Marcon International, Inc.

Vessels and Barges for Sale or Charter Worldwide

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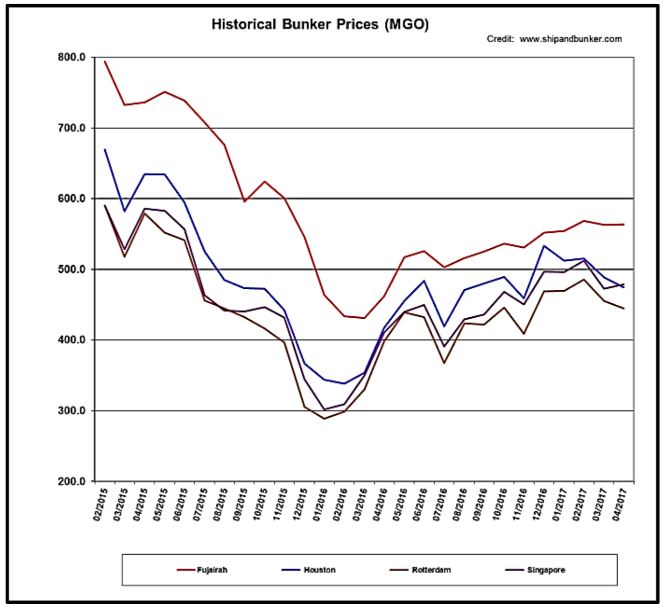
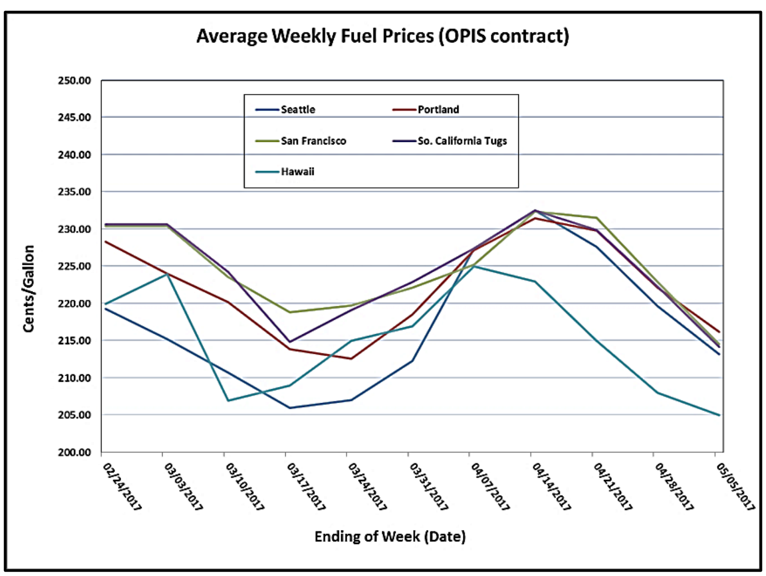
17 May 2017

Bunker Price History – April 2017

Depending on region, April's month-end prices over March's were fairly stable with slight increases or decreases ranging from -2.87% to +1.27%. Compared one year ago, across all regions reported, prices now are only 11.67% to 21.97% higher. Fujairah posted a slight increase of 0.09% end April, closing at US$ 563.5/mt from March's US$ 563.0/mt. April 2016 closed at US$ 462.0/mt, so Fujairah is ahead of last year by 21.97%. In the US, Houston declined 2.87% from March's US$ 488.5/mt, closing at US$ 474.5/mt, which is 13.65% above last year's US$ 417.5/mt. Rotterdam decreased over March closing down 2.20% at US$ 445.0/mt from US$ 455.0/mt, but is up 11.67% from April 2016's US$ 398.5/mt. Rounding out the regions we regularly monitor is Singapore, which saw a 1.27% increase in April, closing at US$ 478.5/mt from US$ 472.5/mt, but is higher by 16.57% or US$ 68.0/mt over April 2016. Since the end of April, MGO prices have decreased slightly ranging from -0.42% in Houston to a moderate loss of 3.03% in Singapore.



Prices seem to be far from stabilizing into a definitive upward or downward trend. This continuing fluctuation may be seen even after OPEC's upcoming meeting on May 25th. While expectations are that OPEC will continue to limit production for several more months, reports from several sources are indicating that Libya, Nigeria and the U.S. have all increased production. Therefore, it is unlikely that any cuts by OPEC countries will be enough to draw down supply enough to positively influence prices.



We follow the Pacific OPIS contract average weekly prices of ultra-low sulphur diesel as these prices directly impact vessel operators on the West Coast. Mirroring the changes we saw in the MGO prices, as of the week ended April 28, 2017, we saw positive and negative shifts in all West Coast locations tracked. For the week ending 28th April 2017 compared to the week ending 31st March 2017, Seattle had the highest gain at 3.44%, to US$ 2.1966 per gallon from US$ 2.1235/gal. Portland, OR experienced a slight increase of 1.66% to US$ 2.2214 /gal (US$ 2.1852/gal). San Francisco reported was fairly stable at a very slight gain of 0.35% to US$ 2.2292 /gal from US$ 2.1852/gal. *"So. California Tugs"*, comprised of Los Angeles / Long Beach, dropped slightly 0.26% to US$ 2.2233/gal from US$ 2.2291/gal. In April, Hawaii decreased 4.15% to end at US$ 2.08/gal from US$ 2.17/gal. Compared to one year ago, end of April 2017 prices are higher by 5.72% in San Francisco to 15.01% in Seattle. As of the week ended 5th May 2017, prices in all regions dropped. Hawaii had the lowest decrease at 1.44% or down US$ 0.03/gal and San Francisco had the highest change at -3.74% or a US$ 0.0834/gal price decrease.

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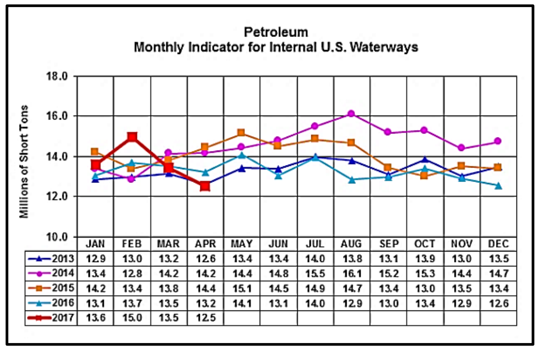
Bunker Price History – April 2017 Continued

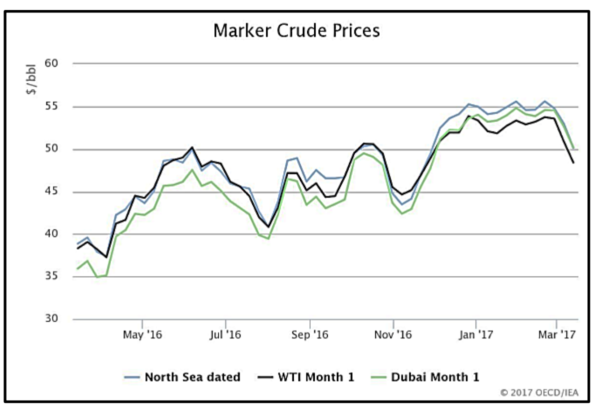
Kirby Corp. provides a good snapshot of both fuel prices and movement of petroleum cargoes in the U.S. inland river market. Their first quarter 2017 data shows that their average 235 towboats operating 864 inland tank barges paid an average of US$ 1.78/gal, compared to $1.64/gal the prior quarter and $1.27/gal during same quarter 2016. Demand for inland tank barge transportation of petrochemicals, refined petroleum products, and agricultural chemicals was stable, while black oil and pressure barge demand was higher sequentially. Kirby's inland tank barge utilization was in the high 80% to low 90% range during the quarter. Both term and spot contract pricing were at lower levels relative to the first quarter of 2016, although spot pricing remained stable compared to the 2016 fourth quarter. Operating conditions during the quarter were seasonally normal, including periodic wind and fog which increased delay days and, consequently, reduced Kirby's efficiency on work performed under affreightment contracts.

Maersk Line reported a loss of US $66m (profit of US $37m) and a negative ROIC of 1.3% (positive 0.7%). The underlying result was a loss of US $80m (profit of US $32m). Market fundamentals continued to improve in Q1 and demand outgrew nominal supply for the second consecutive quarter. Transported volumes increased by 10% partly because of improved demand but also reflecting an increased market share, maintained from the second half of 2016. Freight rates increased by 4.4%, which did not fully compensate for the 80% increase in bunker price.

Under U.S. Law, vessel operators must report domestic waterborne commercial movements to the **U.S. Army Corps of Engineers**. 2016 was generally a slower year for internal waterborne petroleum movements. Year-to-date 2017, 54.6 short tons of petroleum have been carried on internal U.S. Waterways versus 53.5 short tons last year at this time. January and February 2017 movements were higher than same time 2016 and March was same as last year. However, April at 12.5 short tons moved, is the lowest month for petroleum movements since March 2014's 12.4 short tons moved.



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2013	12.9	13.0	13.2	12.6	13.4	13.4	14.0	13.8	13.1	13.9	13.0	13.5
2014	13.4	12.8	14.2	14.2	14.4	14.8	15.5	16.1	15.2	15.3	14.4	14.7
2015	14.2	13.4	13.8	14.4	15.1	14.5	14.9	14.7	13.4	13.0	13.5	13.4
2016	13.1	13.7	13.5	13.2	14.1	13.1	14.0	12.9	13.0	13.4	12.9	12.6
2017	13.6	15.0	13.5	12.5								



According to the Paris-based, **International Energy Agency's *"Oil Market Report"***, weakness in a number of previously solid countries - India, US, Germany and Turkey - curtailed the 1H17 global demand growth estimate by 115 kb/d. Global demand growth is, however, still forecast at 1.3 mb/d in 2017, with demand at 97.9 mb/d. Global oil supply fell by 140 kb/d in April as non-OPEC, and especially Canada, pumped less. At 96.17 mb/d, output stood 90 kb/d below a year ago, even as non-OPEC returned to growth. Non-OPEC supply is set to increase 600 kb/d in 2017. OPEC crude production rose by 65 kb/d in April to 31.78 mb/d as higher output from Nigeria and Saudi Arabia more than offset lower flows from Libya and Iran. Crude production was down 535 kb/d compared to April 2016. Year-to-date compliance with production cuts remained robust at 96%. OECD commercial stocks decreased for a second straight month in March, by 32.9 mb (1.1 mb/d), to 3 025 mb. Product stocks fell sharply on lower refinery output and increased exports. For 1Q17 as a whole, OECD stocks were up 24.1 mb (0.3 mb/d) due to a large build in January. Preliminary data suggests OECD stocks increased in April. Benchmark oil prices fell after 11 April and traded close to their late- November level, before the OPEC output deal. They rose on 15 May after Russia and Saudi Arabia indicated support for an extension of the production cuts. Sour grades continued to trade higher than sweet crudes. In 2Q17, global refining activity slows down seasonally, lower by 370 kb/d from 1Q17, but is set to ramp up by 2.4 mb/d by July-August. The OECD leads the way: in non-OECD areas, maintenance and refinery closures in the Middle East, underperformance in Latin America and flat growth in India are not offset by growth in China and Russia.

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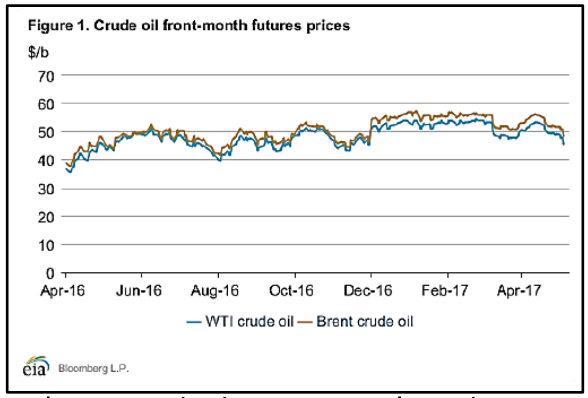
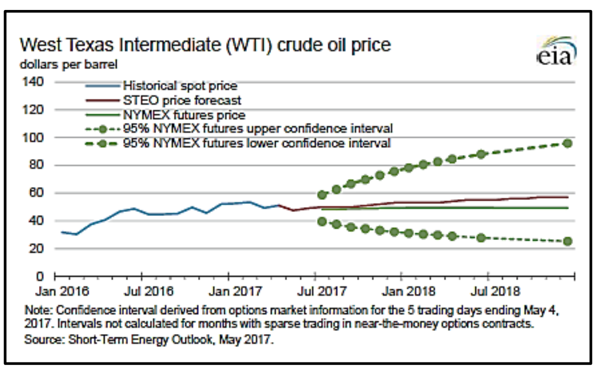
Bunker Price History – April 2017 Continued

Per the latest **U.S. Energy Information Administration's *"Short-Term Energy Outlook"***, during the first half of April, crude oil prices rose, returning to the mid-$50 per barrel (b) level where they had been from December through February. However, crude oil prices fell during the second half of April and on May 4 reached the lowest point since the end of November. Between April 3 and May 4, Brent crude oil front-month futures prices declined by $4.74/b to settle at $48.38/b, and West Texas Intermediate (WTI) front-month futures prices declined by $4.72/b to settle at $45.52/b (Figure 1). On average, however, Brent and WTI spot prices in April were $0.72/b and $1.73/b higher, respectively, than the March averages. Reports from the Joint Organization of the Petroleum Exporting Countries (OPEC) and non-OPEC Ministerial Monitoring Committee suggested compliance with the crude oil production cut agreement remained high among its members in March. However, because global oil inventories remain high, oil ministers of several OPEC countries, including those of Saudi Arabia, Kuwait, and Iraq, have suggested their respective countries would support an extension to the crude oil production cut agreement for six months beyond the current end date in June. In addition to the voluntarily production cuts in several countries, Canada experienced an unplanned outage at an oil sands upgrader plant, which resulted in lower production of several Canadian crude oil streams. Upside support for crude oil prices resulting from voluntary production cuts or unplanned outages over the past months has been countered by rising crude oil production in Libya and in the United States. Libya announced at the beginning of May that its crude oil production had increased to the highest level since late 2014. Further, U.S. crude oil production is estimated to have reached 9.1 million barrels per day (b/d) in April, the highest level since March 2016. The number of U.S. oil drilling rigs reached a two-year high at the beginning of May. Because of a lag between the deployment of drilling rigs and realized oil production, recent rig increases indicate that U.S. oil production will likely rise further in the coming months. Expectations of supply growth in 2017, particularly in the United States, as well as concerns that a potential extension of the agreement will not reduce global inventories as quickly as expected contributed to a sharp drop in crude oil prices in the first week in May.





EIA projects that the global crude oil market in 2017 and 2018 will have more supply growth compared with the April STEO, resulting in a lower forecast of crude oil prices in the coming months. The Brent crude oil spot price is forecast to average $53/b in 2017, down from $54/b in the April STEO, and $57/b in 2018, unchanged from the April STEO. WTI prices are expected to average $2/b lower than Brent prices in both years. Growth in global liquid fuels supply is expected to limit upward price pressure over the next year. World liquid fuels supply is projected to grow by 1.4 million b/d in 2017 and by 1.9 million b/d in 2018. Compared with the April STEO forecast, those growth estimates are higher by about by 0.2 million b/d in 2017 and 0.1 million b/d in 2018. The upward revision to expected supply growth is based on higher expected crude oil production growth from the United States, Brazil, and Canada and more OPEC non-crude liquid production growth. Expected world liquid fuels consumption growth is largely unchanged from the previous STEO, with growth forecast at 1.6 million b/d in both 2017 and 2018.

EIA estimates U.S. commercial crude oil inventories declined by 7.4 million barrels during April, compared with an average increase of 7.4 million barrels over the past five years. The decline in U.S. crude oil inventories is likely because of the increase in gross inputs to refineries in April. In this STEO, EIA estimates that refinery inputs reached 17.2 million b/d in April, the highest on record for any month.

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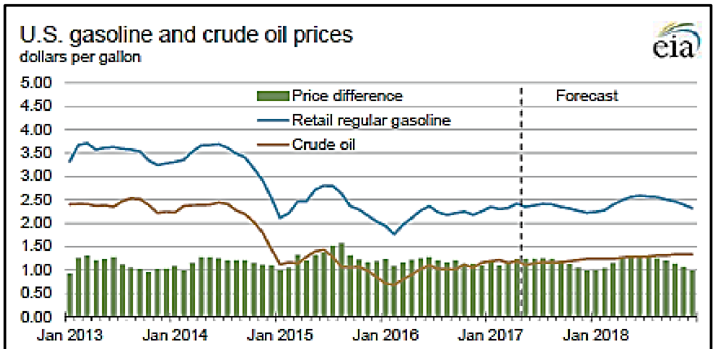

Crude oil price is composite refiner acquisition cost. Retail prices include state and federal taxes.
Source: Short-Term Energy Outlook, May 2017.

Per the EIA, the front-month futures price of reformulated blendstock for oxygenate blending (RBOB, the petroleum component of gasoline used in many parts of the country) declined 21 cents per gallon (gal) since April 3, settling at $1.48/gal on May 4 (Figure 4). The RBOB-Brent crack spread (the difference between the price of RBOB and the price of Brent crude oil) declined 10 cents/gal, settling at 33 cents/gal over the same period. Despite weekly data showing April 2017 gasoline consumption plus exports set a new five-year high for the month, gasoline crack spreads averaged the lowest for the month of April since 2013. High gross refinery inputs contributed to a counter-seasonal rise in gasoline inventories, pressuring gasoline crack spreads to lower levels than in previous years. In this STEO, EIA estimates that U.S. total motor gasoline inventories rose 0.9 million barrels in April, compared with an average decline of 4.4 million barrels over the past five years.

For the 2017 summer driving season (April through September), U.S. regular gasoline retail prices are forecast to average $2.39/gallon (gal), compared with $2.23/gal last summer. The higher forecast gasoline price is primarily the result of higher forecast crude oil prices. The annual average price for regular gasoline in 2017 is forecast to be $2.34/gal, which, if realized, would result in the average U.S. household spending about $160 more on motor fuel in 2017 compared with 2016.