

# Oil Market Review in Japan No. 31/2022

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## Overview

The key WTI (West Texas Intermediate) crude oil futures contract on NYMEX (New York Mercantile Exchange) in the October 27 - November 2 week moved within a range of \$86.53 per barrel and \$90.00/bbl.

On November 3, the key contract turned down due to concerns about decreasing oil demand caused by the recession. On the previous day, Mr. Powell, President of FRB (Federal Reserve Board) stated the continuation of active interest rate raise. The December contract closed at \$88.17/bbl down \$1.83/bbl from the previous trading day.

On November 4, the key contract rebounded significantly by the expectations for slowdown of interest rate raise pace by FRB, unlike on the previous day. Furthermore, the Chinese Government was reportedly considering relaxation of movement restrictions by reviewing zero-corona policy. The December contract closed at \$92.61/bbl up \$4.44/bbl from the previous trading day.

On November 7, the key contract turned down as the end price. Some market players were optimistic about the announcement of relaxation of movement restrictions by reviewing zero-corona policy by the Chinese Government on the previous day, while other market players were pessimistic about it. Many market players sold their crude oil futures for profit-taking and position-adjustment when the oil price recovered above the \$90/bbl level. The December contract closed at \$91.79/bbl down \$0.82/bbl from the previous trading day.

On November 8, the key contract turned down significantly due to growing concerns about recession in China. The Chinese Government confirmed the continuation of zero-corona policy. In addition, many market players expected an increase in the U.S. domestic crude oil inventory to be announced on the following day by the U.S. EIA (Energy Information Administration). The U.S. EIA made a downward revision of oil demand forecast for the next fiscal year. These were also factors for oil price decline. The December contract closed at \$88.91/bbl down \$2.88/bbl from the previous trading day.

On November 9, the key contract turned down further for the third straight trading day by the expectation for relaxation of oil demand and supply in the future. The U.S. domestic crude oil inventory announced on this day increased more than market expectations. Maintaining zero-corona policy by the Chinese Government also affected the market. The December contract closed at \$85.83/bbl down \$3.08/bbl from the previous trading day.

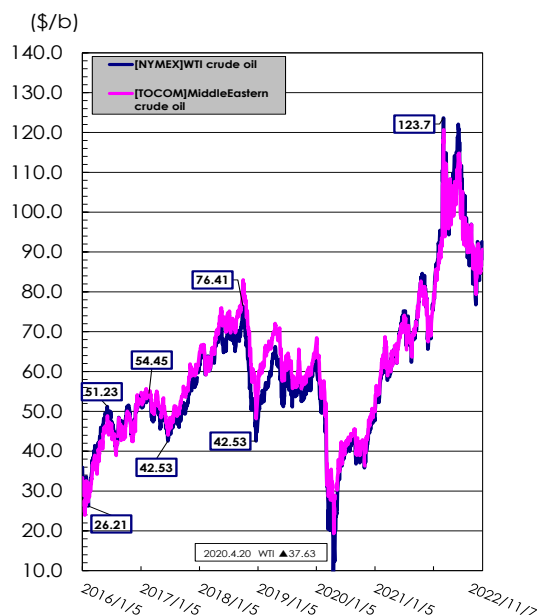
The Asian benchmark crude oil of Dubai for December delivery on the Tokyo market ranged from \$90.30/bbl to \$92.60/bbl on October 27 - November 2 week. It closed at \$92.40/bbl on November 4, at \$93.70/bbl on November 7 at \$93.00/bbl on November 8, at \$90.50/bbl on November 9.

On the foreign exchange market in the October 27 - November 2 week, the dollar moved within a range of 146.09 yen and 148.77 yen. It changed hands at 148.34 yen in late trading on November 4, at 147.04 yen on November 7, at 146.55 yen on November 8, at 145.81 yen on November 9.

According to preliminary 10-day trade statistics released by the Ministry of Finance on November 8, the average crude oil import CIF price for Japan in the mid-October period stood at 96,177 yen/kl (kiloliter), down 2,348 yen/kl from the previous 10-day period. In dollars, the price was \$105.79/bbl, down \$3.09/bbl. The average exchange rate was 144.53 yen to the dollar.

Japan's average retail price on November 7 lost by 1.0 yen/l from a week earlier for gasoline and lost by 0.9 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 second straight week. Diesel oil price decreased for the second straight week. Kerosene price decreased for the first time in two weeks. The national average gasoline price was 168.1 yen/l and mitigation measures against the extreme change in fuel oil were invoked again. The subsidy for the next was 36.3 yen/l.

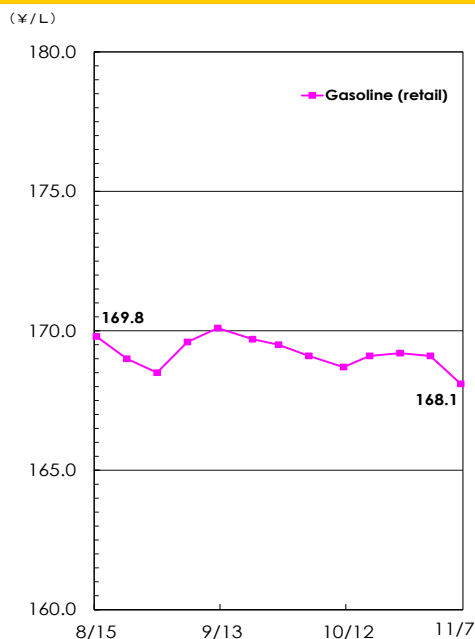
Crude oil			This week		From a week earlier		From a year earlier
Supply/ Demand	Crude oil runs (1,000 kl)	10/30 ~ 11/5	2,901	▲	53	▲	—
	Topper capacity utilization rate (%)	"	78.3	▲	1.5	▲	—
	Crude oil inventories (1,000 kl)	11/5	10,713	▼	-185	▲	—
Prices	Middle Eastern crude oil (TOCOM) (\$/bbl)	11/7	90.70	▲	4.24	▲	10.8
	WTI crude oil (NYMEX) (\$/bbl)	11/7	91.79	▲	5.26	▲	9.9
	Crude oil import CIF price (\$/bbl)	Mid Oct	105.79	▼	-3.09	▲	28.91
	① Crude oil import CIF price (yen/kl)	"	96,177	▼	-2,348	▲	42,309
	② Yen-dollar exchange rate (yen/dollar)	"	144.53	▼	-0.67	▼	-33.13
	TTS exchange rate (yen/dollar)	11/7	148.04	▲	1.22	▼	-33.42



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

Gasoline		This week	From a week earlier	From a year earlier	
Supply/ Demand	Production	10/30 ~ 11/5	853 ▲ 62	▼ -	
	Imports	"	n.a.	n.a.	
	Shipments	"	753 ▼ -16	▲ -	
	Exports	"	114 ▲ 90	▼ -	
	Inventories	11/5	1,589 ▼ -15	▲ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	11/1 ~ 11/7	73.1 ▼ -0.6	▼ -3.9	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	11/1 ~ 11/7	75.9 ➡ 0.0	➡ 0.0
		(TOCOM/ Chubu)	11/7	72.9 ➡ 0.0	▼ -4.1
	Retail prices [weekly trend] (published by ANRE)	11/7	168.1 ▼ -1.0	▼ -0.9	

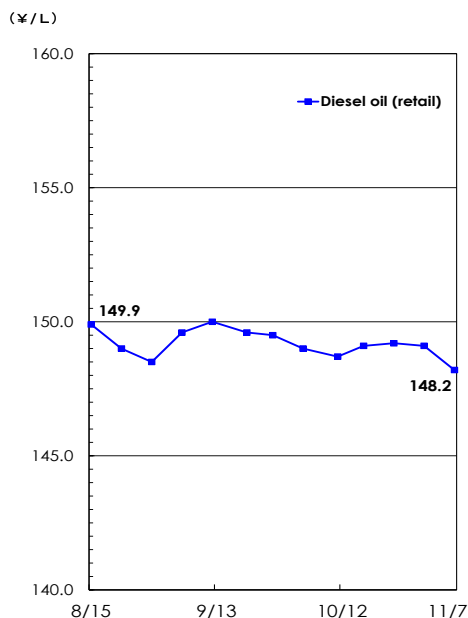
\*Gyoten and futures prices are before tax



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

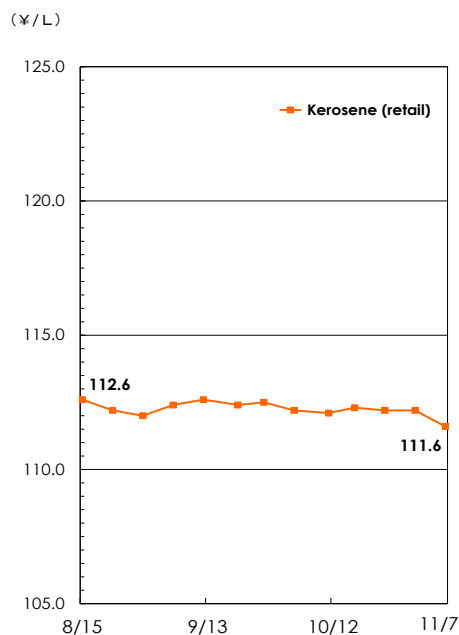
Diesel oil		This week	From a week earlier	From a year earlier	
Supply/ Demand	Production	10/30 ~ 11/5	699 ▲ 43	▲ -	
	Imports	"	n.a.	n.a.	
	Shipments	"	606 ▲ 45	▲ -	
	Exports	"	147 ▲ 147	▲ -	
	Inventories	11/5	1,335 ▼ -53	▼ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	11/1 ~ 11/7	74.8 ▼ -1.1	▼ -3.0	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	11/1 ~ 11/7	77.3 ▼ -0.5	▼ -2.3
		(TOCOM/ Chubu)	11/7	-	-
	Retail prices [weekly trend] (published by ANRE)	11/7	148.2 ▼ -0.9	▼ -0.6	

\*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	10/30 ~ 11/5	263 ▲ 7	▼ -	
	Imports	"	n.a.	n.a.	
	Shipments	"	201 ▲ 71	▲ -	
	Exports	"	20 ▼ -29	▲ -	
	Inventories	11/5	2,472 ▲ 42	▼ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	11/1 ~ 11/7	75.9 ▼ -1.3	▼ -1.9	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	11/1 ~ 11/7	81.5 ➡ 0.0	▲ 5.4
		(TOCOM/ Chubu)	11/7	78.5 ▲ 1.5	▲ 1.3
	Retail prices [weekly trend] (published by ANRE)	11/7	111.6 ▼ -0.6	▲ 3.3	



## Relevant Information

### 1 Overseas crude oil prices

On the crude oil futures market for this week (from November 3 to November 9), WTI end price recovered above the \$90/bbl level the last weekend with the continued and unstable relaxation. However, WTI end price turned down for the third straight trading day from the beginning of the week due to concerns about recession caused by the continuation of interest rate raise by some major developed countries and maintaining zero-corona policy by the Chinese Government. WTI end price moved from \$88.17/bbl on November 3 to \$85.83/bbl on November 9.

According to the U.S. EIA Weekly Report announced on November 9, the U.S. domestic inventory as of November 4 increased by 3.9 million bbl for crude oil, which was much more than the market expectations of an increase of 1 million bbl and decreased for gasoline less than the market expectations.

According to the EIA, the average U.S. retail price of gasoline as of November 7 increased by 5.4 cents per gallon from a week earlier to \$3.796/gal (148.3 yen/l), increasing for the first time in four weeks. The average U.S. retail price of diesel oil increased by 1.6 cents per gallon from a week earlier to \$5.333/gal (208.3 yen/l), increasing for the first time in two weeks.

Baker Hughes reported on November 4 that the number of operating U.S. oil-drilling rigs increased by three units from a week earlier to 613 units, increasing for the first time in two 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 October 30-November 5 week in 2022 stood at 311,000 barrels per day, decreasing by 64,000 bpd from the previous week (total capacity remained at 3,331,000 bpd).

Crude oil throughput in the week increased by 53,000 kl from the previous week to 2,901,000 kl. From a year earlier, it increased by 205,000 kl. The topper capacity utilization rate stood at 78.3%, up 1.5 points from the previous week and up 8.2 points from a year earlier.

Production decreased from the previous week for Fuel Oil C and increased for other petroleum products. Output was up 7.8% for gasoline, up 2.5% for jet fuel, up 2.9% for kerosene, up 6.6% for diesel oil, up 4.9% for Fuel Oil A, and down 14.1% for Fuel Oil C. Fuel Oil C imports in the week totaled 0 kl, down 3,000 kl from the previous week. Diesel oil exports aggregated 147,000 kl, up 147,000 kl from the previous week.

Shipments (excluding imports) in the week decreased from the previous week for gasoline, and Fuel Oil A and increased for other oil products. From a year earlier, shipments declined for jet fuel, and expanded for other petroleum products. Gasoline shipments decreased by 2.1% from the previous week to 753,000 kl, decreasing for the first time in two weeks. Shipments totaled 62,000 kl for jet fuel (up 5.9% from the previous week), 201,000 kl for kerosene (up 54.6% from the previous week),

606,000 kl for diesel oil (up 7.9% from the previous week), 174,000 kl for Fuel Oil A (down 13.9% from the previous week), and 241,000 kl for Fuel Oil C (up 33.5% from the previous week).

	This week (10/30 ~ 11/5)	Previous week (10/23 ~ 10/29)	From a week earlier
Gasoline	753	769	▼ -16 (-2%)
Jet fuel	62	58	▲ 4 (7%)
Kerosene (heating Oil)	201	130	▲ 71 (55%)
Diesel oil	606	561	▲ 45 (8%)
Fuel oil A	174	202	▼ -28 (-14%)
Fuel Oil C	241	181	▲ 60 (33%)
<b>Total</b>	<b>2,037</b>	<b>1,901</b>	<b>▲ 136 (7%)</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 November 5 increased for jet fuel, kerosene and Fuel Oil A and decreased for all petroleum products. From a year earlier, inventories decreased for kerosene and diesel oil and increased for other petroleum products.

Gasoline inventories totaled 1,589,000 kl, down 15,000 kl from a week earlier and up 35,000 kl from a year earlier.

Kerosene inventories totaled 2,472,000kl, up 42,000 kl from a week earlier and down 285,000 kl from a year earlier.

Diesel oil inventories totaled 1,335,000 kl, down 53,000 kl from a week earlier and down 6,000 kl from a year earlier.

Fuel Oil A inventories totaled 765,000 kl, up 29,000 kl from a week earlier and up 13,000 kl from a year earlier.

Fuel Oil C inventories totaled 1,842,000 kl, down 65,000 kl from a week earlier and up 69,000 kl from a year earlier.

	This week (11/5)	Previous week (10/29)	From a week earlier
Gasoline	1,589	1,604	▼ -15 (-1%)
Jet fuel	943	875	▲ 68 (8%)
Kerosene (heating Oil)	2,472	2,430	▲ 42 (2%)
Diesel oil	1,335	1,388	▼ -53 (-4%)
Fuel oil A	765	736	▲ 29 (4%)
Fuel Oil C	1,842	1,907	▼ -65 (-3%)
<b>Total</b>	<b>8,946</b>	<b>8,940</b>	<b>▲ 6 (0.1%)</b>

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

During November 1 – November 7, crude oil cost in yen increased by 1.0 yen/l from a week earlier with an increase in crude oil price and the slight depreciation of the yen to the US dollar.

For the next week of November 10– November 16, Motouri companies increased their real wholesale prices for gasoline, kerosene, and diesel oil by 1.0 yen/l from a week earlier, because subsidy of 36.3 yen/l from this week was added to an increase in cost of 37.3 yen/l including the previous week’s subsidy of 36.3 yen/l.

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

Spot petroleum products prices in the November 1 – November 7 week decreased for all oil products in all trading except for the leveled off gasoline and kerosene futures prices compared to the period of October 25 – October 31.

The latest onshore cargo spot price (the average onshore rack price for four districts -- Chiba, Kawasaki, Chukyo, and Hanshin -- for November 1 – November 7) decreased by 0.6 yen/l from the previous week for gasoline, decreased by 1.3 yen/l for kerosene and decreased by 1.1 yen/l for diesel oil.

The average offshore barge spot price in Tokyo Bay decreased by 1.5 yen/l for gasoline, decreased by 0.2 yen/l for kerosene and decreased by 1.1 yen/l for diesel oil on November 1 – November 7 week from the previous week.

The key average futures price leveled off for gasoline and kerosene and decreased by 0.5 yen/l for diesel oil from a week earlier.

(RIM) [4-district average lorry rack price]		(Unit: yen/l)		
		This week (11/1 ~ 11/7)	Previous week (10/25 ~ 10/31)	From a week earlier
Spot Prices	Regular	73.1	73.7	▼ -0.6
	Kerosene	75.9	77.2	▼ -1.3
	Diesel oil	74.8	75.9	▼ -1.1

(TOCOM) [Front-month contract/closing price] [Average]		(Unit: yen/l)		
		This week (11/1 ~ 11/7)	Previous week (10/25 ~ 10/31)	From a week earlier
Futures Price	Regular	75.9	75.9	➡ 0.0
	Kerosene	81.5	81.5	➡ 0.0
	Diesel oil	77.3	77.8	▼ -0.5

Above prices are before tax.

Reference (November 1 -November 7 actual data)

(Unit: yen/l)			
Products	Spot	Futures	Average
Gasoline	▼ -0.6	➡ 0.0	▼ -0.3
Kerosene	▼ -1.3	➡ 0.0	▼ -0.7
Diesel oil	▼ -1.1	▼ -0.5	▼ -0.8
Fuel Oil A	▼ -1.3		

(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 7 decreased by 1.0 yen from a week earlier to 168.1 yen/l for gasoline, decreased by 0.9 yen to 148.2 yen/l for diesel oil and decreased by 11 yen/l to 2,008 yen for kerosene on an 18-liter tank basis (decreased by 0.6 yen/l for 111.6 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 first time in two weeks.

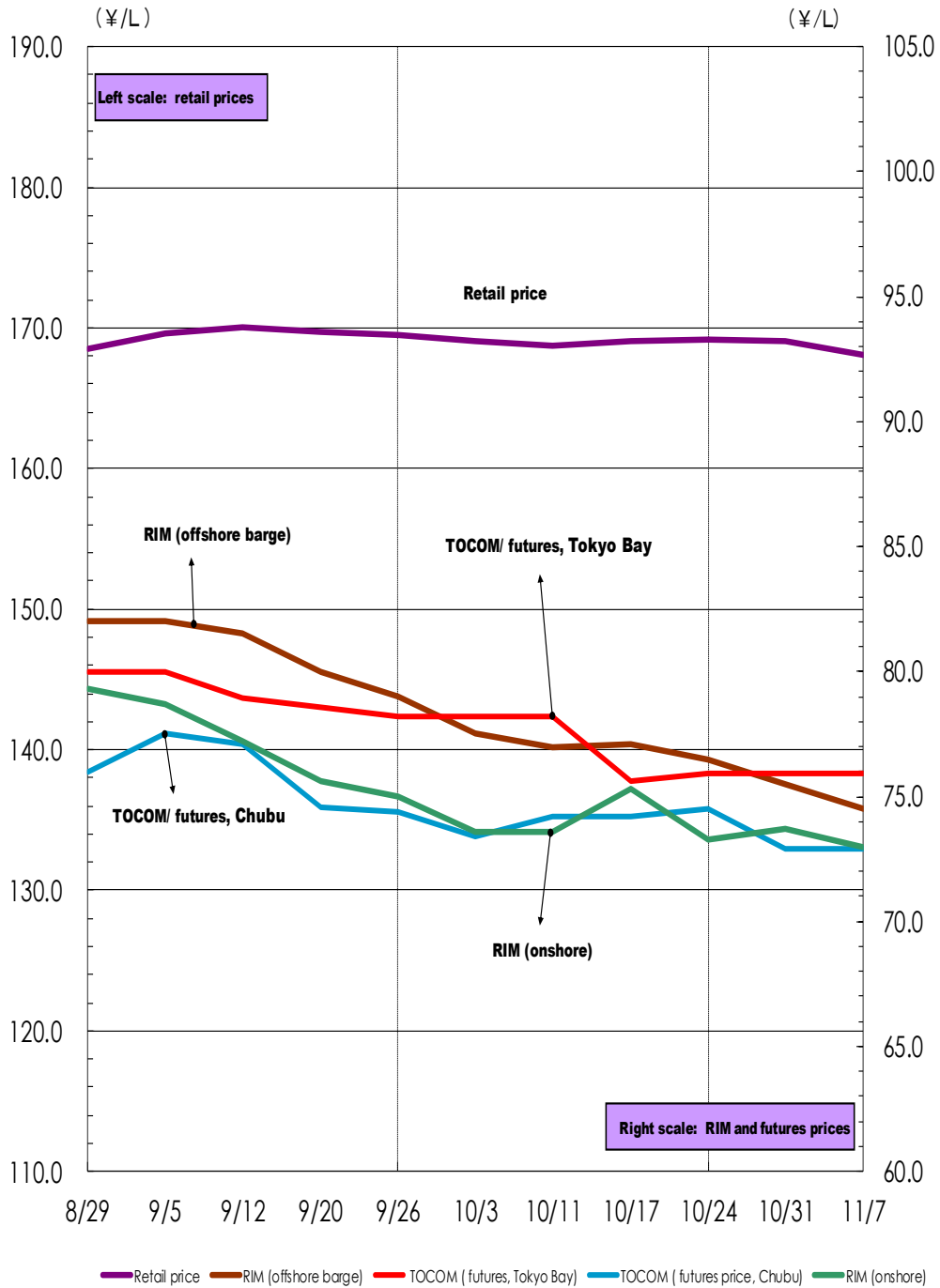
Gasoline prices increased in one prefecture, leveled off in one prefecture, and decreased in 45 prefectures. The lowest gasoline price among the prefectures was 160.0 yen/l in Miyagi. The second lowest was 161.6 yen/l in Iwate. The highest price was 181.6 yen/l in Nagasaki. Oita logged a price hike of 0.4 yen/l from the previous week. The price leveled off in Kochi. Tochigi logged the largest price fall of 2.7 yen/l. Retail gasoline price on the next price survey day November 14 is expected to level off from a week earlier.

(Published by ANRE)[Weekly trend]		(Unit: yen/l)			
		This week (11/7)	Previous week (10/31)	From a week earlier	Latest high
Retail Price	Regular	168.1	169.1	▼ -1.0	08/8/4 185.1
	Kerosene	111.6	112.2	▼ -0.6	08/8/11 132.1
	Diesel oil	148.2	149.1	▼ -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

(2022/8/29 ~ 2022/11/7)



(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. 32 for 2022) will be announced on November 25.

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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).