

Oil Market Review in Japan No. 49/2022

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Inui Bldg. Kachidoki, 10th 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 March 9 - March 15 week moved within a range of \$67.61 per barrel and \$76.68/bbl.

On March 16, the key contract rebounded for the first time in four trading days due to receding excessive concerns about anxiety over the financial system in the U.S. The U.S. Treasury Department and major financial institutions announced that they had been considering support to cope with a chain reaction of bank bankruptcy. In addition to recovery in the U.S. stock market, Energy Minister Abdul Aziz of Saudi Arabia and Vice Prime Minister Novak of Russia reportedly confirmed the current policy of cooperative crude oil production cut by Member of OPEC (Organization of the Petroleum Exporting Countries) Plus. This was another factor for oil price hike. The April contract closed at \$68.35/bbl up \$0.74/bbl from the previous trading day.

On March 17, the key contract turned down due to revisiting concerns about anxiety over the financial system in the U.S. and Europe, which was caused by the Parent company of bankrupt Silicon Valley Bank applying for Chapter 11 Bankruptcy Protection. However, some of the market players expected that the U.S. Government would refill SPR (Strategic Petroleum Reserve) due to a sense of undervalued crude oil futures by the ongoing depreciation of the U.S. dollar in the foreign exchange market and the recent oil price decline. This supported oil price level. The April contract closed at \$66.74/bbl down \$1.61/bbl from the previous trading day.

On March 20, the key contract rebounded due to receding concerns about excessive anxiety over the financial system in the U.S. and Europe. The top Switzerland financial company UBS agreed to acquire Credit Suisse in financial crisis. Another factor for oil price hike was a sense of undervalued crude oil futures price caused by the ongoing depreciation of the U.S. dollar. The April contract closed at \$67.64/bbl up \$0.90/bbl from the previous trading day.

On March 21, the key contract rose further due to accelerated receding concerns about anxiety over the financial system in the U.S. and Europe, which continued from the previous trading day. The U.S. Secretary of Treasury Janet Yellen made a positive statement to prevent a chain reaction of small and medium sized banks bankruptcy. Another factor for oil price hike was price recovery in the U.S. stock market and Russia's Vice Prime Minister Novak's statement that the Member of OPEC Plus would maintain its additional cooperative crude I production cut until June 2023. The April contract closed at \$69.33/bbl down \$1.69/bbl from the previous trading day.

On March 22, the key contract rose for the third straight trading day due to receding concerns about excessive anxiety over the financial system in the U.S. and Europe, which continued from the previous trading day. On this day, FRB decided to raise interest rate by 0.25% at FOMC (Federal Open Market Committee), which was within the scope of most of the market players. The oil price rise was restricted by the announcement of the U.S. EIA (Energy Information Administration) that the U.S. domestic inventory increased for crude oil the last weekend from the previous week. The May contract, which replaced the April contract as the front-month contract, closed at \$70.90/bbl up \$1.23/bbl from the previous trading day.

The Asian benchmark crude oil of Dubai for May delivery on the Tokyo market ranged from \$77.50/bbl to \$82.10/bbl on March 9 - March 15 week. It closed at \$73.90/bbl on March 16, at \$74.70/bbl on March 17, at \$71.50/bbl on March 20, at \$74.30/bbl on March 22.

On the foreign exchange market in the March 9 - March 15 week, the dollar moved within a range of 133.21 yen and 137.10 yen. It changed hands at 133.31 yen in late trading on March 16, at 133.54 yen on March 17, at 132.68 yen on March 20, at 132.54 yen on March 22.

According to preliminary 10-day trade statistics released by the Ministry of Finance on March 16, the average crude oil import CIF price for Japan in the late February period stood at 73,213 yen/kl (kiloliter), up 1,424 yen/kl from the previous 10-day period. In dollars, the price was \$88.01/bbl, up \$0.21/bbl. The average exchange rate was 132.25 yen to the dollar.

According to preliminary 10-day trade statistics released by the Ministry of Finance on March 16, the average crude oil import CIF price for Japan in February stood at 71,915 yen/kl (kiloliter), down 1,319 yen/kl from the previous 10-day period. In dollars, the price was \$87.71/bbl, down \$0.43/bbl. The average exchange rate was 130.35 yen to the dollar.

Japan's average retail price on March 20 increased by 0.1 yen/l from a week earlier for gasoline and increased by 0.1 yen/l for diesel oil and increased by 2 yen/l for kerosene on an 18-liter tank basis. The gasoline price increased for the first time in ten weeks. Diesel oil price increased for the first time in two weeks. Kerosene price increased for the first time in two weeks. The national average gasoline price was 167.5 yen/l and mitigation measures against the extreme change in fuel oil were invoked again. The subsidy for the next week was 9.5 yen/l.

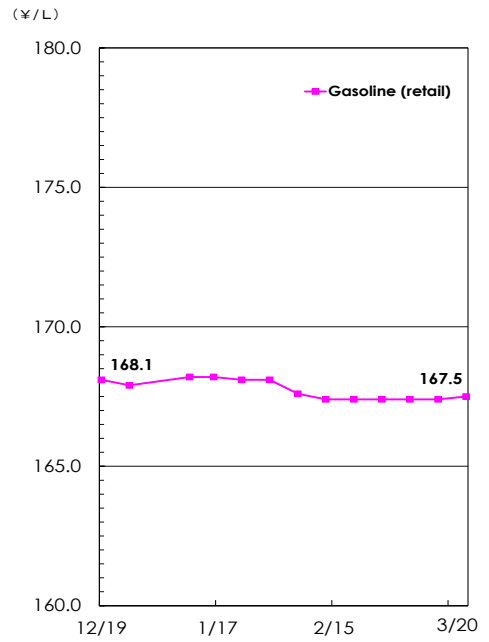
Crude oil			This week	From a week earlier	From a year earlier
Supply/Demand	Crude oil runs (1,000 kl)	3/12 ~ 3/18	2,990	▲ 144	▼ -
	Topper capacity utilization rate (%)	"	80.7	▲ 3.9	▲ -
	Crude oil inventories (1,000 kl)	3/18	10,667	▼ -455	▲ -
Prices	Middle Eastern crude oil (TOCOM) (\$/bbl)	3/20	69.94	▼ -10.66	▼ -42.4
	WTI crude oil (NYMEX) (\$/bbl)	3/20	67.64	▼ -7.16	▼ -44.5
	Crude oil import CIF price (\$/bbl)	Late Feb	88.01	▲ 0.21	▲ 1.26
	① Crude oil import CIF price (yen/kl)	"	73,213	▲ 1,424	▲ 10,553
	② Yen-dollar exchange rate (yen/dollar)	"	132.25	▼ -2.27	▼ -17.42
	TTS exchange rate (yen/dollar)	3/20	133.68	▲ 1.66	▼ -12.64



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

Gasoline		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	3/12 ~ 3/18	934	▲ 45	▲ —	
	Imports	"	n.d.	n.d.	n.d.	
	Shipments	"	754	▼ -29	▼ —	
	Exports	"	204	▲ 122	▲ —	
	Inventories	3/18	1,646	▼ -25	▼ —	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	3/14 ~ 3/20	73.6	▲ 0.2	▼ -4.7	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	3/14 ~ 3/20	73.0	➡ 0.0	▼ -7.0
		(TOCOM/ Chubu)	3/20	75.6	▲ 2.0	▼ -6.4
	Retail prices [weekly trend] (published by ANRE)	3/20	167.5	▲ 0.1	▼ -7.1	

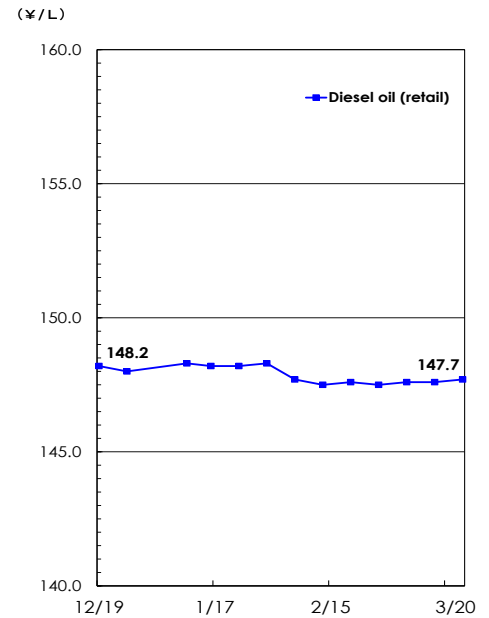
*Gyoten and futures prices are before tax



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

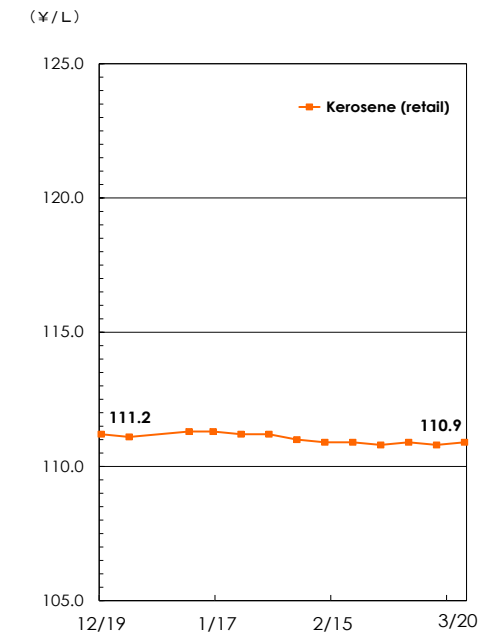
Diesel oil		This week		From a week earlier	From a year earlier	
Supply/ Demand	Production	3/12 ~ 3/18	711	▼ -11	▼ —	
	Imports	"	n.d.	n.d.	n.d.	
	Shipments	"	612	▼ -43	▼ —	
	Exports	"	190	▲ 145	▲ —	
	Inventories	3/18	1,115	▼ -91	▼ —	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	3/14 ~ 3/20	75.2	▲ 0.2	▼ -5.3	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	3/14 ~ 3/20	77.3	▲ 0.2	▼ -14.3
		(TOCOM/ Chubu)	3/20	—	—	—
	Retail prices [weekly trend] (published by ANRE)	3/20	147.7	▲ 0.1	▼ -6.6	

*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	3/12 ~ 3/18	243	▲ 12	▼ —	
	Imports	"	n.d.	n.d.	n.d.	
	Shipments	"	171	▼ -115	▼ —	
	Exports	"	0	➡ 0	➡ —	
	Inventories	3/18	1,245	▲ 72	▲ —	
Prices	Gyoten (spot) [4-district average lorry rack price] (RIM)	3/14 ~ 3/20	75.5	➡ 0.0	▼ -4.2	
	Futures [front-month contract/closing price]	(TOCOM/ Tokyo Bay)	3/14 ~ 3/20	75.0	➡ 0.0	▼ -6.5
		(TOCOM/ Chubu)	3/20	76.3	➡ 0.0	▼ -4.7
	Retail prices [weekly trend] (published by ANRE)	3/20	110.9	▲ 0.1	▼ -4.0	



Relevant Information

1 Overseas crude oil prices

On the crude oil futures market for this week (from March 16 to March 22), WTI end price logged \$68.35/bbl on March 16 and fluctuated unstably by March 17, the weekend, to \$66.74/bbl due to strengthened concerns about anxiety over the financial system. The U.S. Silicon Valley bank, Signature Bank, and Credit Suisse Bank had gone bankrupt. From March 20, the beginning of the week, WTI end price rose for the third straight trading day, reaching again the milestone of \$70/bbl due to receding concerns about excessive anxiety over the financial system. WTI end price logged \$70.90/bbl on March 22.

According to the U.S. EIA Weekly Report announced on March 22, the U.S. domestic inventory as of March 17 increased by 1.1 million bbl for crude oil from the previous week, which was against the market expectations of a decrease by 1.6 million bbl.

According to the EIA, the average U.S. retail price of gasoline as of March 20 decreased by 3.4 cents per gallon from a week earlier to \$3.422/gal (120.7 yen/l), decreasing for the first time in three weeks. The average U.S. retail price of diesel oil decreased by 6.2 cents per gallon from a week earlier to \$4.185/gal (147.6 yen/l), decreasing for the seventh straight week.

Baker Hughes reported on March 17 that the number of operating U.S. oil-drilling rigs decreased by one unit from a week earlier to 589 units, decreasing for the fifth 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 March 12 - March 18 week in 2023 stood at 234,000 barrels per day, increasing by 7,000 bpd from the previous week (total capacity remained at 3,331,000 bpd).

Crude oil throughput in the week increased by 144,000 kl from the previous week to 2,990,000 kl. From a year earlier, it decreased by 35,000 kl. The toppler capacity utilization rate stood at 80.7%, up 3.9 points from the previous week and up 2.1 points from a year earlier.

Production increased from the previous week for gasoline and kerosene and decreased for other petroleum products. Output was up 5.0% for gasoline, down 1.6% for jet fuel, up 5.0% for kerosene, down 1.5% for diesel oil, down 13.1% for Fuel Oil A, and down 26.8% for Fuel Oil C. Fuel Oil C imports in the week totaled 0 kl, down 48,000 kl from the previous week. Diesel oil exports aggregated 190,000 kl, up 145,000 kl from the previous week.

Shipments (excluding imports) in the week increased from the previous week for Fuel Oil A and decreased for other oil products. From a year earlier, shipments expanded for Fuel Oil A and declined for other oil products. Gasoline shipments decreased by 3.8% from the previous week to 754,000 kl, decreasing for the third straight week. Shipments totaled 40,000 kl for jet fuel (down 71.3% from the previous week), 171,000 kl for kerosene (down

40.1% from the previous week), 612,000 kl for diesel oil (down 6.6% from the previous week), 231,000 kl for Fuel Oil A (up 14.9% from the previous week), and 130,000 kl for Fuel Oil C (down 59.1% from the previous week).

(Unit: 1,000 kl)

	This week (3/12 ~ 3/18)	Previous week (3/5 ~ 3/11)	From a week earlier
Gasoline	754	783	▼ -29 (-4%)
Jet fuel	40	139	▼ -99 (-71%)
Kerosene (heating Oil)	171	286	▼ -115 (-40%)
Diesel oil	612	655	▼ -43 (-7%)
Fuel oil A	231	201	▲ 30 (15%)
Fuel Oil C	130	318	▼ -188 (-59%)
Total	1,938	2,382	▼ -444 (-19%)

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 March 18 increased for jet fuel, kerosene, and Fuel Oil C and decreased for other petroleum products. From a year earlier, inventories decreased for gasoline and diesel oil and increased for other petroleum products.

Gasoline inventories totaled 1,646,000 kl, down 25,000 kl from a week earlier and down 60,000 kl from a year earlier.

Kerosene inventories totaled 1,245,000 kl, up 72,000 kl from a week earlier and up 82,000 kl from a year earlier.

Diesel oil inventories totaled 1,115,000 kl, down 91,000 kl from a week earlier and down 115,000 kl from a year earlier.

Fuel Oil A inventories totaled 679,000 kl, down 3,000 kl from a week earlier and up 10,000 kl from a year earlier.

Fuel Oil C inventories totaled 1,747,000 kl, down 0 kl from a week earlier and up 189,000 kl from a year earlier.

(Unit: 1,000 kl)

	This week (3/18)	Previous week (3/11)	From a week earlier
Gasoline	1,646	1,671	▼ -25 (-1%)
Jet fuel	746	688	▲ 58 (8%)
Kerosene (heating Oil)	1,245	1,173	▲ 72 (6%)
Diesel oil	1,115	1,206	▼ -91 (-8%)
Fuel oil A	679	682	▼ -3 (-0%)
Fuel Oil C	1,747	1,747	➡ 0 (0%)
Total	7,178	7,167	▲ 11 (0.2%)

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

During March 14 – March 20, crude oil cost in yen decreased by 6.0 yen/l from a week earlier with a decrease in crude oil price and the appreciation of the yen to the U.S. dollar.

For the next week of March 23– March 29, Motouri companies increased their real wholesale prices for gasoline, kerosene, and diesel oil by 1.6 yen/l from a week earlier, because a subsidy of 9.5 yen/l from this week was added to an increase in the cost of 11.1 yen/l including the previous week's subsidy of 17.1 yen/l.

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

Spot petroleum products prices in the March 14 – March 20 week increased for all oil products in all trading except for the leveled off gasoline and kerosene futures prices, the leveled off onshore kerosene price and the decreased offshore kerosene price compared to the period of March 7 – March 13.

The latest onshore cargo spot price (the average onshore rack price for four districts -- Chiba, Kawasaki, Chukyo, and Hanshin -- for March 14 – March 20) increased by 0.2 yen/l from the previous week for gasoline and leveled off for kerosene and increased by 0.2 yen/l for diesel oil.

The average offshore barge spot price in Tokyo Bay increased by 0.3 yen/l for gasoline, decreased by 0.1 yen/l for kerosene and increased by 0.2 yen/l for diesel oil on March 14 – March 20 week from the previous week.

The key average futures price leveled off for gasoline and kerosene and increased by 0.2 yen/l for diesel oil from a week earlier.

(RIM) [4-district average lorry rack price]		(Unit: yen/l)		
		This week (3/14 ~ 3/20)	Previous week (3/7 ~ 3/13)	From a week earlier
Spot Prices	Regular	73.6	73.4	▲ 0.2
	Kerosene	75.5	75.5	➡ 0.0
	Diesel oil	75.2	75.0	▲ 0.2

(TOCOM) [Front-month contract/closing price] [Average]		(Unit: yen/l)		
		This week (3/14 ~ 3/20)	Previous week (3/7 ~ 3/13)	From a week earlier
Futures Price	Regular	73.0	73.0	➡ 0.0
	Kerosene	75.0	75.0	➡ 0.0
	Diesel oil	77.3	77.1	▲ 0.2

Above prices are before tax.

Reference (March 14 - March 20 actual data)

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

(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 March 20 increased by 0.1 yen/l from a week earlier to 167.5 yen/l for gasoline, increased by 0.1 yen/l 147.7 yen/l for diesel oil and increased by 2 yen to 1,997 yen for kerosene on an 18-liter tank basis (increased by 0.1 yen/l to 110.9 yen/l) from a week earlier. The gasoline price increased for the first time in 10 weeks. Diesel oil price increased for the first time in two weeks. Kerosene price increased for the first time in two weeks.

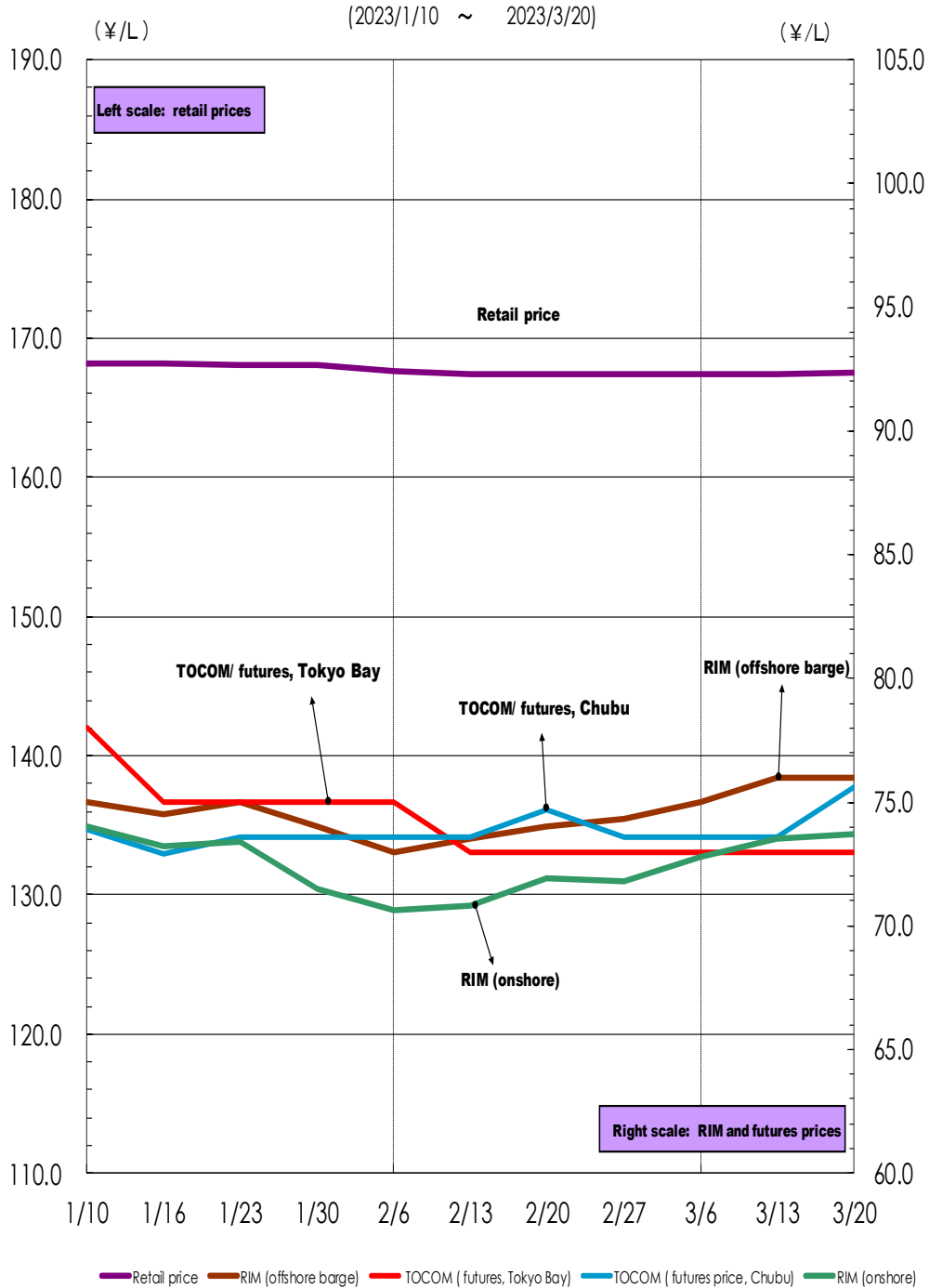
Gasoline prices increased in 22 prefectures, leveled off in nine prefectures, and decreased in 16 prefectures. The lowest gasoline price among the prefectures was 160.0 yen/l in Tokushima and Miyagi. The second lowest was 162.1 yen/l in Okayama and Saitama. The highest price was 180.1 yen/l in Nagasaki. Shiga logged the largest price hike of 1.7 yen/l from the previous week. The price leveled off in Oita and eight other prefectures. Aichi logged the largest price fall of 1.1 yen/l.

Retail gasoline price on the next price survey day March 27 is expected to increase from a week earlier.

(Published by ANRE)[Weekly trend]		(Unit: yen/l)			
		This week (3/20)	Previous week (3/13)	From a week earlier	Latest high
Retail Price	Regular	167.5	167.4	▲ 0.1	08/8/4 185.1
	Kerosene	110.9	110.8	▲ 0.1	08/8/11 132.1
	Diesel oil	147.7	147.6	▲ 0.1	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



(Note) ① Retail price includes consumption Tax, RIM, TOCOM prices are before tax.
 ② RIM (onshore) is the average of four district .

Announcement

“We are to inform you that Oil Market Review in Japan will cease publication as of this week's issue. Thank you very much for subscribing for many years. We look forward to serving you on the IEEJ HP.”

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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 MUFG Bank 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).