Marcon International, Inc.

Vessels and Barges for Sale or Charter Worldwide

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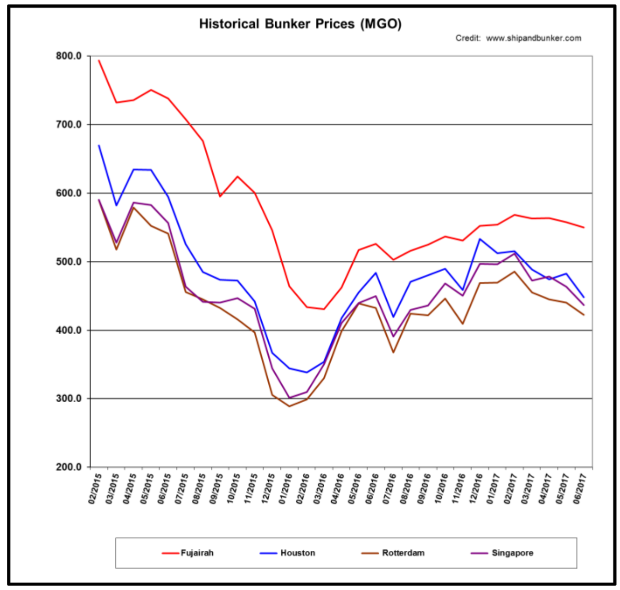
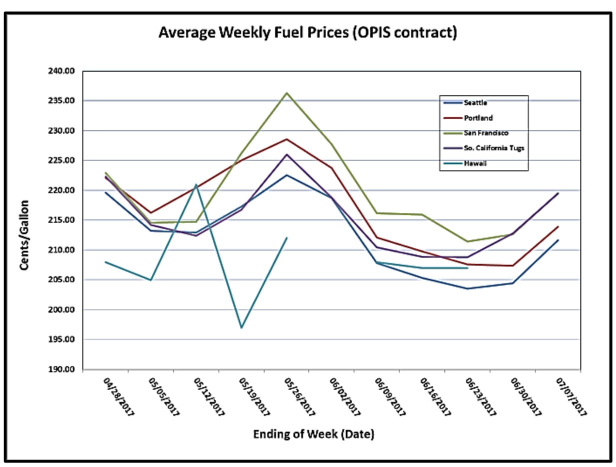
Bunker Price History – June 2017



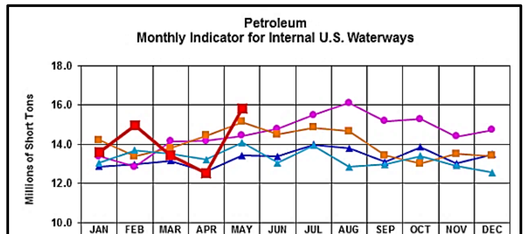
June 2017's month-end prices declined compared to May's, with year-over-year prices within -7.34% to +4.56% compared to June 2016. Fujairah posted a 1.35% decrease, end June, closing at US$ 550.0/mt from May's US$ 557.5/mt. June 2016 closed at US$ 526.0/mt, so Fujairah is 4.56% above last year. In the US, Houston had the sharpest decline at 7.15% from May's US$ 482.5/mt, closing at US$ 448.0/mt, which is 7.34% below last year's US$ 483.5/mt. Rotterdam decreased from May closing down 4.09% to US$ 422.5/mt from US$ 440.5/mt, and is below last June's US$ 432.5/mt by 2.31%. Rounding out the regions we regularly monitor is Singapore which had a 5.83% decrease from May, closing at US$ 436.5/mt from US$ 463.5/mt, and is down by 3.00% or US$ 13.5/mt from June 2016. Since the end of June, MGO prices have fluctuated depending on location, with Fujairah down another 1.82%, Houston up 2.68%, Rotterdam had a slight decline of 0.59% and wrapping up with Singapore gaining 2.98%. As mentioned here in May's report, despite OPEC and some non-OPEC members agreeing to cut production at the May 25th OPEC meeting, there are still increases being seen in several countries, especially in Libya, Nigeria and the U.S. This is resulting in continuing conflicts with price stabilization and inventory levels. Key OPEC members are scheduled to meet with Russia on July 24th to discuss the oil markets. Libya and Nigeria have both been invited to the meeting. It remains uncertain as to what any of these countries will do as all must address the impact of production changes on their own economic, political and humanitarian situations. In the meantime, it looks like we are going to continue to have uncertainty and volatility in prices, most likely at or below break-even levels.



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 June prices for all West Coast locations tracked were lower than the end of May, as well as lower than they were one year ago. For the week ending 30th June 2017 compared to the week ending 26th May 2017, Seattle decreased 8.14%, to US$ 2.0445 per gallon from US$ 2.2257/gal. Seattle's price is 3.70% lower than it was end June 2016. Portland, OR experienced a decrease of 9.29% to US$ 2.0735/gal (US$ 2.2859/gal), which is 3.73% less than one year ago. San Francisco reported the largest loss at 10.02% to US$ 2.1265/gal from US$ 2.3634/gal and, like Seattle and Portland, is less than same time last year by 3.62%. *"So. California Tugs"*, comprised of Los Angeles / Long Beach, dropped 5.85% to US$ 2.1279/gal from US$ 2.2600/gal and is 2.06% less than last end June. Prices for Hawaii were not reported for the end of June. As of the week ended 7th July 2017, prices in all regions increased in the range of 3.16% in Los Angeles/Long Beach to 3.53% in Seattle. Hawaii did not report a price for this date as well, but one year ago it was at $2.02.

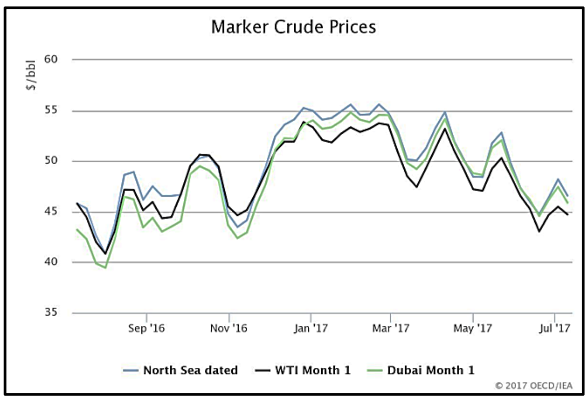
Bunker Price History – June 2017
Continued

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. In May 2017, 15.8 short tons of petroleum were carried on internal U.S. Waterways versus 14.1 short tons same month last year. This is the highest movement of petroleum in any month since August 2014's 16.1 short tons moved. Year-to-date May 2017 has seen a total of 70.4 short tons moved compared to 67.6 short tons moved during this same time period in 2016.



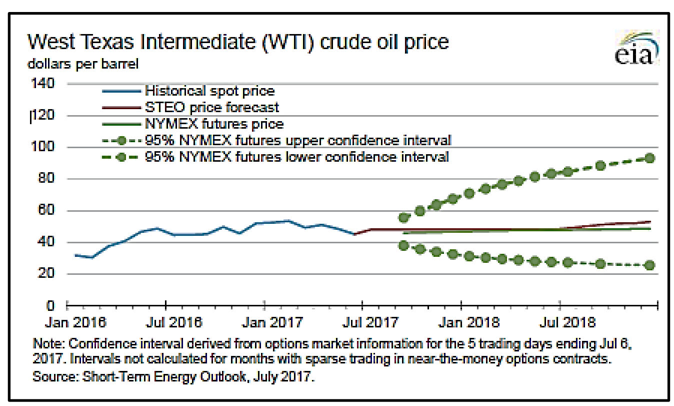
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2013	12.9	13.0	13.2	12.6	13.4	13.4	14.0	13.8	13.1	13.9	13.0	13.5
2014	13.4	12.8	14.2	14.2	14.4	14.8	15.5	16.1	15.2	15.3	14.4	14.7
2015	14.2	13.4	13.8	14.4	15.1	14.5	14.9	14.7	13.4	13.0	13.5	13.4
2016	13.1	13.7	13.5	13.2	14.1	13.1	14.0	12.9	13.0	13.4	12.9	12.6
2017	13.6	15.0	13.5	12.5	15.8							

Indicator from New Models



According to the Paris-based, **International Energy Agency's *"Oil Market Report"***, global oil supply rose by 720 kb/d in June to 97.46 mb/d as producers opened the taps. Output stood 1.2 mb/d above a year ago with non-OPEC firmly back in growth mode. Non-OPEC production is expected to expand by 0.7 mb/d in 2017 and 1.4 mb/d in 2018. OPEC crude output rose by 340 kb/d in June to 32.6 mb/d after Saudi flows increased and Libya and Nigeria, spared from cuts, pumped at stronger rates. OPEC compliance slumped to 78%, the lowest rate this year, and was overtaken by the non-OPEC group whose rate improved to 82%. For global demand, after lackluster 1.0 mb/d growth in 1Q17, there was a dramatic acceleration in 2Q17 to 1.5 mb/d. For 2017 as a whole, demand is forecast to reach 98.0 mb/d, with growth revised up by 0.1 mb/d compared to last month's Report to 1.4 mb/d. Further growth of 1.4 mb/d is foreseen for 2018, with global demand reaching 99.4 mb/d. OECD industry stocks fell in May by 6 mb on lower imports of crude and products. Stocks are now 266 mb above the five-year average, down from 300 mb in April. Preliminary data show a moderate reduction in OECD stocks for June. Benchmark crude oil prices fell by $3-4/bbl on average in June and remain close to their level when the OPEC output deal was announced. Sour crudes such as Dubai, Maya and Urals were all boosted by tight supplies. Global refinery throughput is forecast to reach a record high of 81 mb/d in 3Q17, up 0.8 mb/d from 2Q17 levels. The US contributes half of the 3Q17 build. Refinery runs will decline seasonally by 1.5 mb/d from the peak August level to October.

Per the latest **U.S. Energy Information Administration's *"Short-Term Energy Outlook"***, the monthly average spot price of Brent crude oil decreased by $4 per barrel (b) in June to $46/b, marking the first month of 2017 in which Brent crude oil spot prices averaged below $50/b. The return of 0.1 million b/d of combined crude oil production in Libya and Nigeria contributed to lower oil prices in June, as did builds in total U.S. crude oil and petroleum products inventories that were above the five-year average during the weeks ending June 2 and June 9. Also, Brent crude oil spot prices declined by nearly 5% in late May following the news of the OPEC agreement that extended production cuts through the first quarter of 2018, as some market participants had anticipated more aggressive cuts. EIA forecasts the annual average Brent crude oil spot price to be $51/b in 2017 and $52/b in 2018.



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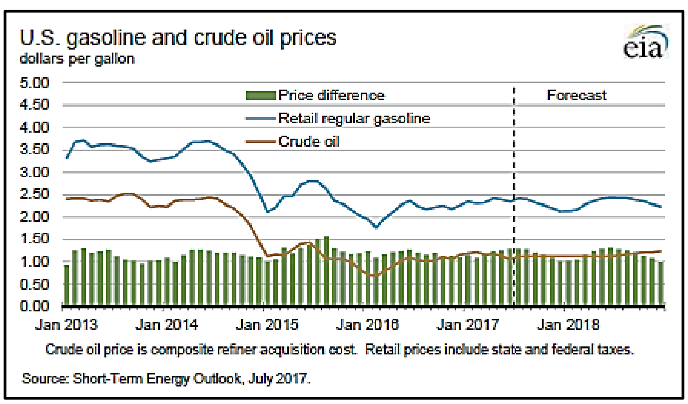
Global oil inventories are forecast to be relatively unchanged in the second half of 2017 before returning to average inventory builds of 0.2 million b/d in 2018. Given this expectation of relative balance in the global oil market through the forecast period, Brent crude oil spot prices are expected to remain fairly flat in the coming months. EIA forecasts the Brent price to average $50/b during the second half of 2017 and first half of 2018. Daily and monthly average prices could vary significantly from this target, because global economic developments and geopolitical events in the coming months have the potential to push oil prices higher or lower than the current STEO price forecast. Uncertainty remains regarding the duration of, and adherence to, the current OPEC production cuts, which could influence prices in either direction. Also, the U.S. tight oil sector continues to be dynamic, and quickly evolving trends in this sector could affect both current prices and expectations for future prices. However, lasting upward and downward price movements could be limited over the next year because U.S. tight oil producers have locked in higher production levels at the higher oil prices seen in early 2017. Some upward price pressures could emerge in the second half of 2018 if global oil inventories decline during that period and if the market expects global oil inventory withdrawals heading into 2019. EIA forecasts Brent crude oil prices to average $53/b during the second half of 2018, with prices rising to $55/b by the end of 2018. Average West Texas Intermediate (WTI) crude oil prices are forecast to be $2/b lower than Brent prices in 2017 and in 2018. The slight price discount of WTI to Brent in the forecast is based on the assumption that rising U.S. crude oil production will result in WTI-priced U.S. crude oil exports competing with international volumes priced off of Brent in global crude oil markets.

EIA forecasts total U.S. crude oil production to average 9.3 million b/d in 2017, up 0.5 million b/d from 2016. In 2018, crude oil production is forecast to rise to an average of 9.9 million b/d. If achieved, forecast 2018 production would be the highest on record, surpassing the previous record of 9.6 million b/d set in 1970. The 2018 forecast is 0.1 million b/d lower than in last month's STEO because of lower forecast crude oil prices in late 2017 and in 2018. U.S. crude oil production is forecast to reach 10.1 million b/d in December 2018, which would be 0.9 million b/d higher than the June 2017 level and a 1.4 million b/d increase since the end of 2016. Increased production from tight rock formations within the Permian and Eagle Ford regions in Texas and the Bakken region in North Dakota accounts for 1.1 million b/d of the expected 1.4 million b/d of crude oil production growth from the end of 2016 through the end of 2018. Most of the remaining 0.3 million b/d increase is expected to come from the Federal Gulf of Mexico, as seven new projects are expected to come online by the end of 2018.



EIA expects the retail price of regular gasoline to average $2.38 per gallon (gal) during the 2017 summer driving season (April through September), 8 cents/gal lower than projected in last month's STEO, primarily as a result of lower crude oil prices. EIA expects that the U.S. monthly average retail price of regular gasoline decreased from an unseasonably early summer peak of $2.42/gal in April 2017 to $2.35/gal in June. Following an increase to an average of $2.38/gal in the third quarter, EIA expects retail gasoline prices to fall to $2.13/gal in December. The U.S. regular gasoline retail price, which averaged $2.15/gal in 2016, is forecast to average $2.32/gal in 2017 and $2.33 /gal in 2018. Among the regions, annual average forecast prices for 2017 range from a low of $2.08/gal in the Gulf Coast—Petroleum Administration for Defense District (PADD) 3—to a high of $2.75/gal in the West Coast (PADD 5). The diesel fuel retail price averaged $2.31/gal in 2016, which was the lowest annual average since 2004. The diesel price is forecast to average $2.59/gal in 2017 and $2.71/gal in 2018, driven higher primarily by higher crude oil prices and growing diesel consumption. Rising diesel consumption is expected to contribute to gradually increasing diesel refinery margins. Diesel refinery margins based on Brent crude oil are expected to average 39 cents/gal in 2017 and 43 cents/gal in 2018, compared with an average of 34 cents/gal in 2016.