Marcon International, Inc.

Vessels and Barges for Sale or Charter Worldwide

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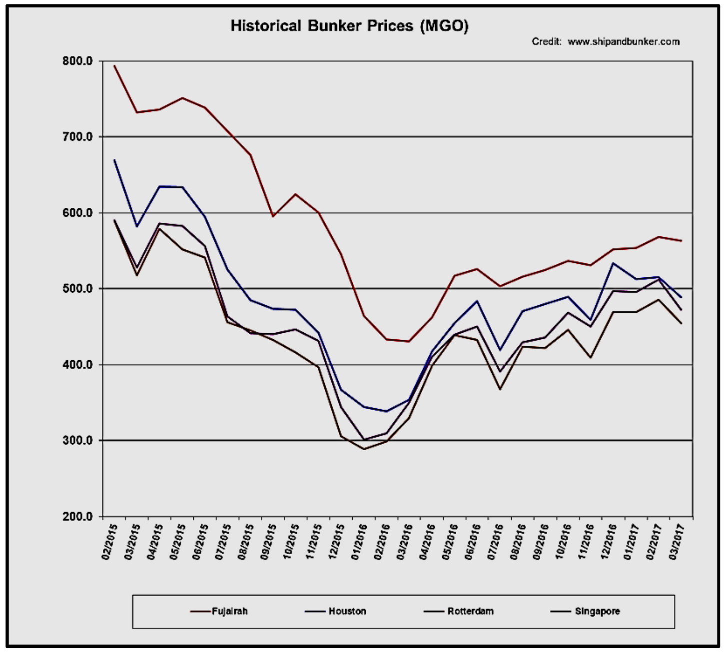
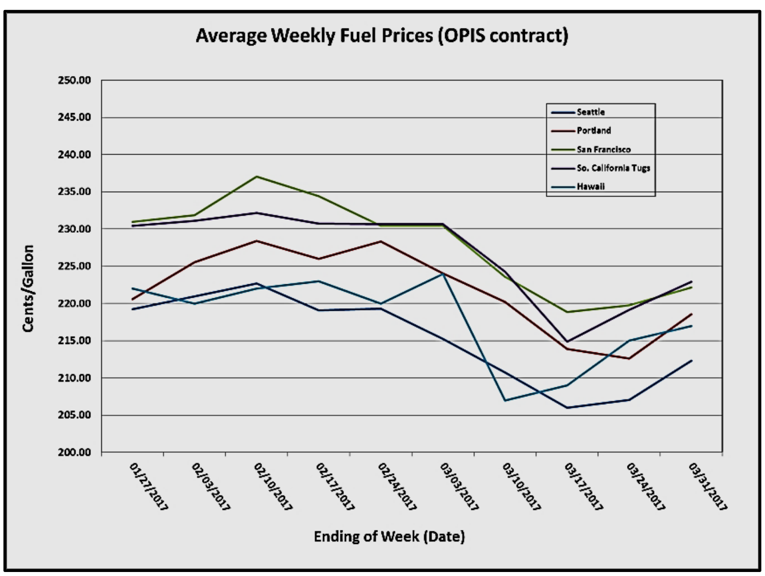
24 April 2017

Bunker Price History – March 2017

After edging higher in February, month-end MGO prices for the end of March were down 0.97% to 7.71% depending on region. Compared to one year ago, Fujairah, which historically lags behind other regions, was +30.63%, while the other regions were within +35.00% to +37.99%. Fujairah posted a decrease of 0.97% end March, closing at US$ 568.5/mt from February's US$ 568.5/mt. March 2016 closed at US$ 431.0/mt, so, as noted above, Fujairah is ahead of last year by 30.63%. In the US, Houston declined 5.24% from February's US$ 515.5/mt, closing at US$ 488.5/mt, which is 37.99% above last year's US$ 354.0/mt. Rotterdam decreased over February closing down 6.28% at US$ 455.0/mt from US$ 485.5/mt, but is up 37.88% from March 2016's US$ 330.0/mt. Rounding out the regions we regularly monitor is Singapore, which saw a 7.71% decrease in March, closing at US$ 472.5/mt from US$ 512.0/mt, but is higher by 35.00% or US$ 122.5/mt over March 2016. Since the end of March, MGO prices have increased slightly ranging from 0.62% in Fujairah to a moderate gain of 3.28% in Singapore.





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 March 31, 2017, we saw declines in all West Coast locations tracked. For the week ending 31st March 2017 compared to the week ending 24th February 2017, Seattle dropped 3.16%, to US$ 2.1235 per gallon from US$ 2.1928/gal. Portland, OR experienced the largest change at -4.30% to US$ 2.1852 /gal (US$ 2.2835/gal). San Francisco reported a loss of 3.61% to US$ 2.2215/gal from US$ 2.3047/gal. *"So. California Tugs"*, comprised of Los Angeles / Long Beach, dropped 3.37% to US$ 2.2291/gal from US$ 2.3068/gal. In March, Hawaii decreased 1.36% to end at US$ 2.17/gal from US$ 2.20/gal. Compared to one year ago, end of March 2017 prices are higher by 16.67% in San Francisco to 24.09% in Portland. As of the week ended 14th April, 2017, prices in all regions rose significantly over the March losses. Hawaii had the lowest increase at 2.76% or up US$ 0.14/gal and Seattle had the highest change at +9.50% or a US$ 0.2018/gal price increase.

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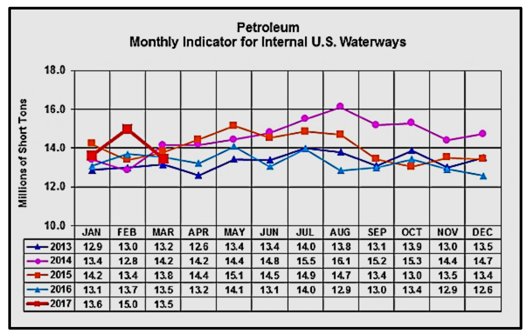
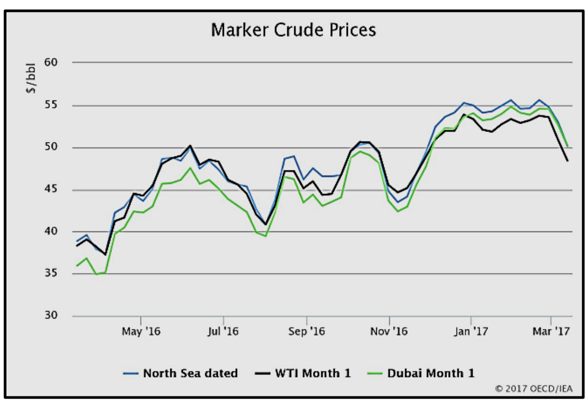
Bunker Price History – March 2017 Continued

Kirby Corp. still provides a good snapshot of both fuel prices and movement of petroleum cargoes in the U.S. inland river market. Their fourth quarter 2016 data shows that their average 230 towboats operating 876 inland tank barges paid an average of US$ 1.64/gal, compared to $1.51/gal the prior quarter and $1.68/gal during same quarter 2015. Demand for inland tank barge transportation of petrochemicals, refined petroleum products, and agricultural chemicals was stable with modest year over year volume growth. The volume of crude oil and natural gas condensate carried during the quarter increased over the 2016 third quarter, while demand for the transportation of black oil (heavy fuel oil, asphalt, vacuum gas oil) was weak. Kirby's inland tank barge utilization improved from the low 80% range to the high 80% range over the course of the quarter. Prices for inland equipment on spot contracts were flat sequentially, but both term and spot contract pricing in the fourth quarter were at lower levels relative to last year. Difficult weather during the quarter contributed to better utilization, but also created a number of operating challenges, as dense fog and high winds restricted movements along the Gulf Coast for much of the quarter. Additionally, ice on the Illinois River presented some short-term challenges for upriver transit times and efficiency. Delay days in the fourth quarter increased 124% over the third quarter, but only modestly relative to the 2015 fourth quarter when we experienced delays due to lock closures and high water conditions. We are curious to see what first quarter 2017 will look like for Kirby and others.



	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									

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. While January and February 2017 showed improvements over their corresponding year prior movements, March 2017 was the same as March 2016 as 13.5 million short tons of petroleum carried on internal U.S. Waterways.



According to the Paris-based, **International Energy Agency's *"Oil Market Report"***, global demand growth of 1.3 mb/d is forecast for 2017, a second consecutive annual decline and slightly below our prior forecast following weaker than expected 1Q17 demand. Subdued gains in Russia and India, and weaker momentum in OECD countries, were key factors. World oil supply fell by 755 kb/d in March as OPEC and non-OPEC producers pumped less and improved compliance with the output reduction pact. Total non-OPEC output is set to rise again, however, with growth of 485 kb/d expected in 2017, recovering from a decline of 790 kb/d last year. OPEC crude output fell by 365 kb/d in March to 31.68 mb/d, led by losses in Nigeria, Libya - both exempt from supply cuts - and Saudi Arabia. OPEC's 1Q17 output of 31.9 mb/d was 240 kb/d below the 1Q17 "call" on its crude. The call rises to 32.9 mb/d in 2Q17, which implies global stocks will draw further if OPEC maintains solid adherence to its supply cut. OECD industry stocks drew moderately in February and are forecast to fall further in March. However, due to January's large build, we estimate OECD stocks gained 38.5 mb (425 kb/d) in 1Q17. Marginal stocks held offshore or in smaller facilities drew by an estimated 325 kb/d during the same period. Crude prices fell more than $3/bbl on average in March, but rose by $5/bbl in early April. Money managers cut their net long positions in crude futures by 200 mb in March amid the price fall. Product prices showed few signs of rallying during the refinery maintenance season. After 1Q17's almost flat performance vs 1Q16, refinery throughput in 2Q17 will grow 1.15 mb/d y-o-y. Refinery crude demand will surge by 3.5 mb/d between March and July, with most of the increase coming from Atlantic Basin refiners and the Middle East.

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Bunker Price History – March 2017 Continued

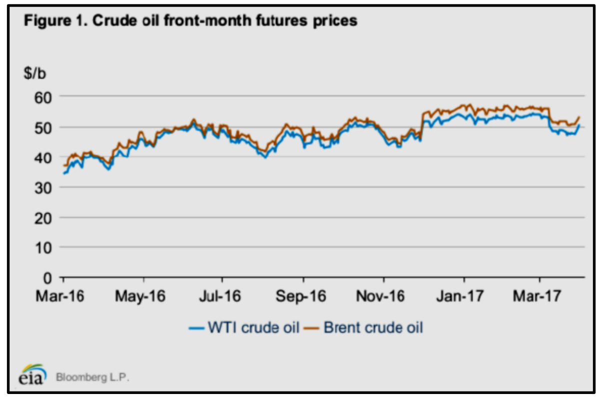
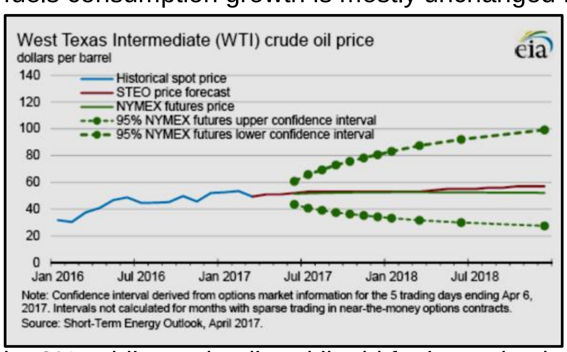


Figure 1. Crude oil front-month futures prices

Per the latest **U.S. Energy Information Administration's *"Short-Term Energy Outlook"***, after three months of trading in a narrow range, crude oil prices declined in March. Between March 1 and April 6, Brent crude oil front-month futures prices declined by $1.47 per barrel (b) to settle at $54.89/b, and West Texas Intermediate (WTI) front-month futures prices declined by $2.13/b to settle at $51.70/b (Figure 1). Brent and WTI average spot prices in March were $3.28/b and $4.14/b lower, respectively, than the February averages. In early March, crude oil prices declined as U.S. crude oil inventories built to a multi-decade high and as U.S. crude oil production rose. The price decline occurred despite the voluntary crude oil production cuts in the first quarter of 2017 among the Organization of the Petroleum Exporting Countries (OPEC) and some non-OPEC producers. Unplanned supply outages in Libya and market perceptions of an increased likelihood of an extension of the voluntary production cuts may have contributed to price increases at the end of March. On March 26, the Joint OPEC/Non-OPEC Ministerial Monitoring Committee (JMMC) met and reported that there was a high degree of compliance among the members to the agreed-upon crude oil production cuts. Further, the United Arab Emirates announced they would increase compliance with their required cuts under the current agreement, and Russia reduced crude oil production in March to bring their levels closer to their required amount. Pending an official announcement regarding the extension of the crude oil production agreement and future assessments of compliance, EIA currently assumes that OPEC crude oil production volumes will approach pre-agreement levels during the second half of 2017. EIA expects world crude oil and liquid fuels supply to grow by 1.1 million barrels per day (b/d) in 2017 and by 1.9 million b/d in 2018. Compared with the previous forecast, these growth estimates are higher by about by 0.1 million b/d and 0.2 million b/d, respectively, because of higher expected U.S. and Brazilian crude oil production growth. Expected world liquid fuels consumption growth is mostly unchanged from the previous forecast at 1.5 million b/d in 2017 and 1.6 million b/d in 2018. EIA expects the market to be relatively balanced in 2017 and forecasts the Brent crude oil spot price to average $54/b in 2017 and $57/b in 2018, mostly unchanged from the March STEO. Reductions in international crude oil supply and rising U.S. crude oil production have put upward price pressure on the price premium of Brent crude oil to WTI crude oil in recent months. The price premium of Brent to WTI in the futures market rose to an average of $2/b in December 2016 following the announcement of the OPEC/non-OPEC crude oil production cut agreement, after being closer to $1/b for much of 2016. From January to March, U.S. crude oil and liquid fuels production rose by 3%, while crude oil and liquid fuels production outside the United States fell by 1%. The Brent-WTI futures price spread rose 68 cents/b to $2.76/b from March 1 to April 6, reaching a 16-month high on April 5. U.S. crude oil inventories reached their highest level in several decades on March 31.



Per the **U.S. Energy Information Administration,** U.S. crude oil production was an estimated 9.1 million b/d in March, the highest level in a year. Production is forecast to grow by an average of 0.3 million b/d in 2017 and by 0.7 million b/d 2018. The forecast growth for 2018 is about 0.2 million b/d more than forecast in the March STEO. As a result of growing U.S. supply, which has lowered U.S. crude oil prices relative to international crude oil prices, more U.S. crude oil is being exported to balance the domestic light sweet crude oil market. Recent export data indicate that the marginal destination for U.S. crude oil is Asia. With U.S. supply continuing to grow in the forecast, EIA expects the marginal destination for U.S. crude oil will continue to be the Asian market. Based on this assumption and associated transportation costs, EIA expects the spot price spread between Brent and WTI to be $2/b in both 2017 and 2018.

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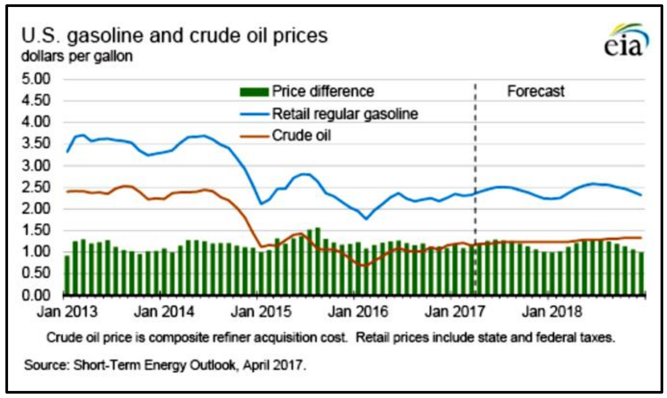
Continued

Recent capital expenditure activity by oil companies supports EIA's expectations of higher U.S. production. Capital expenditures for 44 U.S. onshore-focused oil production companies increased $4.9 billion between the fourth quarter of 2015 and the fourth quarter of 2016 based on their public quarterly financial statements. This was a 72% increase in investment spending, the largest year-over-year increase for any quarter by these 44 companies since at least the first quarter of 2012. Oil prices in the $45/b to $50/b range are contributing to an increase in upstream earnings for U.S. producers, prompting some companies to increase their investment budgets. Company announcements and increases in the number of active oil rigs suggest U.S. oil production companies continued investment growth in the first quarter of 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) rose by 5 cents per gallon since March 1, settling at $1.73/gal on April 6. The RBOBBrent crack spread (the difference between the price of RBOB and the price of Brent crude oil) rose by 9 cents/gal over the same period. Weekly gasoline inventories in the United States, the trading hub of Amsterdam-Rotterdam- Antwerp in Northwest Europe, and Singapore have been below last year's levels for seven consecutive weeks, the longest streak across all three regions since September 2011. The size of gasoline inventory withdrawals across these different regions suggests there could be strength in global gasoline consumption. Although EIA estimates that gasoline consumption in the United States was down year-over-year in the first quarter of 2017, EIA estimates that it increased by 0.1 million barrels per day (b/d) from February to March, similar to the five-year average growth in consumption from February to March.

For the 2017 April-through-September summer driving season, U.S. regular gasoline retail prices are forecast to average $2.46/gallon (gal), compared with $2.23/gal last summer. The higher forecast gasoline price is primarily the result of higher forecast crude oil prices. For all of 2017, the forecast average price for regular gasoline is $2.39/gal, which, if realized, would result in the average U.S. household spending about $200 more on motor fuel in 2017 compared with 2016.