Marcon International, Inc.

Vessels and Barges for Sale or Charter Worldwide

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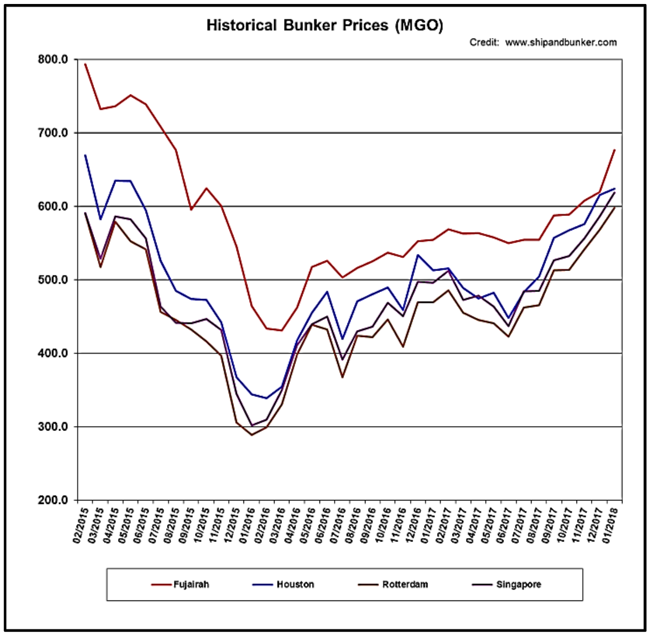
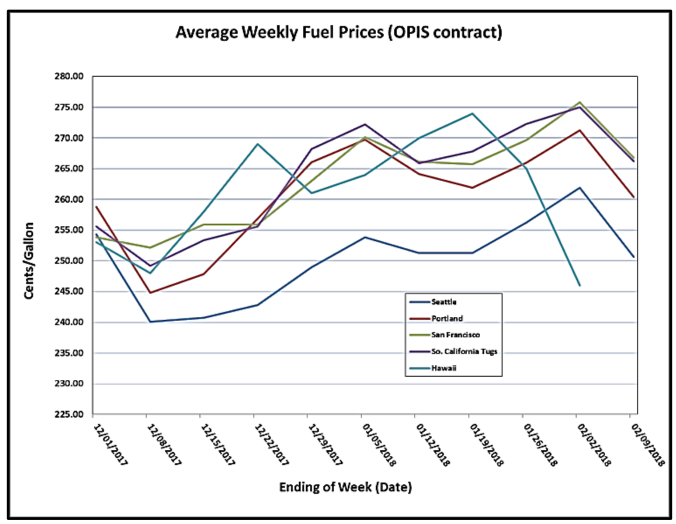
15 February 2018

Bunker Price History – January 2018



January 2018's month-end prices were higher than December 2017's with prices 21.66% to 22.11% higher compared to January 2017. Fujairah increased 9.29%, the highest of regions tracked, by end January, closing at US$ 676.50/mt from December's US$ 619.0/mt. Year-over-year increase is 22.11%. In the US, Houston ended January at US$ 623.5/mt, up 1.38% from December's US$ 615.0/mt, and is 21.66% above last year's US$ 512.5/mt. Rotterdam's increase from December was 5.28% to US$ 598.0/mt from US$ 568.0/mt, and is above last January's US$ 469.5/mt by 27.37%. Rounding out the regions we regularly monitor is Singapore which had a 5.55% increase from December, closing at US$ 618.5/mt from US$ 586.0/mt, and is up by 24.7% or US$ 122.5/mt from January 2017. As of 15 February 2018, MGO prices have trended down in all locations tracked since the end of January, from -1.18% in Fujairah to -7.78% in Rotterdam. Overall, we are still trending upwards in MGO prices over where we were one year ago. Predicting where prices will go seems to be equivalent to throwing darts at a dartboard. You are never certain where the dart will land. Cuts in production in OPEC countries and other countries in agreement, such as Russia, and a weakening US dollar are being offset by increases in US production as far as impact on prices. We are continuing to see movement, albeit at a slow pace, in the sale and purchase market, but definitely moving faster than it had the prior six months. However, many vessels and barges are still laid up with too many to count heading to scrap yards.



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. End of January prices for all West Coast locations we track, except Hawaii, were higher than our last report, the end of December. End January 2018 was higher by at least 10.81% in every location over end January 2017, with all but Hawaii reflecting the highest month-end prices since we started tracking the information September 2015. For the week ending 2nd February 2018 compared to the week ending 29th December 2017, Seattle increased 5.17%, to US$ 2.6188 per gallon from US$ 2.49/gal. This is 19.44% higher than one year ago. Portland, OR experienced a rise of 1.94% to US$ 2.7124/gal (US$ 2.6607/gal), which is 22.95% more than one year ago. San Francisco reported a gain of 4.89% to US$ 2.7584/gal from US$ 2.6299/gal and is higher than same time last year by 19.43%. "So. California", comprised of Los Angeles / Long Beach, rose 2.55% to US$ 2.7504/gal from US$ 2.6819/gal and is 19.35% above last end January. Hawaii decreased 5.75% to US$ 2.46/gal from US$ 2.61/gal but is 10.81% above last year. As of the week ended 9 February 2018, while Hawaii's prices were not reported, prices in all other regions fluctuated between a decrease of 3.21% in "So. California" to a decrease of -4.29% in Seattle. We did note that over past two months, Hawaii has trended in its highs and lows about two weeks ahead of the rest of the West Coast locations. We do not know why.

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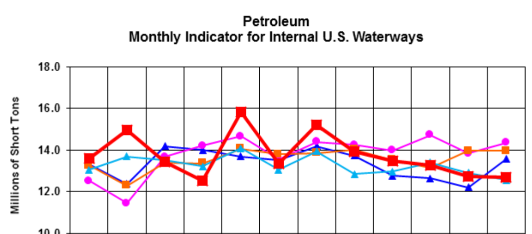
Kirby Corp. provides a good snapshot of both fuel prices and movement of petroleum cargoes in the U.S. inland river market. Their fourth quarter 2017 data shows that their average 227 towboats operating 841 inland tank barges paid an average of US$ 2.02/gal, compared to $1.61/gal the prior quarter and $1.64/gal during same quarter 2016. In the inland market, barge utilization was in the low to mid-90% range for the quarter, compared to mid-80% range in the 2016 fourth quarter. Operating conditions during the quarter were challenged by weather and lock delays along the Gulf Intracoastal Waterway. Infrastructure challenges and low water levels, particularly on the Ohio River, also increased delay days throughout the quarter. Demand for inland tank barge transportation of petrochemicals and crude oil was higher compared to the 2016 fourth quarter, while demand for the transportation of refined petroleum products was slightly lower. Both term and spot contract pricing were stable relative to the third quarter. The operating margin for the inland business was in the mid-teens, and was adversely impacted by severance costs and workforce early retirements.

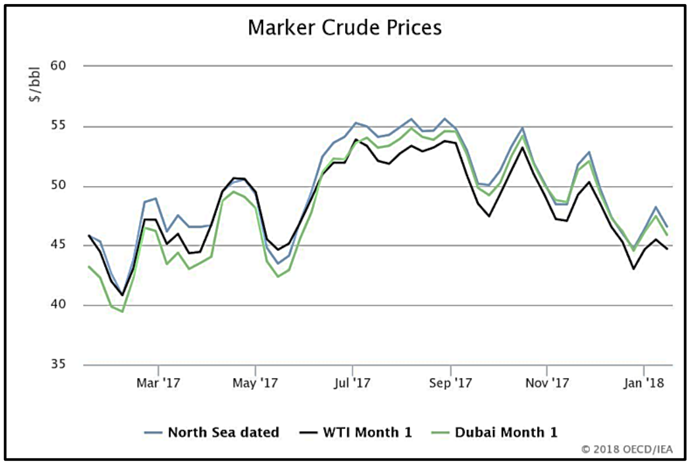


	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2013	13.3	12.4	14.2	14.0	13.7	13.5	14.2	13.8	12.8	12.7	12.2	13.6
2014	12.5	11.4	13.7	14.2	14.7	13.6	14.4	14.3	14.0	14.7	13.8	14.4
2015	13.3	12.3	13.4	13.4	14.1	13.8	13.9	14.0	13.5	13.2	14.0	14.0
2016	13.1	13.7	13.5	13.2	14.1	13.1	14.0	12.9	13.0	13.4	12.9	12.6
2017	13.6	15.0	13.5	12.5	15.8	13.3	15.2	13.9	13.5	13.3	12.8	12.7

For the Internal U.S. Waterway Monthly Indicators, estimates for the most recent month are based on lock performance management data. The estimates will be superseded by actual data as it becomes available.

Under U.S. law, vessel operators must report domestic waterborne commercial movements to the **U.S. Army Corps of Engineers' Waterborne Commerce Statistics Center.** This data, along with lock performance monitoring system data provides commodity specific indicators for monthly tonnage moving along the inland waterway system. December 2017's **(bold red line)** 12.7 million short tons of petroleum and heating oil carried on internal U.S. Waterways was the second lowest month year-to-date 2017. While it was the lowest December movement when compared to years 2013 through 2015, it was 0.1m tons higher than last December. 2017 saw a total of 165.1 short tons moved compared to 159.5 short tons moved during 2016.

According to the Paris-based, **International Energy Agency's *"Oil Market Report"***, global oil supply in January edged lower to 97.7 mb/d but was 1.5 mb/d above last year as rebounding US production underpinned non-OPEC output growth. OPEC crude oil production in January was steady month-on-month (m-o-m) at 32.16 mb/d. Higher Nigerian output offset losses elsewhere. Compliance with supply cuts reached a new high of 137%. Non-OPEC output dropped by 175 kb/d in January, to 58.6 mb/d, but was 1.3 mb/d higher than a year ago US crude output, up 1.3 mb/d year-on-year (y-o-y), will soon overtake Saudi Arabia and could catch Russia by the end of the year. Compliance with output cuts by non-OPEC countries was 85%. Global oil demand growth for 2018 has been increased slightly to 1.4 mb/d, partly due to an optimistic GDP forecast from the IMF. This is down from last year's gain of 1.6 mb/d, as higher oil prices, shifting Chinese demand patterns and fuel switching in non OECD countries slows growth. OECD commercial stocks fell in December by 55.6 mb, the steepest drop since February 2011, to reach 2 851 mb. Stocks drew by 154 mb (420 kb/d) during 2017 and ended the year 52 mb above the five-year average. In 4Q17, stocks fell sharply by 1.3 mb/d across the OECD. After reaching an all-time high in 4Q17, global refining throughput is expected to slow by 0.4 mb/d in 1Q18 to 81.1 mb/d due to seasonal maintenance, primarily in the US and Middle East. A strong rebound is expected in April-May as runs ramp up to meet increased seasonal demand and to replenish product stocks.



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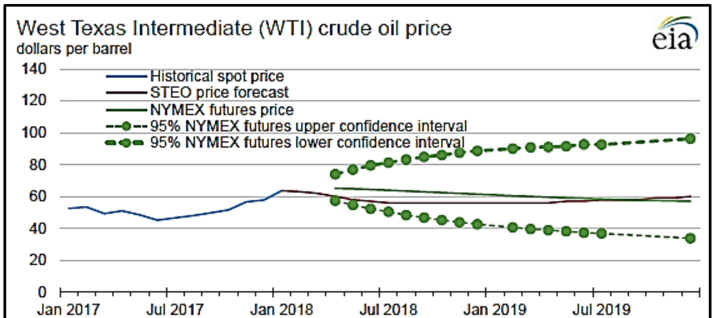

Note: Confidence interval derived from options market information for the 5 trading days ending Feb 1, 2018. Intervals not calculated for months with sparse trading in near-the-money options contracts.
Source: Short-Term Energy Outlook, February 2018, and CME Group.

Per the latest **U.S. Energy Information Administration's *"Short-Term Energy Outlook"***, brent crude oil futures prices closed above $70/b in mid-January for the first time since December 2014. Prices have increased over the past seven months as oil inventories, both in the United States and globally, have fallen steadily. In January, oil prices may have received some support following the Organization of the Petroleum Exporting Countries' (OPEC) monitoring committee meeting, where some oil ministers suggested extending the production cut agreement in some form beyond the current expiration at the end of 2018. Rapid declines in Venezuelan crude oil output are also likely contributing to higher crude oil prices. Average U.S. imports of crude oil from Venezuela declined to 0.4 million b/d for the four weeks ending January 26, approaching the lowest level in decades. Trade press reports indicate that workers at the national oil company may be fleeing the country amid social unrest. Improved global economic growth expectations could also be supporting oil prices. The International Monetary Fund (IMF) recently forecast that world Gross Domestic Product (GDP) would grow by 3.9% in both 2018 and 2019, rates that are both 0.2 percentage points higher than its previous forecast. The IMF's forecast of higher economic growth is consistent with the increases in leading economic indicators from the fourth quarter of 2017. Faster economic growth along with increases in world trade would be significant factors contributing to increases in crude oil and petroleum product consumption. EIA, based on forecasts from Oxford Economics, projects oil-weighted GDP growth will be 3.4% in 2018 and 3.2% in 2019. EIA expects global petroleum and other liquid fuels consumption to increase by 1.7 million b/d in both 2018 and 2019, up from an estimated 1.6 million b/d in 2017.

Crude oil inventories in the United States declined by 6 million barrels during the first four weeks of 2018 in contrast to a five-year average build of 14 million barrels during those four weeks. High levels of refinery inputs of crude oil and crude oil exports contributed to the counter-seasonal draw in crude oil inventories. A cold snap in the U.S. Northeast in early January increased demand for home heating oil and likely contributed to higher refinery utilization than is typical for this time of year. Inputs of crude oil at U.S. refineries averaged 16.7 million b/d for the four weeks ending January 26, which, if confirmed in the Petroleum Supply Monthly, would be the highest level of refinery runs on record for the month of January. Also, U.S. crude oil exports averaged almost 1.4 million b/d for the four weeks ending January 26. In January 2017, U.S. crude oil exports averaged about 0.7 million b/d. Similar to the draw in U.S. inventories, Organization for Economic Cooperation and Development (OECD) oil inventories also declined. EIA estimated OECD total petroleum inventories at 2.87 billion barrels; this was a decline of 183 million barrels from January 2017, the largest year-over-year decline since March 2003. However, a continued acceleration in non- OPEC supply growth is expected to contribute to global total petroleum and other liquids inventories rising by 0.2 million b/d in 2018. This expected modest increase in global oil inventories could put downward pressure on crude oil prices in the coming months. EIA forecasts Brent crude oil prices to decline to $60/b and WTI prices to decline to $56/b by the third quarter of 2018. EIA expects Brent prices to average $62/b for all of 2018 and WTI prices to average $58/b for the year.

The increase in crude oil prices in recent months has been mitigated for some countries whose currency exchange rate with the U.S. dollar has appreciated. Even though Brent crude oil prices increased by 40% from July 3, 2017, through February 1, 2018, in U.S. dollar terms, crude oil prices in Indian rupees, Thai baht, and euros have only increased by 38%, 29%, and 27%, respectively, during the same period. Rising economic growth in several European countries, as well as in non-OECD countries, has likely contributed to larger demand for their goods and services, which is reflected in currency appreciation compared with the U.S. dollar. For countries that import crude oil, a stronger currency can lessen the effect higher crude oil prices have on businesses and households.

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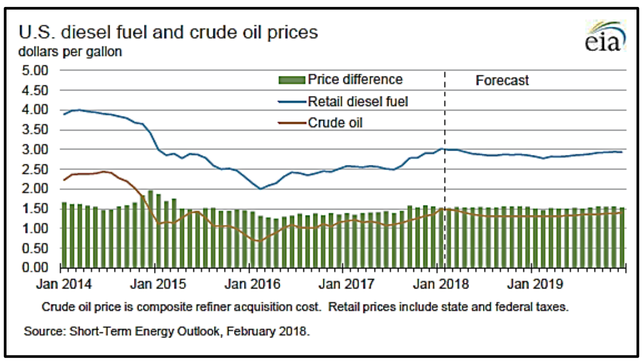
U.S. crude oil prices compared with Brent crude oil prices diverged from recent trends in January. The Light Louisiana Sweet (LLS) price difference with Brent crude oil fell from a slight premium to Brent to trade $1/b or more under Brent for 23 consecutive trading days in December and January, settling at -$1.07/b on February 1. These 23 days were the longest stretch where LLS traded more than $1/b under Brent since February and March 2015. Although the Forties pipeline outage in mid-December contributed to rising Brent crude oil prices relative other light sweet crude oils, LLS differentials remained lower even after the pipeline was restored to full service. The discount could be attributable to the startup of the Diamond pipeline from Cushing, Oklahoma, to Memphis, Tennessee, which may be lowering the demand for U.S. Gulf Coast crude oil from refineries in the U.S. Midwest.

In contrast to LLS, WTI Cushing and WTI Midland crude oil prices increased relative to Brent in recent weeks. On February 1, the WTI Cushing and WTI Midland spreads with Brent settled at - $4.02/b and -$3.82/b, respectively, increases of $2.30/b and $1.70/b, respectively, since January 2. The Diamond pipeline startup and a likely reduction in Canadian crude oil deliveries to Cushing have contributed to a stock draw at the hub of 12 million barrels since the last week of December and likely increased WTI Cushing prices. Cold winter weather in west Texas led to some production shut-ins, increasing the WTI Midland-Brent crude oil price spread.



Crude oil price is composite refiner acquisition cost. Retail prices include state and federal taxes.

Source: Short-Term Energy Outlook, February 2018.

The ultra-low sulfur diesel (ULSD) front-month futures price rose by 3 cents/gal from January 2 to settle at $2.09/gal on February 1. On January 26, the ULSD price reached the highest point since February 2015. The ULSD-Brent crack spread (the difference between the price of ULSD and the price of Brent crude oil) decreased by 4 cents/gal over the same period, settling at 43 cents/gal.

Distillate prices rose as colder-than-normal temperatures affected much of the United States in the first half of January. Temperatures are also expected to be colder than normal at the beginning of February, which may be lending additional support to ULSD prices. In addition to temporary weather-related price support, EIA has revised annual U.S. distillate consumption higher in 2018 and 2019 by 26,000 b/d and 45,000 b/d, respectively, compared with the January 2018 STEO. EIA now expects distillate fuel consumption to increase by 2.7% in 2018, which would be the highest growth rate since 2014. The higher distillate consumption forecast reflects updated U.S. economic growth assumptions in this STEO in response to the U.S. tax reform bill passed in December 2017 and its potential impact on industrial and manufacturing activity.