

# Oil Market Review in Japan No. 38/2022

January 13, 2023, Friday Released every Friday

Publisher: Oil Information Center, Institute of Energy Economics, Japan

Inui Bldg. Kachidoki, 10th 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 December 15 - December 21 week moved within a range of \$74.29 per barrel and \$78.29/bbl.

On December 22, the key contract turned down due to concerns about the slowdown of oil demand. Market players were concerned about the recession. The U.S. stock price fell by \$800. The U.S. citizens refrained from going out due to the coming cold wave. The February contract closed at \$77.49/bbl down \$0.80/bbl from the previous trading day.

On December 23, the key contract rebounded due to concerns about oil supply in the future. Russia would reportedly reduce its crude oil production because of setting the upper limit of its crude oil export price by European countries. The February contract closed at \$79.56/bbl up \$2.07/bbl from the previous trading day.

On December 26, the market was closed due to a substitute holiday for Christmas.

On December 27, the key contract turned down slightly due to profit-taking sale and the expectations for the U.S. interest rate raise after the preceding bull trend. China deregulated immigration control on coronavirus-related matters. The U.S. President signed on banning on its crude oil export to countries that had set the upper limit of Russia's crude oil export price. These two factors brought about the preceding bull trend. The February contract closed at \$79.53/bbl down \$0.03/bbl from the previous trading day.

On December 28, the key contract turned down further due to strengthened concerns about recession. China had the new outbreak of the coronavirus after deregulation. In addition, the U.S. showed weak economic indicators in its latest statistics. The February contract closed at \$78.96/bbl down \$0.57/bbl from the previous trading day.

On December 29, the contract turned down for the third straight trading day by the strengthened expectations for slowdown of oil demand. The U.S. domestic inventory increased for crude oil last weekend. China had an increasing number of the coronavirus—infected people. The February contract closed at \$78.40/bbl down \$0.56/bbl from the previous trading day.

On December 30, the contract rebounded for the first time in four trading days due to the ongoing appreciation of the U.S. dollar in the foreign exchange market and concerns about reduction of Russia's crude oil production. Some market players tried to sell its crude oil futures and others tried to buy ones in the sluggish market during the early stage of the trading hours at the end of the year. The February contract closed at \$80.26/bbl up \$1.86/bbl from the previous trading day.

On January 2, the market was closed due to a substitute holiday for New Year Day.

On January 3, the contract turned down due to China's sluggish Business Survey Index, statement on the expectations for business by IMF (International Monetary Fund) high officials and decline on the U.S. stock market. The February contract closed at \$76.93/bbl down \$3.33/bbl from the previous trading day.

On January 4, the contract turned down further due to strengthened concerns about recession caused by the rapid outbreaks of the coronavirus in China and the announcement of the sluggish U.S. Employment Statistics and Business Index. The February contract closed at \$72.84/bbl down \$4.09/bbl from the previous trading day.

The Asian benchmark crude oil of Dubai for February delivery on the Tokyo market ranged from \$75.50/bbl to \$78.20/bbl on December 15 - December 21 week. It closed at \$78.60/bbl on December 22, at \$78.00/bbl on December 23, at \$80.30/bbl on December 26, at \$80.90/bbl on December 27, at \$80.50/bbl on December 28, at \$79.80/bbl on December 29, at \$79.60/bbl on December 30, at \$77.70/bbl on January 4.

On the foreign exchange market in the December 15 - December 21 week, the dollar moved within a range of 131.78 yen and 137.73 yen. It changed hands at 132.29 yen in late trading on December 22, at 132.77 yen on December 23, at 132.33 yen on December 26, at 133.24 yen on December 27, at 133.94 yen on December 28, at 134.16 yen on December 29, at 132.70 yen on December 30, at 131.01 yen on January 4.

According to preliminary 10-day trade statistics released by the Ministry of Finance on December 27, the average crude oil import CIF price for Japan in the early December period stood at 85,323 yen/kl (kiloliter), down 4,203 yen/kl from the previous 10-day period. In dollars, the price was \$96.88/bbl, down \$2.46/bbl. The average exchange rate was 140.01 yen to the dollar.

Japan's average retail price on December 26 decreased by 0.2 yen/l from a week earlier for gasoline and decreased by 0.2 yen/l for diesel oil and decreased by 1 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 167.9 yen/l and mitigation measures against the extreme change in fuel oil were invoked again. The subsidy for the next week was 14.8 yen/l.

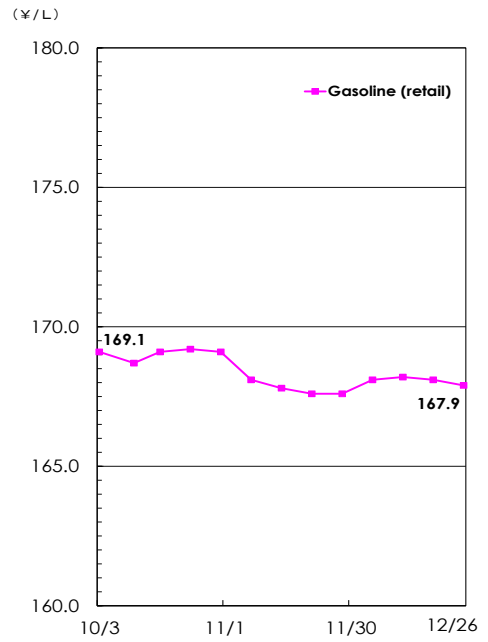
Crude oil			This week	From a week earlier	From a year earlier
Supply/ Demand	Crude oil runs (1,000 kl)	12/18 ~ 12/24	3,172	▼ -3	▼ -
	Topper capacity utilization rate (%)	"	85.6	▼ -0.1	▼ -
	Crude oil inventories (1,000 kl)	12/24	10,973	▼ -48	▲ -
Prices	Middle Eastern crude oil (TOCOM) (\$/bbl)	12/26	80.75	▲ 5.41	▲ 7.4
	WTI crude oil (NYMEX) (\$/bbl)	12/27	79.53	▲ 4.34	▲ 4.0
	Crude oil import CIF price (\$/bbl)	Early Dec	96.88	▼ -2.46	▲ 14.57
	①Crude oil import CIF price (yen/kl)	"	85,323	▼ -4,203	▲ 26,311
	②Yen-dollar exchange rate (yen/dollar)	"	140.01	▲ 3.28	▼ -26.02
	TTS exchange rate (yen/dollar)	12/26	133.33	▲ 3.89	▼ -17.91



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

Gasoline		This week	From a week earlier	From a year earlier	
Supply/ Demand	Production	12/18 ~ 12/24	917 ▼ -18	▼ -	
	Imports	"	n.a.	n.a.	
	Shipments	"	843 ▼ -1	▲ -	
	Exports	"	107 ▲ 21	▼ -	
	Inventories	12/24	1,817 ▼ -33	▲ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	12/20 ~ 12/26	73.8 ▼ -0.2	▲ 4.4	
	Futures [front-month contract/closing price]	(TOCOM/Tokyo Bay)	12/20 ~ 12/26	79.0 → 0.0	▲ 14.1
		(TOCOM/Chubu)	12/26	74.6 → 0.0	▲ 4.8
	Retail prices [weekly trend] (published by ANRE)	12/26	167.9 ▼ -0.2	▲ 3.2	

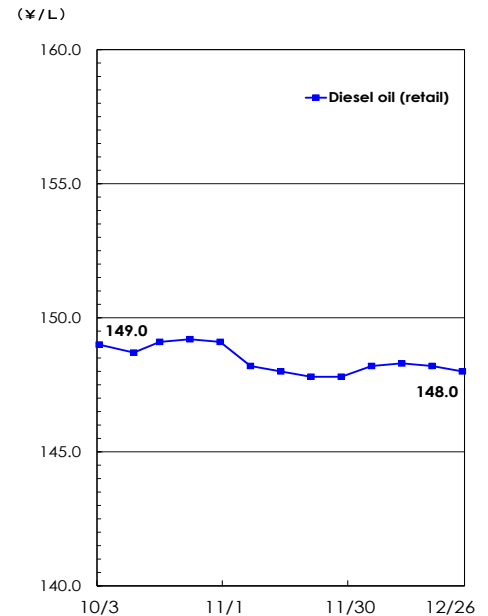
\*Gyoten and futures prices are before tax



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

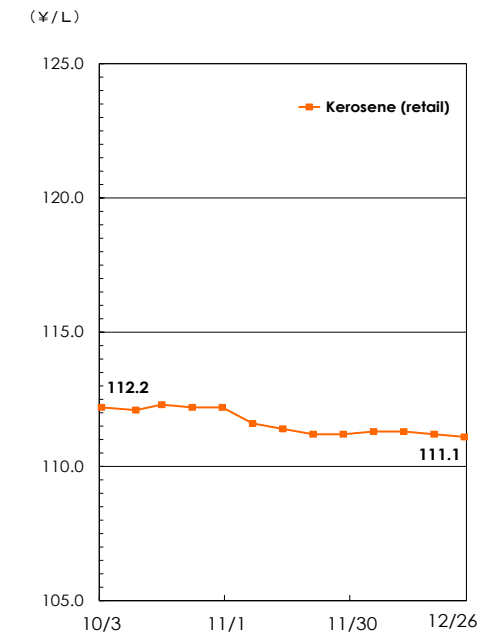
Diesel oil		This week	From a week earlier	From a year earlier	
Supply/ Demand	Production	12/18 ~ 12/24	733 ▼ -22	▼ -	
	Imports	"	n.a.	n.a.	
	Shipments	"	654 ▲ 20	▲ -	
	Exports	"	240 ▲ 173	▲ -	
	Inventories	12/24	1,384 ▼ -160	▲ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	12/20 ~ 12/26	75.7 → 0.0	▲ 5.3	
	Futures [front-month contract/closing price]	(TOCOM/Tokyo Bay)	12/20 ~ 12/26	76.4 ▼ -0.8	▲ 4.5
		(TOCOM/Chubu)	12/26	-	-
	Retail prices [weekly trend] (published by ANRE)	12/26	148.0 ▼ -0.2	▲ 3.4	

\*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	12/18 ~ 12/24	374 ▲ 37	▲ -	
	Imports	"	n.a.	n.a.	
	Shipments	"	514 ▲ 258	▲ -	
	Exports	"	24 ▲ 24	▲ -	
	Inventories	12/24	2,410 ▼ -164	▲ -	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	12/20 ~ 12/26	77.1 ▲ 0.1	▲ 7.7	
	Futures [front-month contract/closing price]	(TOCOM/Tokyo Bay)	12/20 ~ 12/26	78.7 ▼ -0.8	▲ 9.8
		(TOCOM/Chubu)	12/26	78.0 ▼ -0.5	▲ 7.3
	Retail prices [weekly trend] (published by ANRE)	12/26	111.1 ▼ -0.1	▲ 4.9	



## Relevant Information

### 1 Overseas crude oil prices

On the crude oil futures market for this week (from December 22 to January 4), WTI end price fluctuated relatively slightly during the end of 2022 and recovered to \$90/bbl level on December 30 by the expectation for reduction of crude oil production by Russia. However, WTI end price turned down significantly due to strengthened concerns about recession in the U.S. and China early in the new year. The WTI end price moved from \$79.56/bbl on December 22 to \$72.84/bbl on January 4.

According to the U.S. EIA Weekly Report announced on December 29, one day later due to consecutive holidays, the U.S. domestic inventory as of December 23 increased by 1.7 million bbl for crude oil, which was against the market expectations of a decrease by 0.5 million bbl. This was one of the factors for oil price decline on this day. However, U.S. domestic inventory decreased by 3.1 million bbl for gasoline, which was against the market expectations and restricted oil price decline.

According to the EIA, the average U.S. retail price of gasoline as of December 26 decreased by 2.6 cents per gallon from a week earlier to \$3.091/gal (109.1 yen/l), decreasing for the seventh straight week. The average U.S. retail price of diesel oil decreased by 5.9 cents per gallon from a week earlier to \$4.537/gal (160.1 yen/l), decreasing for the seventh straight week.

According to the EIA, the average U.S. retail price of gasoline as of January 2 increased by 13.2 cents per gallon from a week earlier to \$3.223/gal (109.1 yen/l), increasing for the first time in eight weeks. The average U.S. retail price of diesel oil increased by 4.6 cents per gallon from a week earlier to \$4.583/gal (160.7 yen/l), increasing for the first time in eight weeks.

Baker Hughes reported on December 22 that the number of operating U.S. oil-drilling rigs decreased by two units from a week earlier to 622 units, decreasing for the first time in three weeks. Baker Hughes reported on December 29 that the number of operating U.S. oil-drilling rigs decreased by one unit from a week earlier to 621 units, decreasing 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 December 18 - December 24 week in 2022 stood at 35,000 barrels per day, decreasing by 33,000 bpd from the previous week (total capacity remained at 3,331,000 bpd).

Crude oil throughput in the week decreased by 3,000 kl from the previous week to 3,172,000 kl. From a year earlier, it decreased by 197,000 kl. The top capacity utilization rate stood at 85.6%, down 0.1 points from the previous week and down 1.9 points from a year earlier.

Production increased from the previous week for kerosene and Fuel Oil A and decreased for other petroleum products. Output was down 1.9% for gasoline, down 32.8% for jet fuel, up 10.9% for kerosene, down 2.9% for diesel oil, up 1.9% for Fuel Oil A, and down 9.0% for Fuel Oil C. Fuel Oil C imports in the week totaled 39,000 kl, down 31,000 kl from the previous week. Diesel oil exports aggregated 240,000 kl, up 173,000 kl from the previous week.

Shipments (excluding imports) in the week decreased from the previous week for gasoline and jet fuel and increased for other oil products. From a year earlier, shipments expanded for all oil products. Gasoline shipments decreased by 0.1% from the previous week to 843,000 kl, decreasing for the first time in four weeks. Shipments totaled 49,000 kl for jet fuel (down 1.5% from the previous week), 514,000 kl for kerosene (up 100.7% from the

previous week), 654,000 kl for diesel oil (up 3.2% from the previous week), 270,000 kl for Fuel Oil A (up 11.7% from the previous week), and 272,000 kl for Fuel Oil C (up 40.7% from the previous week).

	(Unit: 1,000 kl)		
	This week (12/18 ~ 12/24)	Previous week (12/11 ~ 12/17)	From a week earlier
Gasoline	843	844	▼ -1 (-0%)
Jet fuel	49	49	→ 0 (0%)
Kerosene (heating Oil)	514	256	▲ 258 (101%)
Diesel oil	654	634	▲ 20 (3%)
Fuel oil A	270	242	▲ 28 (12%)
Fuel Oil C	272	193	▲ 79 (41%)
<b>Total</b>	<b>2,602</b>	<b>2,218</b>	<b>▲ 384 (17%)</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 24 increased for jet fuel and decreased for other petroleum products. From a year earlier, inventories decreased for jet fuel and Fuel Oil A and increased for other petroleum products.

Gasoline inventories totaled 1,817,000 kl, down 33,000 kl from a week earlier and up 224,000 kl from a year earlier.

Kerosene inventories totaled 2,410,000 kl, down 164,000 kl from a week earlier and up 59,000 kl from a year earlier.

Diesel oil inventories totaled 1,384,000 kl, down 160,000 kl from a week earlier and up 0 kl from a year earlier.

Fuel Oil A inventories totaled 716,000 kl, down 44,000 kl from a week earlier and down 9,000 kl from a year earlier.

Fuel Oil C inventories totaled 1,816,000 kl, down 45,000 kl from a week earlier and up 87,000 kl from a year earlier.

	(Unit: 1,000 kl)		
	This week (12/24)	Previous week (12/17)	From a week earlier
Gasoline	1,817	1,850	▼ -33 (-2%)
Jet fuel	877	869	▲ 8 (1%)
Kerosene (heating Oil)	2,410	2,574	▼ -164 (-6%)
Diesel oil	1,384	1,544	▼ -160 (-10%)
Fuel oil A	716	760	▼ -44 (-6%)
Fuel Oil C	1,816	1,861	▼ -45 (-2%)
<b>Total</b>	<b>9,020</b>	<b>9,458</b>	<b>▼ -438 (-4.6%)</b>

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

During December 20 – December 26, crude oil cost in yen decreased by 1.0 yen/l from a week earlier with an increase in crude oil price and a significant appreciation of the yen to the U.S. dollar. For the next week of December 29– January 4, Motouri companies decreased their real wholesale prices for gasoline, kerosene, and diesel oil by 0.2 yen/l from a week earlier, because a subsidy of 14.8 yen/l from this week was added to an increase in cost of 14.6 yen/l including the previous week's subsidy of 15.6 yen/l.

During December 27 – January 2, crude oil cost in yen increased by 2.0 yen/l from a week earlier with an increase in crude oil price and a depreciation of the yen to the US dollar. For the next week of January 5– January 11, Motouri companies increased their real wholesale prices for gasoline, kerosene, and diesel oil by 2.0 yen/l from a week earlier, because a subsidy of 14.8yen/l from this week was added to an increase in cost of 14.6 yen/l including the previous week's subsidy of 14.8 yen/l.

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

Spot petroleum products prices in the December 20– December 26 week decreased for all oil products in all trading except for the leveled off gasoline and diesel oil futures price and a increased onshore kerosene price compared to the period of December 13– December 19.

The latest onshore cargo spot price (the average onshore rack price for four districts -- Chiba, Kawasaki, Chukyo, and Hanshin -- for December 20– December 26) decreased by 0.2 yen/l from the previous week for gasoline and increased by 0.1 yen/l for kerosene and leveled off for diesel oil.

The average offshore barge spot price in Tokyo Bay decreased by 0.3 yen/l for gasoline, decreased by 0.4 yen/l for kerosene and decreased by 0.3 yen/l for diesel oil on December 20– December 26 week from the previous week.

The key average futures price leveled off for gasoline and 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 (12/20 ~ 12/26)	Previous week (12/13 ~ 12/19)	From a week earlier	
<b>Spot Prices</b>				
Regular	73.8	74.0	▼ -0.2	
Kerosene	77.1	77.0	▲ 0.1	
Diesel oil	75.7	75.7	➡ 0.0	

	(TOCOM) [Front-month contract/closing price] [Average]			(Unit: yen/l)
	This week (12/20 ~ 12/26)	Previous week (12/13 ~ 12/19)	From a week earlier	
<b>Futures Price</b>				
Regular	79.0	79.0	➡ 0.0	
Kerosene	78.7	79.5	▼ -0.8	
Diesel oil	76.4	77.2	▼ -0.8	

Above prices are before tax.

Reference (December 20 - December 26 actual data)

Products	(Unit: yen/l)		
	Spot	Futures	Average
Gasoline	▼ -0.2	➡ 0.0	▼ -0.1
Kerosene	▲ 0.1	▼ -0.8	▼ -0.4
Diesel oil	➡ 0.0	▼ -0.8	▼ -0.4
Fuel Oil A	➡ 0.0		

(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 26 decreased by 0.2 yen/l from a week earlier to 167.9 yen/l for gasoline, decreased by 0.1 yen/l to 148.1 yen/l for diesel oil and decreased by 1 yen/l to 2,000 yen for kerosene on an 18-liter tank basis (decreased by 0.1 yen/l to 111.1 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.

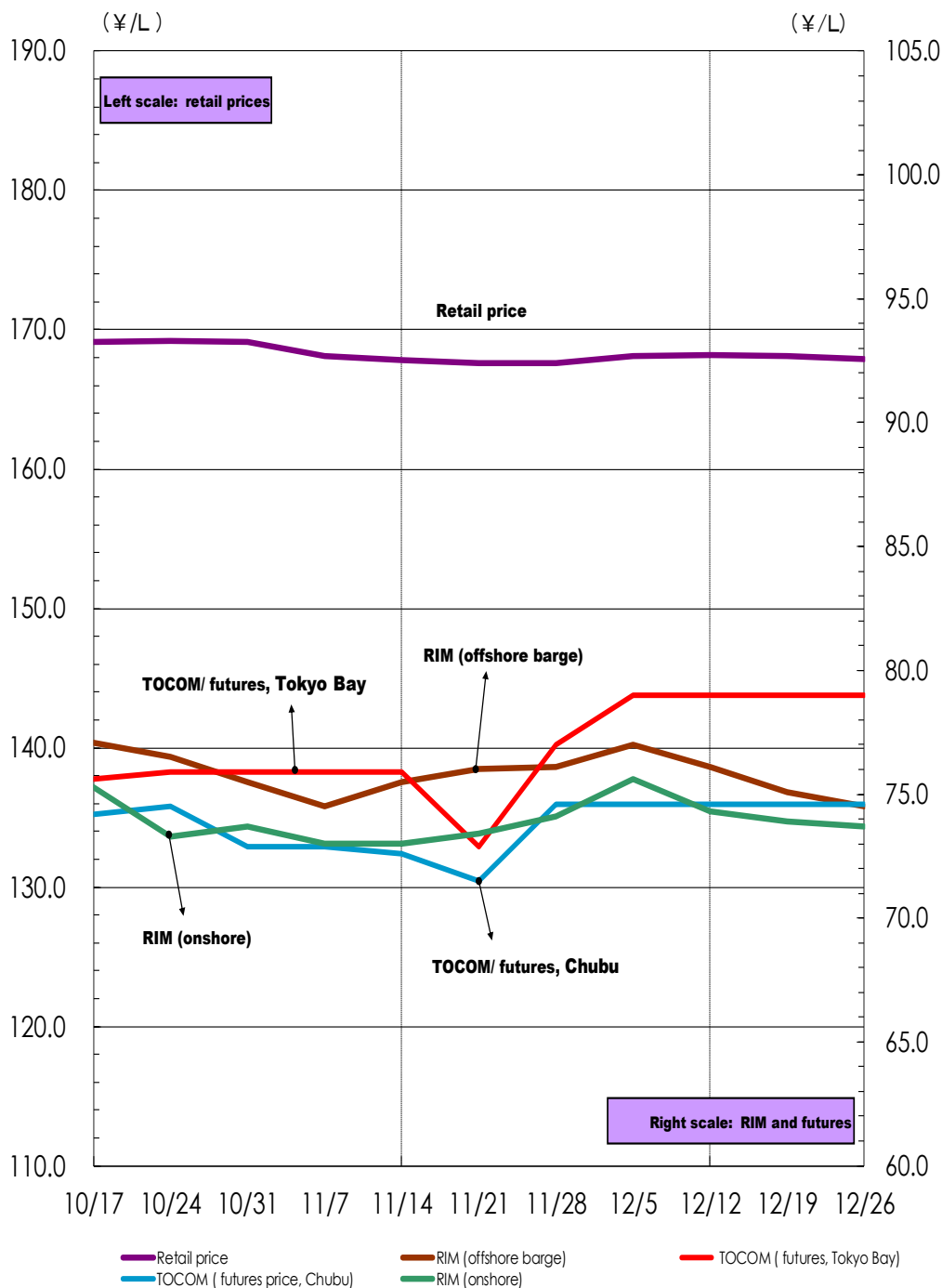
Gasoline prices increased in 17 prefectures, leveled off in five prefectures, and decreased in 25 prefectures. The lowest gasoline price among the prefectures was 160.1 yen/l in Tokushima. The second lowest was 160.5 yen/l in Miyagi. The highest price was 180.8 yen/l in Nagasaki. Fukushima, Wakayama, Kanagawa and Chiba logged a price hike of 0.6 yen/l from the previous week. The price leveled off in Nagano and four other prefectures. Nagasaki logged the largest price fall of 1.6 yen/l. Retail gasoline price on the next price survey day January 10 is expected to level off or fluctuate slightly from a week earlier.

	(Unit: yen/l)				
	(Published by ANRE)[Weekly trend]	This week (12/26)	Previous week (12/19)	From a week earlier	Latest high
<b>Retail Price</b>					
Regular		167.9	168.1	▼ -0.2	08/8/4 185.1
Kerosene		111.1	111.2	▼ -0.1	08/8/11 132.1
Diesel oil		148.0	148.2	▼ -0.2	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

(2022/10/17 ~ 2022/12/26)



(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. 39 for 2022) will be announced on January 20.

## 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).