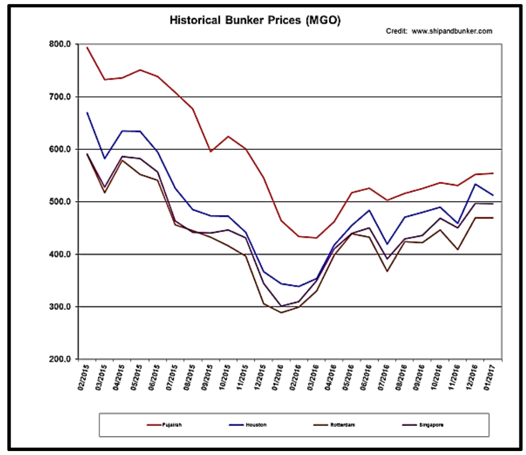
Marcon International, Inc.

Vessels and Barges for Sale or Charter Worldwide

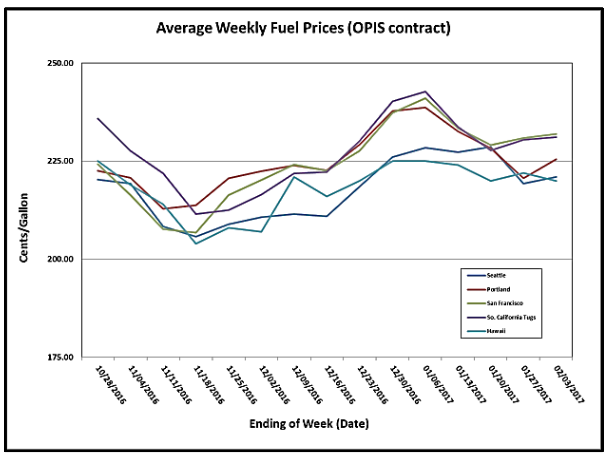
P.O. Box 1170, 9 NW Front Street, Suite 201
Coupeville, WA 98239 U.S.A.
Telephone (360) 678 8880
Fax (360) 678-8890
E Mail: info@marcon.com
http://www.marcon.com

15 February 2017

Bunker Price History – January 2017



MGO month-end prices at the end of January 2017 were relatively stable compared to the end of December, except for Houston which experienced an almost 4% decrease. Compared to one year ago, Fujairah, which historically lags behind other regions, was +19.40%, while the other regions were within +48.98% to +64.51%. Fujairah posted a slight increase of 0.36% end January, closing at US$ 554.0/mt from December's US$ 552.0/mt. January 2016 closed at US$ 464.0/mt, so, as noted above, Fujairah is ahead of last year by 19.40%. In the US, Houston posted a 3.94% loss from December's US$ 533.5/mt, closing at US$ 512.5/mt, which is 48.98% above last year's US$ 344.0/mt. Rotterdam barely moved from December closing up 0.11% at US$ 469.5/mt from US$ 469.0/mt, and is up 62.46% from January 2016's US$ 289.0/mt. Rounding out the regions we regularly monitor is Singapore, which saw a 0.20% decrease in January, closing at US$ 496.0/mt from US$ 497.0/mt, and is higher by 64.51% or US$ 194.5/mt over January 2016. Since the end of January, MGO prices have stayed relatively flat or gained slightly with a slight loss of 0.10% in Houston to a gain of 3.73% in Rotterdam.



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 January 27, 2017, we saw decreases in all West Coast locations tracked. For the week ending 27th January 2017 compared to the week ending 30th December 2016, Seattle declined 3.02%, to US$ 2.1926 per gallon from US$ 2.2609/gal. Portland, OR experienced the largest decrease at 7.24% to US$ 2.2061/gal (US$ 2.3784/gal). San Francisco reported a loss of 2.68% to US$ 2.3096/gal from US$ 2.3731/gal. *"So. California Tugs"*, comprised of Los Angeles / Long Beach, dropped 4.10% to US$ 2.3045/gal from US$ 2.4029/gal. In January, Hawaii decreased 1.33% to end at US$ 2.22/gal from US$ 2.25/gal. Compared to one year ago, prices are higher by 29.81% in San Francisco to 36.39% in Portland.

Kirby Corp. provides a good snapshot of the inland river market in the US. 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.

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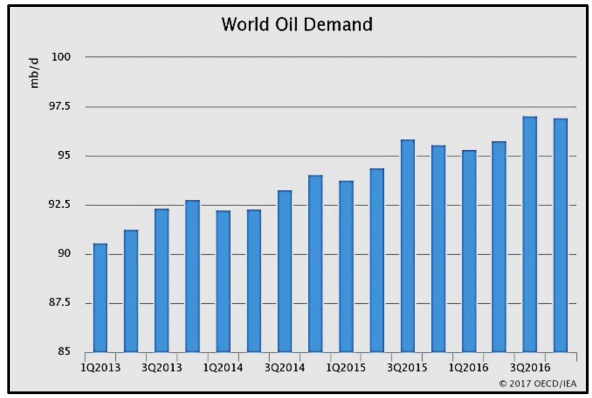
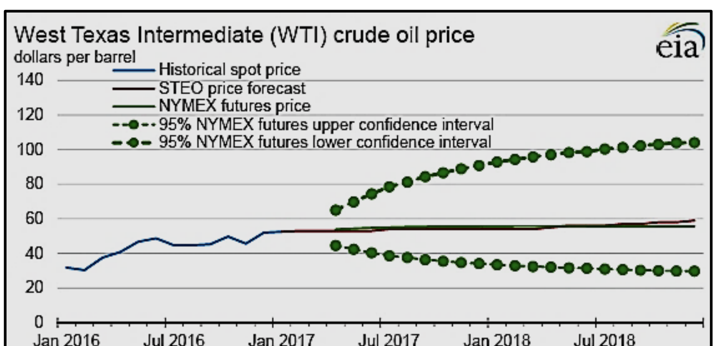


According to the Paris-based, **International Energy Agency's *"Oil Market Report"***, supported by strong 4Q16 numbers, the estimate for global oil demand growth for 2016 was revised up for the third consecutive month to 1.6 mb/d. Although still forecast to decelerate in 2017 to 1.4 mb/d, recent improvements in industrial activity are providing support. Global oil supplies plunged nearly 1.5 mb/d in January, with both OPEC and non-OPEC countries producing less. At 96.4 mb/d, world oil production stood 730 kb/d below a year ago, with OPEC posting its first year-on-year (y-o-y) decline since early 2015. OPEC crude production fell by 1 mb/d to 32.06 mb/d in January, leading to record initial compliance of 90% with the output agreement. Some producers, including Saudi Arabia, cut supply by more than required. Lower production was partly offset by higher flows from Libya and Nigeria, which are exempt from cuts. After falling by 0.8 mb/d last year, non-OPEC output will grow by 0.4 mb/d in 2017.Growth is mainly in the Americas, where higher prices are fuelling increased investments in US LTO activity and long lead-time projects are coming on stream in Brazil and Canada. OECD total oil stocks fell nearly 800 kb/d in 4Q16, the largest fall in three years. End-December inventories were below 3 000 mb for the first time since December 2015. Stocks continued to build in China and other emerging economies and volumes of oil at sea also increased. Front-month Brent futures gained by a modest $0.59/bbl to $55.51/bbl in January as traders awaited news of OPEC cuts. The Brent contango narrowed, while sour benchmark Dubai continued to rise versus Brent and WTI. Gasoline, LPG and naphtha cracks increased. 4Q16 refinery runs were stronger on more solid product demand, with runs up 830 kb/d y-o-y, after modest growth of 160 kb/d in 3Q16. This brought 2016 average throughput growth to 465 kb/d. 1Q17 refinery runs are forecast to grow 200 kb/d y-o-y.



Note: Confidence interval derived from options market information for the 5 trading days ending Feb 2, 2017. Intervals not calculated for months with sparse trading in near-the-money options contracts.
Source: Short-Term Energy Outlook, February 2017.

Per the latest **U.S. Energy Information Administration's *"Short-Term Energy Outlook"***, global crude oil prices traded within a relatively narrow range in January compared with recent history. Brent crude oil prices increased by $1.09 per barrel (b) from January 3 to settle at $56.56/b on February 2. U.S. benchmark crude oil West Texas Intermediate (WTI) increased $1.21/b over the same period, settling at $53.54/b. Brent and WTI average spot prices in January were both about $1/b higher compared with December averages. The relatively stable prices in January came as oil market participants assessed news and data on the status of supply from countries participating in the production cuts by the Organization of the Petroleum Exporting Countries (OPEC) and non-OPEC countries. The Joint Ministerial Monitoring Committee (JMMC), a body of three representatives from OPEC and two representatives from non-OPEC countries established to monitor compliance with the agreement to reduce crude oil production by 1.8 million barrels per day (b/d), met on January 22. At the meeting, the countries affirmed commitments to shoulder their share of the production cuts originally announced in November and December. The JMMC plans to provide monthly updates on each country's production data and to monitor adherence to the agreed upon production levels. In addition to statements from OPEC and non-OPEC officials announcing that production targets were met, oil tanker traffic data also indicate a possible reduction in oil being exported from the Middle East to customers in Asia, although official data will not be available for several months. With petroleum product demand forecast to grow at a faster rate in 2017 than in 2016, global oil markets appear closer to balance than at any time in the recent past.

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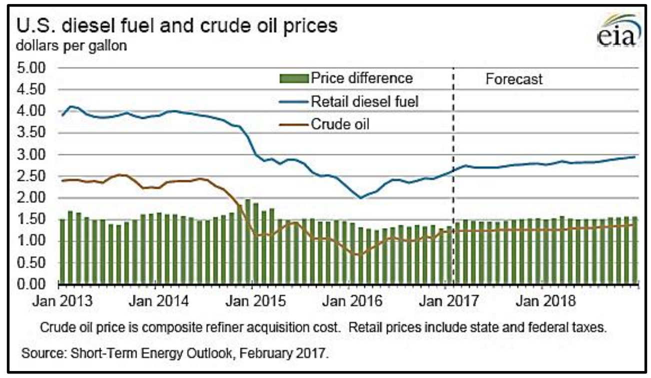
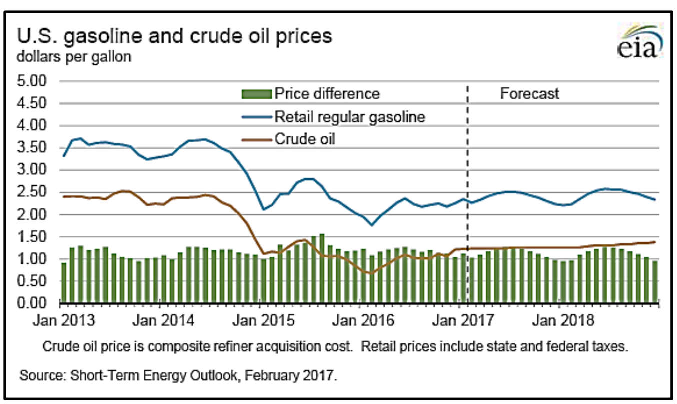


Per the **U.S. Energy Information Administration** total OPEC supply is expected to increase by 0.2 million b/d in 2017 and by 0.5 million b/d in 2018. Recent estimates of production from Libya, which is not subject to any production target under the OPEC production cut agreement, average almost 0.7 million b/d in January, the country's highest production level since 2014. Saudi Arabia recently announced it is meeting its production target, and the country is estimated to have produced slightly less than 10.0 million b/d in January. U.S. crude oil production is expected to increase by 0.1 million b/d in 2017 year-over-year and by 0.5 million b/d in 2018. The U.S. oil-directed rig count increased by 41 rigs in January, the eighth consecutive monthly increase and the first year-over-year increase since December 2014, according to Baker Hughes. Prices for WTI Midland, a crude oil produced in West Texas, strengthened compared with similar light sweet crude oils at different delivery hubs, as represented by a decline in the WTI Cushing- WTI Midland differential and Light Louisiana Sweet (LLS)-WTI Midland differential. Recent movements in U.S. crude oil price differentials could be reflecting infrastructure developments and changes in oil market trade flows. Trade press reports that since a new export terminal opened at Ingleside, Texas (at the Port of Corpus Christi in the third quarter of 2016), producers in the Midland area of Texas have been able to ship crude oil directly to the export terminal via the Cactus pipeline, bypassing the Cushing storage and pipeline hub. Fourweek average U.S. exports of crude oil increased 0.2 million b/d since the beginning of December, with trade press reporting an increase in exports to Europe and Latin America. Increased flexibility in exporting directly out of the Port of Corpus Christi could keep the low price difference of WTI Cushing compared with WTI Midland unless barrels are needed for Midcontinent refineries. WTI Midland prices reached parity with LLS crude oil prices in December and January, which suggests that buyers are increasingly able to purchase WTI Midland for delivery out of the new export terminal directly.



Per the EIA, U.S. regular gasoline retail prices are expected to decrease from an average of $2.35/gallon (gal) in January 2017 to an average of $2.27/gal in February and then rise to $2.33/gal in March. U.S. regular gasoline retail prices are forecast to average $2.39/gal in 2017 and $2.44/gal in 2018. 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 9 cents per gallon (gal) from January 3 to settle at $1.53/gal on February 2. The RBOB-Brent crack spread (the difference between the price of RBOB and the price of Brent crude oil) declined by 11 cents/gal over the same period. The RBOB-Brent crack spread declined from December to January for the first time since 2011, as lower domestic gasoline consumption and rising gasoline inventory levels contributed to lower RBOB prices. U.S. gasoline consumption typically falls to its seasonal low in January. However, EIA estimates the decline in gasoline consumption this year between December and January was 57% larger than the average decline over the past five years, falling by almost 0.6 million b/d. Total U.S. gasoline stocks rose to 257 million barrels for the week ending January 27, the second highest for any week based on data going back to 1990.