

# Oil Market Review in Japan No. 17/2022

August 5, 2022, 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](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 July 14 - July 20 week moved within a range of \$95.78 per barrel and \$104.22/bbl.

On July 21, the key contract turned down significantly by the expectations for weak oil demand for the future. According to the U.S. EIA (Energy Information Administration) Weekly Report announced on the previous day, the U.S. domestic gasoline inventory increased significantly from the previous week during the driving season. The ECB (European Central Bank) formally decided to raise interest rate by 0.5%. Libya announced resumption of operation of oil fields, which had been suspended due to civil war. In addition, Russia resumed operation with “Nord Stream”, gas pipeline from Russia to Germany. These were also factors for oil price decline. The September contract, which replaced the August contract as the key front month contract, closed at \$96.35/bbl down \$3.53/bbl from the previous trading day.

On July 22, the key contract turned down for the third straight trading day, falling below the \$95/bbl level for the first time since early April 2022 due to concerns about recession. The U.S. and European countries decided to raise the interest rate the other day. The economic indicators showed sluggish economic condition. The September contract closed at \$94.70/bbl down \$1.65/bbl from the previous trading day.

On July 25, the key contract rebounded due to concerns about tight energy demand and supply in total. The Russian National Company Gazprom reduce natural gas export through “Nord Stream” bound for Germany to 20% of its capacity on July 21 for turbine repairment after its resumption of operation. The September contract closed at \$96.70/bbl up \$2.00/bbl from the previous trading day.

On July 26, the key contract turned down due to concerns about relaxation of oil demand and supply in the future. The IMF (International Monetary Fund) made a downward revision for the world economic growth projection for 2022 by 3.2% (by 3.6% in the previous projection). In addition, the U.S. announced an additional release of SPR (Strategic Petroleum Reserve) by 20 million bbl. The September contract closed at \$94.98/bbl down \$1.72/bbl from the previous trading day.

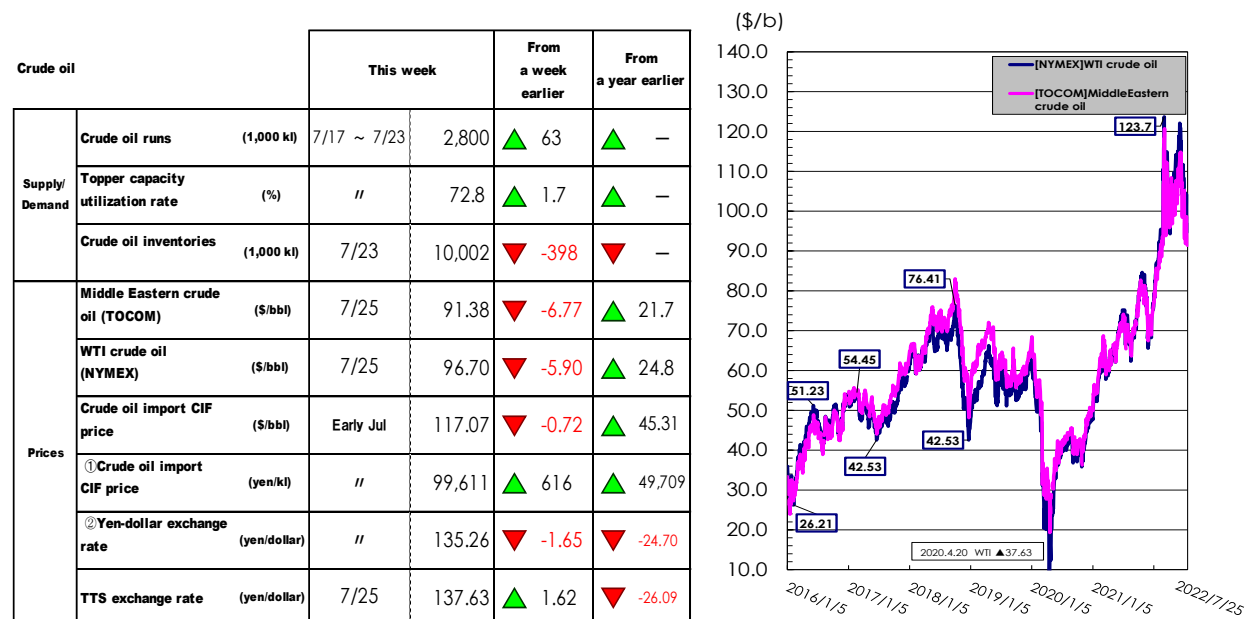
On July 27, the key contract rebounded due to concerns about a ripple effect on oil supply. The U.S. domestic crude oil inventory decreased significantly last weekend, which was more than the market expectation. In addition, Germany confirmed natural gas supply cut by Russia. However, in the afternoon trading hours, the price rise was restricted by concerns about recession before the U.S. decision on interest rate raising on the evening. The September contract closed at \$97.26/bbl up \$2.28/bbl from the previous trading day.

The Asian benchmark crude oil of Dubai for September delivery on the Tokyo market ranged from \$96.60/bbl to \$104.50/bbl on July 14 -July 20 week. It closed at \$104.30/bbl on July 21, at \$102.90/bbl on July 22, at \$101.00/bbl on July 25, at \$105.20/bbl on July 26, at \$103.60/bbl on July 27.

On the foreign exchange market in the July 14 -July 20 week, the dollar moved within a range of 138.00 yen and 138.94 yen. It changed hands at 138.51 yen in late trading on July 21, at 137.34 yen on July 22, at 136.63 yen on July 25, at 136.47 yen on July 26, at 137.01 yen on July 27.

According to preliminary 10-day trade statistics released by the Ministry of Finance on July 28, the average crude oil import CIF price for Japan in the early July period stood at 99,611 yen/kl (kiloliter), up 616 yen/kl from the previous 10-day period. In dollars, the price was \$117.07/bbl, down \$0.72/bbl. The average exchange rate was 135.26 yen to the dollar.

Japan’s average retail price on July 25 lost by 1.0 yen/l from a week earlier for gasoline and lost by 1.1 yen/l for diesel oil and lost by 11 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 fourth straight week. The national average gasoline price was 170.4 yen/l and mitigation measures against the extreme change in fuel oil were invoked again. The subsidy was 39.0 yen/l.

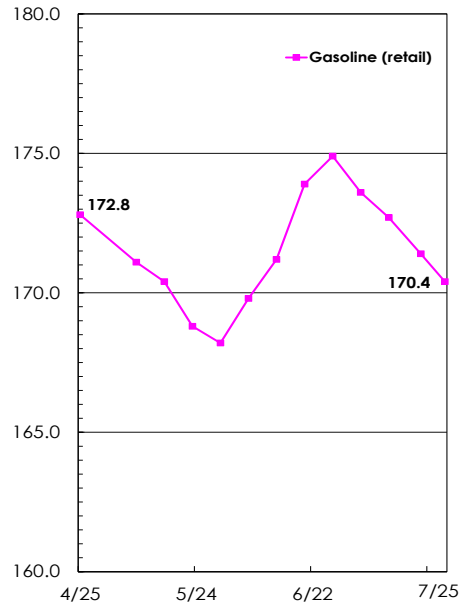


(Unit: 1,000 kl, yen/l)

Gasoline		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	7/17 ~ 7/23	964	▲ 46	▲ —	
	Imports	"	n.a.	n.a.	n.a.	
	Shipments	"	886	▲ 45	▼ —	
	Exports	"	79	▲ 38	▲ —	
	Inventories	7/23	1,405	▼ -1	▼ —	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	7/19 ~ 7/25	77.3	▲ 1.1	▲ 10.2	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	7/19 ~ 7/25	79.3	▼ -2.0	▲ 14.8
		(TOCOM/ Chubu)	7/25	77.0	▶ 0.0	▲ 11.8
	Retail prices [weekly trend] (published by ANRE)	7/25	170.4	▼ -1.0	▲ 12.0	

\*Gyoten and futures prices are before tax

(¥/L)

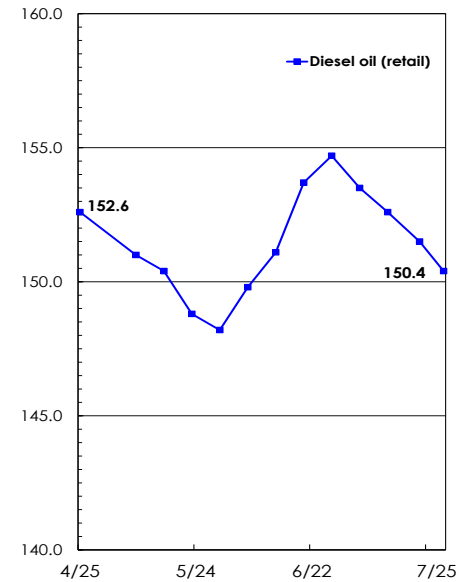


(Unit: 1,000 kl, yen/l)

Diesel oil		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	7/17 ~ 7/23	682	▼ -139	▲ —	
	Imports	"	n.a.	n.a.	n.a.	
	Shipments	"	565	▼ -29	▲ —	
	Exports	"	119	▲ 27	▼ —	
	Inventories	7/23	1,415	▼ -1	▼ —	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	7/19 ~ 7/25	74.9	▼ -0.4	▲ 6.4	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	7/19 ~ 7/25	79.3	▼ -1.8	▲ 13.0
		(TOCOM/ Chubu)	7/25	—	—	—
	Retail prices [weekly trend] (published by ANRE)	7/25	150.4	▼ -1.1	▲ 12.1	

\*Gyoten and futures prices are before tax

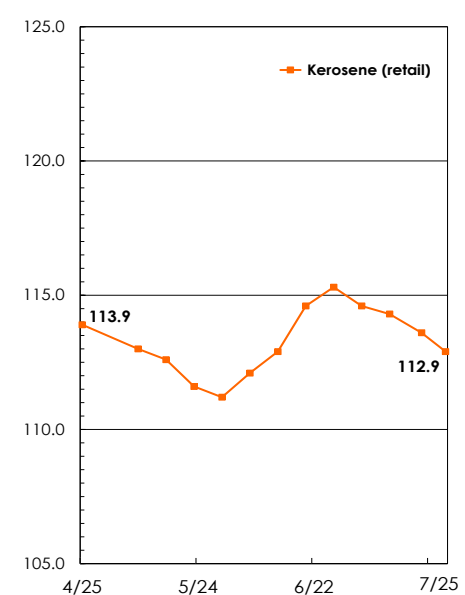
(¥/L)



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

Kerosene		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	7/17 ~ 7/23	170	▲ 125	▼ —	
	Imports	"	n.a.	n.a.	n.a.	
	Shipments	"	38	▲ 31	▶ —	
	Exports	"	25	▶ 0	▲ —	
	Inventories	7/23	1,526	▲ 107	▼ —	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	7/19 ~ 7/25	75.0	▼ -0.2	▲ 7.0	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	7/19 ~ 7/25	81.2	▲ 1.2	▲ 21.4
		(TOCOM/ Chubu)	7/25	74.5	▶ 0.0	▲ 9.5
	Retail prices [weekly trend] (published by ANRE)	7/25	112.9	▼ -0.7	▲ 15.3	

(¥/L)



## Relevant Information

### 1 Overseas crude oil prices

On the crude oil futures market, the price fluctuated significantly. Market players saw Russia's reduction in natural gas supply to Europe as one of the factors for raising price and concerns about recession and a decrease in oil demand caused by interest rate raising as one of the factors for dropping price. WTI end price increased from \$96.35/bbl on July 21 to \$97.26/bbl on July 27.

According to the U.S. EIA Weekly Report announced on July 27, the U.S. domestic inventory as of July 22 decreased by 4.5 million bbl for crude oil from the previous week against the market expectation of a decrease by 1.0 million bbl, and decreased for gasoline by 3.3 million bbl. The market players would expect a growing oil demand.

According to the EIA, the average U.S. retail price of gasoline as of July 25 decreased by 1.60 cents per gallon from a week earlier to \$4.330/gal (157.2 yen/l), decreasing for the sixth straight week. The average U.S. retail price of diesel oil as of July 25 decreased by 1.64 cents per gallon from a week earlier to \$5.268/gal (191.3 yen/l), decreasing for the fifth straight week.

Baker Hughes reported on July 22 that the number of operating U.S. oil-drilling rigs leveled off from a week earlier at 599 units, which stopped increasing for the first time in eight weeks.

### 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 July 17-July 23 week in 2022 stood at 706,000 barrels per day, decreasing by 32,000 bpd from the previous week (total capacity remained at 3,458,000 bpd).

Crude oil throughput in the week increased by 63,000 kl from the previous week to 2,800,000 kl. From a year earlier, it increased by 206,000 kl. The topper capacity utilization rate stood at 72.8%, up 1.7 points from the previous week and up 5.4 points from a year earlier.

Production increased from the previous week for gasoline, kerosene, and Fuel Oil C and decreased for other petroleum products. Output was up 5.0% for gasoline, down 31.6% for jet fuel, up 276.7% for kerosene, down 16.9% for diesel oil, down 17.0% for Fuel Oil A, and up 62.6% for Fuel Oil C. Fuel Oil C imports in the week totaled 5,000 kl, down 23,000 kl from the previous week. Diesel oil exports aggregated 119,000 kl, up 27,000 kl from the previous week.

Shipments (excluding imports) in the week decreased from the previous week for diesel oil and Fuel Oil C and increased for other oil products. From a year earlier, shipments declined for gasoline, kerosene, and Fuel Oil C and expanded for other petroleum products. Gasoline shipments increased by 5.3% from the previous week to 886,000 kl, increasing for the first time in two weeks. Shipments totaled 86,000 kl for jet fuel (up 9.4%

from the previous week), 38,000 kl for kerosene (up 482.7% from the previous week), 565,000 kl for diesel oil (down 5.0% from the previous week), 158,000 kl for Fuel Oil A (up 3.3% from the previous week), and 152,000 kl for Fuel Oil C (down 6.7% from the previous week).

(Unit: 1,000 kl)

	This week (7/17 ~ 7/23)	Previous week (7/10 ~ 7/16)	From a week earlier
Gasoline	886	841	▲ 45 (5%)
Jet fuel	86	78	▲ 8 (10%)
Kerosene (heating Oil)	38	7	▲ 31 (443%)
Diesel oil	565	594	▼ -29 (-5%)
Fuel oil A	158	153	▲ 5 (3%)
Fuel Oil C	152	163	▼ -11 (-7%)
<b>Total</b>	<b>1,885</b>	<b>1,836</b>	<b>▲ 49 (3%)</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 23 increased for kerosene and Fuel Oil A and decreased for other petroleum products. From a year earlier, inventories decreased for all petroleum products.

Gasoline inventories totaled 1,405,000 kl, down 1,000 kl from a week earlier and down 695,000 kl from a year earlier.

Kerosene inventories totaled 1,526,000kl, up 107,000 kl from a week earlier and down 381,000 kl from a year earlier.

Diesel oil inventories totaled 1,415,000 kl, down 1,000 kl from a week earlier and down 367,000 kl from a year earlier.

Fuel Oil A inventories totaled 656,000 kl, up 1,000 kl from a week earlier and down 103,000 kl from a year earlier.

Fuel Oil C inventories totaled 1,618,000 kl, down 37,000 kl from a week earlier and down 205,000 kl from a year earlier.

(Unit: 1,000 kl)

	This week (7/23)	Previous week (7/16)	From a week earlier
Gasoline	1,405	1,406	▼ -1 (-0%)
Jet fuel	780	811	▼ -31 (-4%)
Kerosene (heating Oil)	1,526	1,419	▲ 107 (8%)
Diesel oil	1,415	1,416	▼ -1 (-0%)
Fuel oil A	656	655	▲ 1 (0%)
Fuel Oil C	1,618	1,655	▼ -37 (-2%)
<b>Total</b>	<b>7,400</b>	<b>7,362</b>	<b>▲ 38 (0.5%)</b>

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

During July 19 - July 25, crude oil cost in yen increased by 2.5 yen/l from a week earlier with an increase in crude oil price and the leveled off yen to the US dollar.

For the next week of July 28- August 3, Motouri companies increased their real wholesale prices by 0.1 yen/l for gasoline, kerosene, and diesel oil from a week earlier, because subsidy of 39.0 yen/l (43.0 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 39.1 yen/l including the previous week's subsidy of 36.6 yen/l.

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

Spot petroleum products prices in the July 19 - July 25 week decreased for gasoline futures, onshore kerosene, onshore diesel oil, and diesel oil futures prices, and increased for other oil products compared to the period of July 12 - July 18.

The latest onshore cargo spot price (the average onshore rack price for four districts -- Chiba, Kawasaki, Chukyo, and Hanshin -- for the July 19 - July 25) increased by 1.1 yen/l from the previous week July 12 - July 18 for gasoline, decreased by 0.2 yen/l for kerosene and decreased by 0.4 yen/l for diesel oil.

The average offshore barge spot price in Tokyo Bay increased by 0.6 yen/l for gasoline, increased by 0.1 yen/l for kerosene and increased by 0.2 yen/l for diesel oil on July 19 - July 25 week from the previous week.

The key average futures price decreased by 2.0 yen/l for gasoline, increased by 1.2 yen/l for kerosene and decreased by 1.8 yen/l for diesel oil from a week earlier.

(RIM) [4-district average lorry rack price]		(Unit: yen/l)		
		This week (7/19 ~ 7/25)	Previous week (7/12 ~ 7/18)	From a week earlier
Spot Prices	Regular	77.3	76.2	▲ 1.1
	Kerosene	75.0	75.2	▼ -0.2
	Diesel oil	74.9	75.3	▼ -0.4

(TOCOM) [Front-month contract/closing price] [Average]		(Unit: yen/l)		
		This week (7/19 ~ 7/25)	Previous week (7/12 ~ 7/18)	From a week earlier
Futures Price	Regular	79.3	81.3	▼ -2.0
	Kerosene	81.2	80.0	▲ 1.2
	Diesel oil	79.3	81.1	▼ -1.8

Above prices are before tax.

Reference (July 19 - July 25 actual data)

(Unit: yen/l)			
Products	Spot	Futures	Average
Gasoline	▲ 1.1	▼ -2.0	▼ -0.5
Kerosene	▼ -0.2	▲ 1.2	▲ 0.5
Diesel oil	▼ -0.4	▼ -1.8	▼ -1.1
Fuel Oil A	▼ -0.9		

(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 25 decreased by 1.0 yen from a week earlier to 170.4 yen/l for gasoline, decreased by 1.1 yen to 150.4 yen/l for diesel oil and decreased by 11 yen/l to 2,033 yen for kerosene on an 18-liter tank basis (decreased by 0.7 yen/l to 112.9 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 fourth straight week.

Gasoline prices increased in three prefectures, leveled off in no prefectures and decreased in 44 prefectures. The lowest gasoline price among the prefectures was 164.0 yen/l in Saitama. The second lowest was 164.4 yen/l in Miyagi. The highest price was 182.5 yen/l in Nagasaki. Kagawa and Kanagawa logged the highest price hike of 0.3 yen/l from the previous week. The price leveled off in no prefectures. Hyogo logged the largest price fall of 3.0 yen/l.

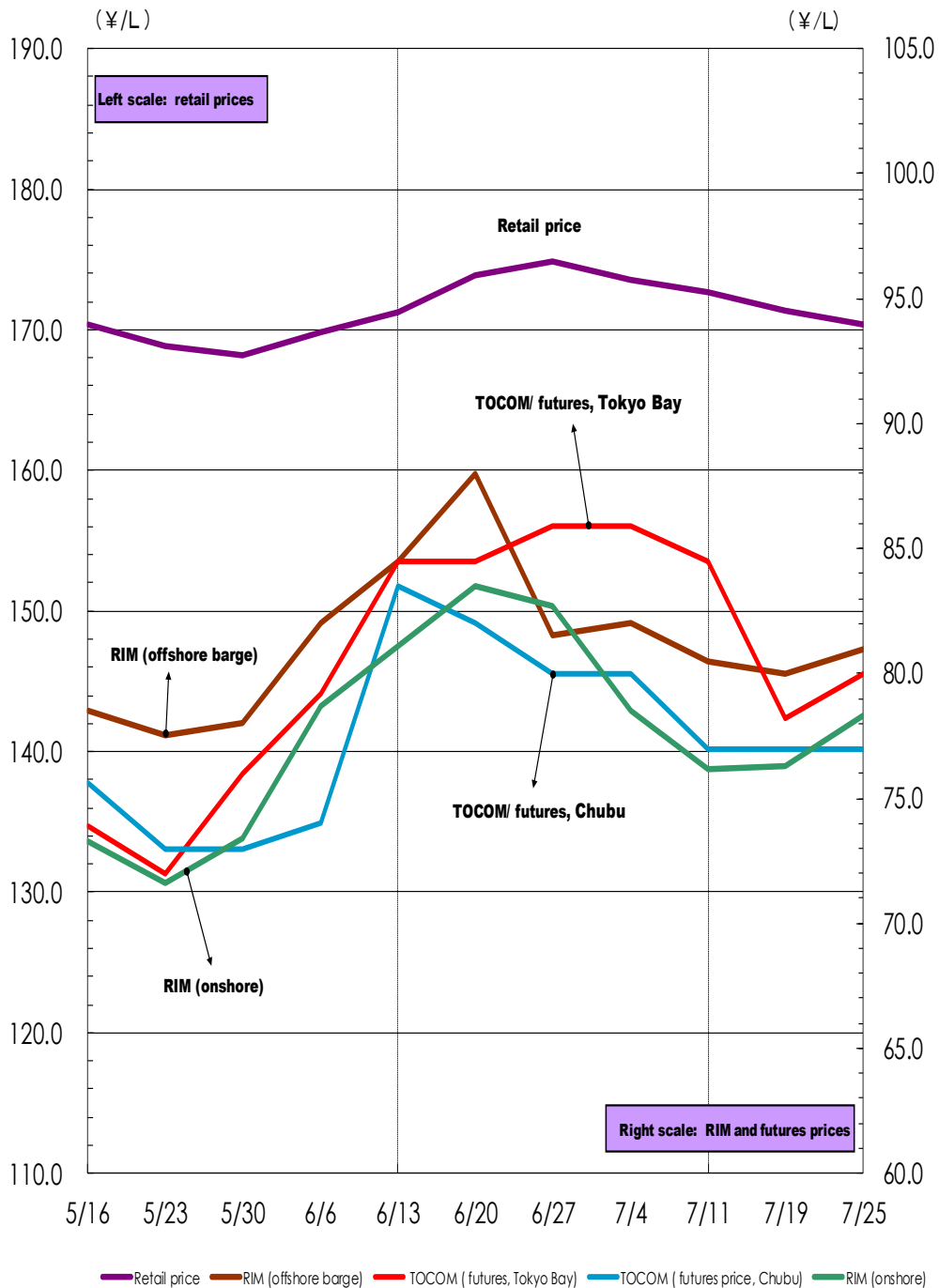
Retail gasoline price on the next price survey day (August 1) is expected to level off from a week earlier.

(Published by ANRE)[Weekly trend]		(Unit: yen/l)			
		This week (7/25)	Previous week (7/19)	From a week earlier	Latest high
Retail Price	Regular	170.4	171.4	▼ -1.0	08/8/4 185.1
	Kerosene	112.9	113.6	▼ -0.7	08/8/11 132.1
	Diesel oil	150.4	151.5	▼ -1.1	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

(2022/5/16 ~ 2022/7/25)



(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. 18 for 2022) will be announced on August 12.

## 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).