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Vessels and Barges for Sale or Charter Worldwide

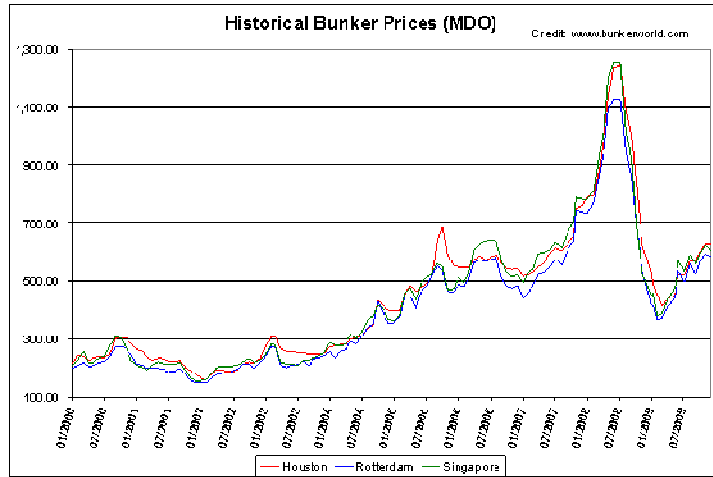
P.O. Box 1170, 9 NW Front Street, Suite 201
 Coupeville, WA 98239 U.S.A.
 Telephone (360) 678 8880
 Fax (360) 678-8890
 E Mail: info@marcon.com
 http://www.marcon.com

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MDO Prices

By: Bob Beegle

As of 31st December 2009, average bunker prices fell slightly over the previous November's figures, but to be on the safe side, we recommend budgeting more for fuel as the cost of doing business in 2010. Average MDO (marine diesel) prices in three major ports were \$4.00/mt to \$17.50/mt lower in December compared to the previous month. An operator had to pay abt. US\$ 627.00/mt in Houston, US\$ 583.50 in Rotterdam or US\$ 607.00 in Singapore, which was definitely better than peak prices of over \$ 1,200/mt paid during the Summer of 2008. I doubt that we will see MDO selling again for US\$ 1,200/mt in 2010, but it is anyone's guess after that. A lot may depend more on the strength, or weakness, of the U.S. dollar and global politics than any major improvement in economic conditions or major



changes in supply and demand. Kirby Corp. of Houston, Texas reported paying an average of US\$ 1.89/gal. for their 215 towboats operating on U.S. inland waterways during third quarter 2009 vs. US\$ 3.99 during third quarter 2008. U.S. West Coast prices though have been edging up recently with Foss Maritime of Seattle, Washington on New Year's Day reporting US\$ 2.20/gal for ultra-low sulfur diesel fuel in Seattle, up from US\$ 2.06 on Christmas Day.

U.S. West Coast Average Weekly Fuel Prices In U.S. Cents/Gallon (OPIS contract +3 cents/gal)

Ending of Week	Seattle	Portland	San Francisco	Los Angeles / Long Beach / El Segundo	San Diego
11/13/2009	210.55	211.89	206.45	212.68	214.23
11/20/2009	206.78	208.59	205.65	214.96	215.75
11/27/2009	199.70	199.86	202.70	209.85	209.94
12/04/2009	202.18	201.90	205.21	212.73	213.06
12/11/2009	193.30	193.24	194.97	204.52	206.94
12/18/2009	194.14	193.13	193.24	201.84	200.37
12/25/2009	206.44	205.48	201.67	208.63	208.22
01/01/2010	220.36	219.51	214.51	217.79	218.53

The U.S. Energy Information Administration forecasts world oil consumption to grow in 2010 by 1.1 million bbl/d to 85.2 million bbl/d. Countries outside of the Organization for Economic Cooperation and Development are likely to account for almost all the growth. Projected OECD oil consumption grows by only 0.1 million bbl/d in 2010, despite a projected 0.27 million bbl/d increase in the U.S. after a weak '09. WTI crude oil spot prices averaged \$78/bbl in November, more than \$2/bbl above than the prior month. This increase reflected improving expectations of a global economic recovery and higher oil consumption offsetting concerns about the high current level of oil inventories. EIA forecasts WTI spot prices will weaken over the next few months, falling to about \$75/bbl in February, and then rising to about \$82/bbl by the end of 2010. Crude oil prices were less volatile in November than during October. During November, WTI spot prices traded within a \$5/bbl range, between roughly \$75 and \$80/bbl. This contrasts with October, when WTI spot prices averaged just under \$76/bbl and traded in an \$11/bbl range, between roughly \$70 and \$81/bbl. As '09 came to a close the price of oil settled at just under \$80/bbl – up over 39% for the year. Another 39% increase would take us to over \$110.00/bbl by the end of 2011, which we hope will be unlikely.

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