Marcon International, Inc.

Vessels and Barges for Sale or Charter Worldwide

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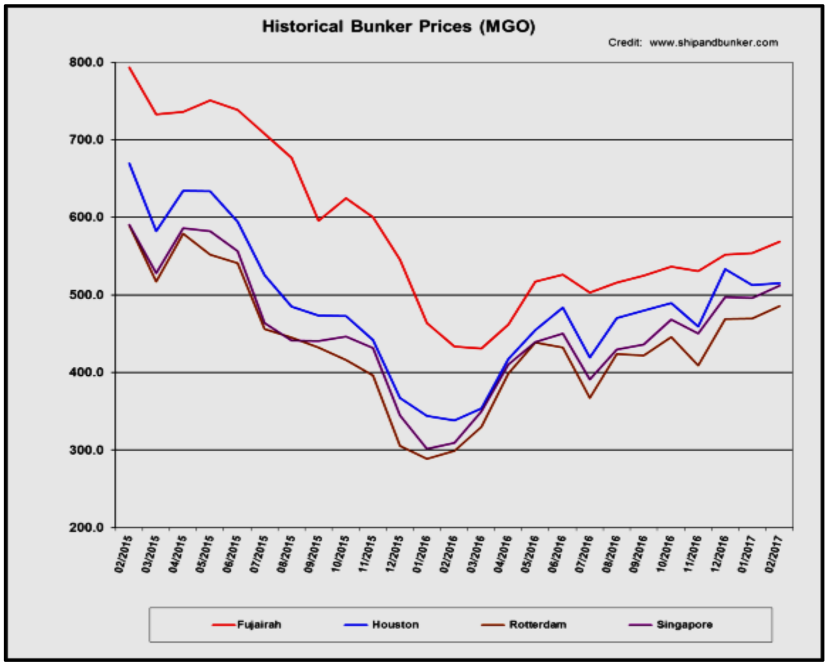
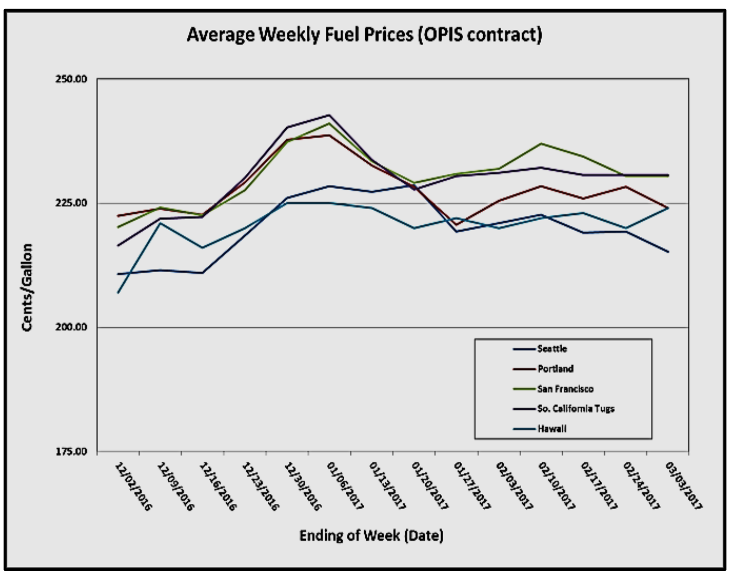
15 March 2017

Bunker Price History – February 2017



After hitting their low during the first two – three months of 2016, bunker prices are slowly working their way higher. MGO month-end prices at the end of February 2017 were increased slightly compared to the end of January. Compared to one year ago, Fujairah, which historically lags behind other regions, was +31.14%, while the other regions were within +52.29% to +65.43%. Fujairah posted an increase of 2.62% end February, closing at US$ 568.5/mt from January's US$ 554.0/mt. February 2016 closed at US$ 433.5/mt, so, as noted above, Fujairah is ahead of last year by 31.14%. In the US, Houston posted a very slight 0.59% gain from January's US$ 512.5/mt, closing at US$ 515.5/mt, which is 52.29% above last year's US$ 338.5/mt. Rotterdam increased over January closing up 3.41% at US$ 485.5/mt from US$ 469.5/mt, and is up 62.37% from February 2016's US$ 299.0/mt. Rounding out the regions we regularly monitor is Singapore, which saw a 3.23% increase in February, closing at US$ 512.0/mt from US$ 496.0/mt, and is higher by 65.43% or US$ 202.5/mt over February 2016. Since the end of February, MGO prices have fallen with a slight loss of 1.32% in Fujairah to a moderate loss of 8.44% 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 February 24, 2017, we saw minor changes in all West Coast locations tracked. For the week ending 24th February 2017 compared to the week ending 27th January 2017, Seattle barely moved 0.01%, to US$ 2.1928 per gallon from US$ 2.1926/gal. Portland, OR experienced the largest change at +3.51% to US$ 2.2835/gal (US$ 2.2061/gal). San Francisco reported a slight loss of 0.21% to US$ 2.3047/gal from US$ 2.3096/gal. *"So. California Tugs"*, comprised of Los Angeles / Long Beach, increased slightly 0.10% to US$ 2.3068/gal from US$ 2.3045/gal. In January, Hawaii decreased 0.90% to end at US$ 2.20/gal from US$ 2.22/gal. Compared to one year ago, prices are higher by 26.94% in San Francisco to 32.25% in Portland.

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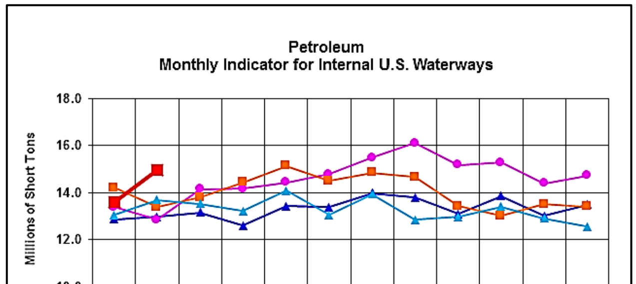
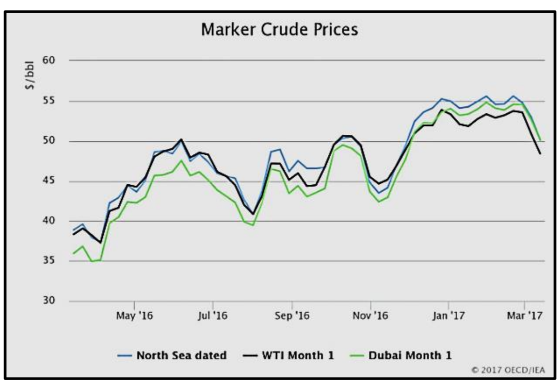
Kirby Corp. still provides a good snapshot of both fuel prices and movement of petroleum cargoes in the U.S. inland river market. Their fourth quarter 2016 data shows that their average 230 towboats operating 876 inland tank barges paid an average of US$ 1.64/gal, compared to $1.51/gal the prior quarter 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.

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. There has been an improvement though with February 2017's 15.0 million short tons of petroleum carried on internal U.S. Waterways up over both January 2017 and over the corresponding month's tonnages carried during at least the last seven years tracked. Before mid-2014 the Army Corps of Engineers combined their tracking of liquid cargo into Petroleum and Chemical cargoes, but the separate Petroleum figures are available back to 2010.



	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										

According to the Paris-based, **International Energy Agency's *"Oil Market Report"***, having expanded by 1.6 mb/d in 2016, global oil product demand growth is expected to ease back to 1.4 mb/d in 2017. Early indicators of 1Q17 demand support this, with slowdowns seen in January in Japan, Germany, Korea and India. Global oil supplies rose 260 kb/d in February as OPEC and non-OPEC producers pumped more. At 96.52 mb/d, world oil production stood 170 kb/d below a year ago. OPEC posted a year-on-year decline for the second month running. In 2017 non-OPEC output is set to rise 0.4 mb/d to 58.1 mb/d. OPEC crude output rose by 170 kb/d in February to 32 mb/d, putting compliance with the group's supply cut at 91% for the month. Saudi Arabia raised output by 180 kb/d month-on-month, but flows remained below its agreed target. OECD commercial inventories rose in January for the first time in six months by 48 mb, or 1.5 mb/d, to 3 030 mb, underpinned by near-record US crude stocks and gains in Europe. Preliminary data show a modest draw of 5 mb in February despite further builds in US crude. Benchmark crude prices moved in a tight range of $55-56/bbl through February, before falling more than $3/bbl on 8-9 March. Sour crude Dubai maintained the gains achieved against Brent in recent months, while middle distillates and gasoline prices rose in most regions. Refinery throughput growth recovered to 0.9 mb/d y-o-y in 4Q16, but will slow down to a 0.6 mb/d increase in 1Q17, before surging by 1.9 mb/d in 2Q17. This reflects a recovery from 2Q16's unusually low levels, with implied refined product stock drawdowns supporting higher throughput.



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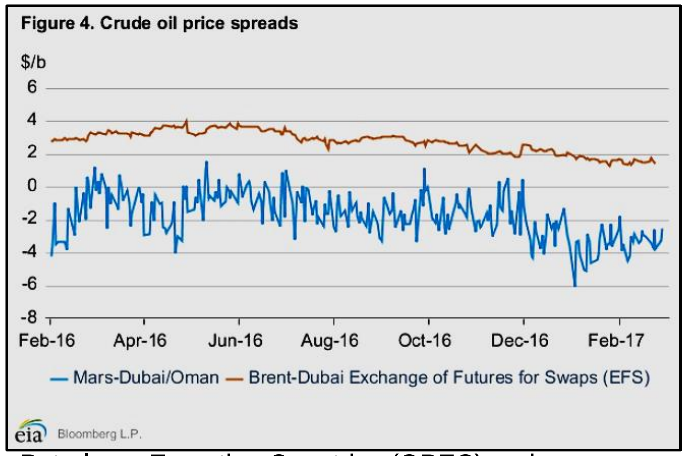
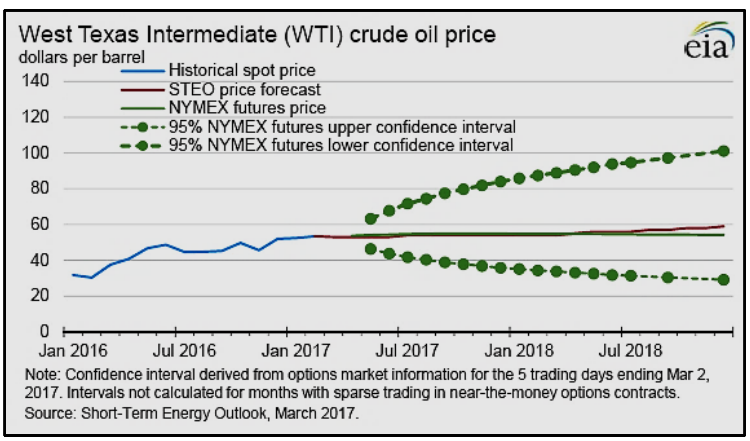


Per the latest **U.S. Energy Information Administration's *"Short-Term Energy Outlook"***, global crude oil prices continued trading in a narrow range in February. Brent crude oil frontmonth futures prices decreased by $1.72 per barrel (b), and West Texas Intermediate (WTI) prices decreased by $1.27/b between February 1 and March 2, settling at $55.08/b and $52.61/b, respectively, on March 2. Brent and WTI average spot prices in February were higher by 37 cents/b and 94 cents/b, respectively, compared with January averages. The oil market is showing signs of closer balance between supply and demand in early 2017. Although estimates of January and February crude oil production will remain unconfirmed for another month or two, voluntary oil supply reductions by members of the Organization of the Petroleum Exporting Countries (OPEC) and some non-OPEC producers (following agreements in late 2016) appear to be achieving a high degree of compliance. EIA estimates that global oil inventories fell at a rate of almost 1.0 million barrels per day (b/d) in February, which would be the third-largest monthly decline rate since the beginning of 2014. Global economic activity continues to remain robust and is supporting oil consumption growth. However, the outlook for the oil market remains uncertain because of supply developments. While supply from non-OPEC countries in the second quarter of 2017 is expected to be close to its level from the fourth quarter of 2016, OPEC supply is forecast to decline during the same period. Lower OPEC market share could complicate whether its members will renegotiate voluntary supply reductions for the second half of 2017. EIA expects increases in non-OPEC supply, particularly in the United States, to limit upward oil price pressure through much of 2017.



Per the **U.S. Energy Information Administration,** global oil inventories are estimated to have fallen at a rate of almost 1.0 million b/d in February. In the United States, total commercial petroleum inventories decreased by 7 million barrels in February, the first February decline since 2013, driven by declines in petroleum products. Voluntary supply reductions from some OPEC and non-OPEC countries disproportionately reduced the supply of medium-sour crude oils. This supply reduction is contributing to higher prices for medium-sour Dubai and Oman crude oils—the Middle Eastern crude oil benchmarks— making those crudes less attractive to refineries in Asia. The Brent-Dubai Exchange of Futures for Swaps (EFS) is an instrument that allows trade between the Brent futures market and the Dubai swaps market and represents the price premium of Brent over Dubai crude oil. The EFS continues to trade below $2/b and is at the lowest level for this time of year since 2010, settling at $1.50/b on March 2. A low premium of Brent crude oil over Dubai opens up opportunities for Asian refiners to import more North Sea and West African grades, and trade press is reporting an increase in Atlantic basin cargoes headed to Asia. Similarly, the price differential of U.S.-produced Mars crude oil and Dubai/Oman oil also declined over the past few months and contributed to an increase in U.S. crude oil exports to Asia. The Mars-Dubai/Oman differential averaged -$3.25/b in February, less than the February 2016 average of -$1.78/b and settled at -$4.40/b on March 2.

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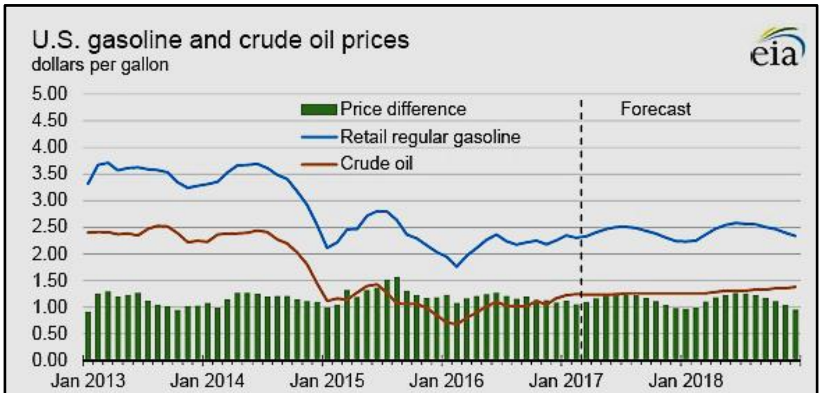
Not only are supply reductions increasing the price of the Dubai/Oman benchmark, but recent increases in U.S. Federal Offshore Gulf of Mexico production could also be contributing to a relative decrease in the Mars price. Lower U.S. refinery runs during maintenance season are also reducing domestic crude oil demand in the first quarter of 2017 and freeing up more oil for export. The wide price differential is opening up opportunities for U.S. crude oil producers to export to Asia. Initial weekly estimates based on EIA's Weekly Petroleum Status Report indicate that U.S. crude oil exports reached a record high of 0.9 million b/d for the four weeks ending February 24.



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

Source: Short-Term Energy Outlook, March 2017.

Per the EIA, U.S. monthly average regular gasoline retail prices are expected to increase from $2.30/gallon (gal) in February 2017 to $2.51/gal in July before falling to $2.24/gal by December. U.S. regular gasoline retail prices are forecast to average $2.40/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) rose by 6 cents per gallon (gal) from February 1 to settle at $1.64/gal on March 2. The increase largely reflected the rollover of the front-month RBOB futures contract from March to April delivery, which represents a change from winter grade gasoline to the more expensive summer grade gasoline. The RBOB-Brent crack spread (the difference between the price of RBOB and the price of Brent crude oil) rose by 11 cents/gal over the same period. Prior to the contract roll, both gasoline prices and the RBOB-Brent crack spread declined in the month of February because of high gasoline inventory levels. Gasoline inventories hit a record high in February in the Petroleum Administration for Defense District (PADD) 1B, which includes the New York Harbor delivery hub of the RBOB futures contract. High inventories in PADD 1B contributed to gasoline prices in New York Harbor trading at near parity to gasoline prices on the U.S. Gulf Coast in February. New York Harbor has typically traded at a higher premium to the U.S. Gulf Coast in prior years during February. Trade press reported that more gasoline was scheduled to be exported out of New York Harbor in February than is typical for that time of year.