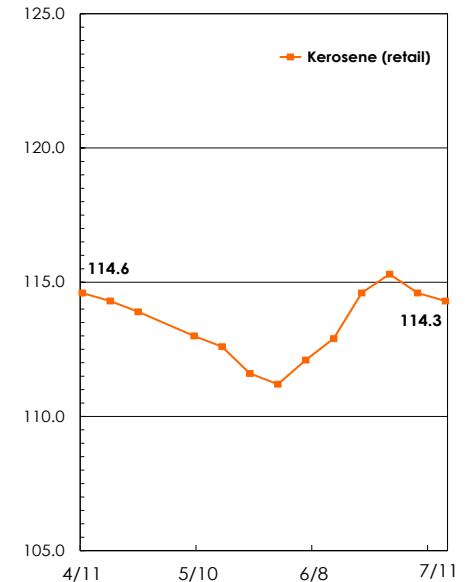
(¥/L)



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

Kerosene		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	7/3 ~ 7/9	134	▲ 29	▲ -	
	Imports	"	n.a.	n.a.	n.a.	
	Shipments	"	98	▲ 28	▲ -	
	Exports	"	20	▼ -30	▲ -	
	Inventories	7/9	1,406	▲ 16	▼ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	7/5 ~ 7/11	76.4	▼ -1.5	▲ 6.8	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	7/5 ~ 7/11	80.0	▶ 0.0	▲ 15.3
		(TOCOM/ Chubu)	7/11	77.0	▼ -2.0	▲ 9.9
	Retail prices [weekly trend] (published by ANRE)	7/11	114.3	▼ -0.3	▲ 17.1	

(¥/L)



## Relevant Information

### 1 Overseas crude oil prices

According to the U.S. EIA Weekly Report announced on July 7, one day later due to Independence Day, the U.S. domestic inventory as of July 1 increased by 8.2 million bbl for crude oil from the previous week against the market expectation of a decrease by 1 million bbl, mainly due to private oil companies' buying of released SPR on a large amount, and decreased for both gasoline and the middle distillates more than the market expectation. It had little effect on the market. The U.S. domestic inventory as of July 8 announced on July 13 increased by 3.3 million bbl for crude oil from the previous week, which was against the market expectation of a decrease by 0.2 million bbl and increased by 5.8 million bbl for gasoline which was against the market expectation of a decrease by 0.4 million bbl.

According to the EIA, the average U.S. retail price of gasoline as of July 11 decreased by 1.25 cents per gallon from a week earlier to \$4.646/gal (168.5 yen/l), decreasing for the fourth straight week. The average U.S. retail price of diesel oil as of July 11 decreased by 1.07 cents per gallon from a week earlier to \$5.568/gal (202.0 yen/l), decreasing for the third straight week. The system for collecting data on diesel oil price was changed on June 13, 2022.

Baker Hughes reported on July 8 that the number of operating U.S. oil-drilling rigs increased by two units from a week earlier to 597 units, increasing for the sixth 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 toppler capacity in the July 3 - July 9 week in 2022 stood at 738,000 barrels per day, decreasing by 104,000 bpd from the previous week (total capacity remained at 3,458,000 bpd).

Crude oil throughput in the week increased by 134,000 kl from the previous week to 2,742,000 kl. From a year earlier, it increased by 420,000 kl. The toppler capacity utilization rate stood at 71.3%, up 3.5 points from the previous week and up 11.0 points from a year earlier.

Production decreased from the previous week for jet fuel and increased for other petroleum products. Output was up 15.4% for gasoline, down 7.8% for jet fuel, up 27.2% for kerosene, up 16.5% for diesel oil, up 16.9% for Fuel Oil A, and up 36.2% for Fuel Oil C. Fuel Oil C imports in the week totaled 45,000 kl, up 40,000 kl from the previous week. Diesel oil exports aggregated 94,000 kl, down 46,000 kl from the previous week.

Shipments (excluding imports) in the week decreased from the previous week for jet fuel and increased for other oil products. From a year earlier, shipments expanded for all petroleum products. Gasoline shipments increased by 11.7% from the previous week to 1,025,000 kl, increasing for the second straight week. Shipments totaled 86,000 kl for jet fuel (down 4.1% from the previous week), 98,000 kl for kerosene (up 40.0%

from the previous week), 727,000 kl for diesel oil (up 27.1% from the previous week), 193,000 kl for Fuel Oil A (up 0.4% from the previous week), and 212,000 kl for Fuel Oil C (up 16.9% from the previous week).

	This week (7/3 ~ 7/9)	Previous week (6/26 ~ 7/2)	From a week earlier	(Unit: 1,000 kl)
Gasoline	1,025	918	▲ 107	(12%)
Jet fuel	86	89	▼ -3	(-3%)
Kerosene (heating Oil)	98	70	▲ 28	(40%)
Diesel oil	727	572	▲ 155	(27%)
Fuel oil A	193	192	▲ 1	(1%)
Fuel Oil C	212	182	▲ 30	(16%)
<b>Total</b>	<b>2,341</b>	<b>2,023</b>	<b>▲ 318</b>	<b>(16%)</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 July 9 increased for kerosene and Fuel Oil C and decreased for other petroleum products. From a year earlier, inventories decreased for all petroleum products.

Gasoline inventories totaled 1,370,000 kl, down 97,000 kl from a week earlier and down 659,000 kl from a year earlier.

Kerosene inventories totaled 1,406,000kl, up 16,000 kl from a week earlier and down 343,000 kl from a year earlier.

Diesel oil inventories totaled 1,281,000 kl, down 51,000 kl from a week earlier and down 508,000 kl from a year earlier.

Fuel Oil A inventories totaled 617,000 kl, down 30,000 kl from a week earlier and down 116,000 kl from a year earlier.

Fuel Oil C inventories totaled 1,769,000 kl, up 11,000 kl from a week earlier and down 99,000 kl from a year earlier.

	This week (7/9)	Previous week (7/2)	From a week earlier	(Unit: 1,000 kl)
Gasoline	1,370	1,467	▼ -97	(-7%)
Jet fuel	752	754	▼ -2	(-0%)
Kerosene (heating Oil)	1,406	1,390	▲ 16	(1%)
Diesel oil	1,281	1,332	▼ -51	(-4%)
Fuel oil A	617	647	▼ -30	(-5%)
Fuel Oil C	1,769	1,758	▲ 11	(1%)
<b>Total</b>	<b>7,195</b>	<b>7,348</b>	<b>▼ -153</b>	<b>(-2.1%)</b>

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

During July 5 - July 11, crude oil cost in yen decreased by 5.5 yen/l from a week earlier with a significant decrease in crude oil price and the slight depreciation of the yen to the US dollar.

For the next week of July 14- July 20, Motouri companies decreased their real wholesale prices by 1.6 yen/l for gasoline, kerosene, and diesel oil from a week earlier, because subsidy of 36.9 yen/l (37.8 yen/l on the calculation. The half of the subsidy amount is given for an increase exceeding 35 yen/l level) from this week was added to an increase in cost of 35.3 yen/l including the previous week's subsidy of 40.8 yen/l.

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

Spot petroleum products prices in the July 5 - July 11 week decreased for all oil products in all trading except for the leveled off kerosene futures compared to the period of June 28 - July 4.

The latest onshore cargo spot price (the average onshore rack price for four districts -- Chiba, Kawasaki, Chukyo, and Hanshin -- for the July 5 - July 11) decreased by 2.7 yen/l from the previous week June 28 - July 4 for gasoline, decreased by 1.5 yen/l for kerosene and decreased by 2.0 yen/l for diesel oil.

The average offshore barge spot price in Tokyo Bay decreased by 0.6 yen/l for gasoline, decreased by 1.2 yen/l for kerosene and decreased by 0.2 yen/l for diesel oil on July 5 - July 11 week from the previous week.

The key average futures price decreased by 0.6 yen/l for gasoline, leveled off for kerosene and decreased by 2.8 yen/l for diesel oil from a week earlier.

(RIM) [4-district average lorry rack price]		(Unit: yen/l)		
		This week (7/5 ~ 7/11)	Previous week (6/28 ~ 7/4)	From a week earlier
Spot Prices	Regular	77.1	79.8	▼ -2.7
	Kerosene	76.4	77.9	▼ -1.5
	Diesel oil	76.6	78.6	▼ -2.0

(TOCOM) [Front-month contract/closing price] [Average]		(Unit: yen/l)		
		This week (7/5 ~ 7/11)	Previous week (6/28 ~ 7/4)	From a week earlier
Futures Price	Regular	85.3	85.9	▼ -0.6
	Kerosene	80.0	80.0	→ 0.0
	Diesel oil	89.9	92.7	▼ -2.8

Above prices are before tax.

Reference (JULY 5 - JULY 11 actual data)

(Unit: yen/l)			
Products	Spot	Futures	Average
Gasoline	▼ -2.7	▼ -0.6	▼ -1.7
Kerosene	▼ -1.5	→ 0.0	▼ -0.8
Diesel oil	▼ -2.0	▼ -2.8	▼ -2.4
Fuel Oil A	▼ -1.6		

(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 July 11 decreased by 0.9 yen from a week earlier to 172.7 yen/l for gasoline, decreased by 0.9 yen to 152.6 yen/l for diesel oil and decreased by 6 yen/l to 2,057 yen for kerosene on an 18-liter tank basis (decreased by 0.3 yen/l to 114.3 yen/l) from a week earlier. The gasoline price decreased for the second straight week. Diesel oil price decreased for the second straight week. Kerosene price decreased for the second straight week.

Gasoline prices increased in three prefectures, leveled off in one prefecture and decreased in 43 prefectures. The lowest gasoline price among the prefectures was 166.7 yen/l in Miyagi. The second lowest was 166.9 yen/l in Iwate. The highest price was 182.7 yen/l in Nagasaki. Kochi, Fukui and Iwate logged the price hike of 0.1 yen/l from the previous week. The price leveled off in Tottori. Hiroshima logged the largest price fall of 2.8 yen/l.

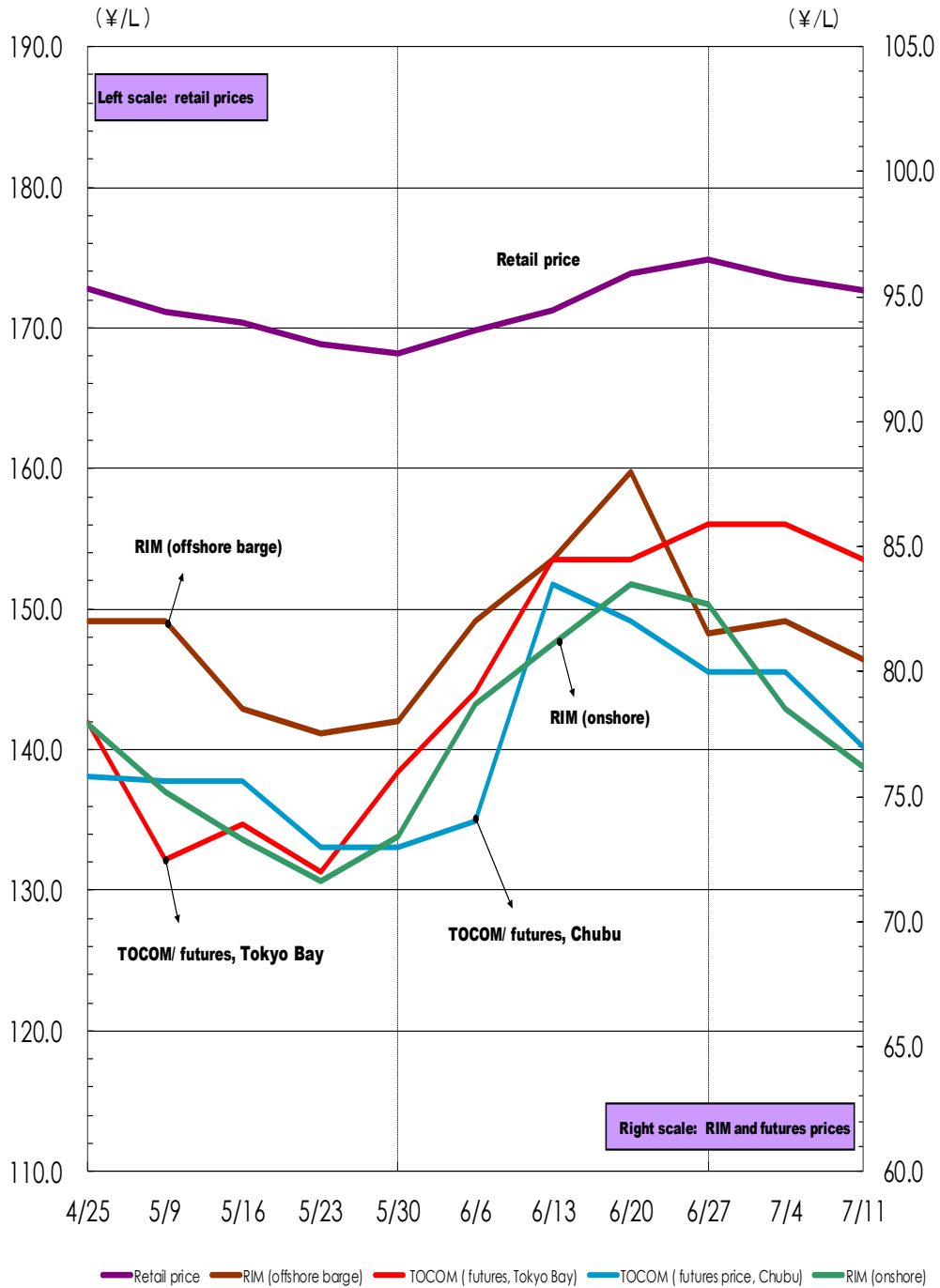
Retail gasoline price on the next price survey day (July 19) is expected to decrease from a week earlier.

(Published by ANRE)[Weekly trend]		(Unit: yen/l)			
		This week (7/11)	Previous week (7/4)	From a week earlier	Latest high
Retail Price	Regular	172.7	173.6	▼ -0.9	08/8/4 185.1
	Kerosene	114.3	114.6	▼ -0.3	08/8/11 132.1
	Diesel oil	152.6	153.5	▼ -0.9	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

(2022/4/25 ~ 2022/7/11)



(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. 16 for 2022) will be announced on July 29.

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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).