Marcon International, Inc.

Vessels and Barges for Sale or Charter Worldwide

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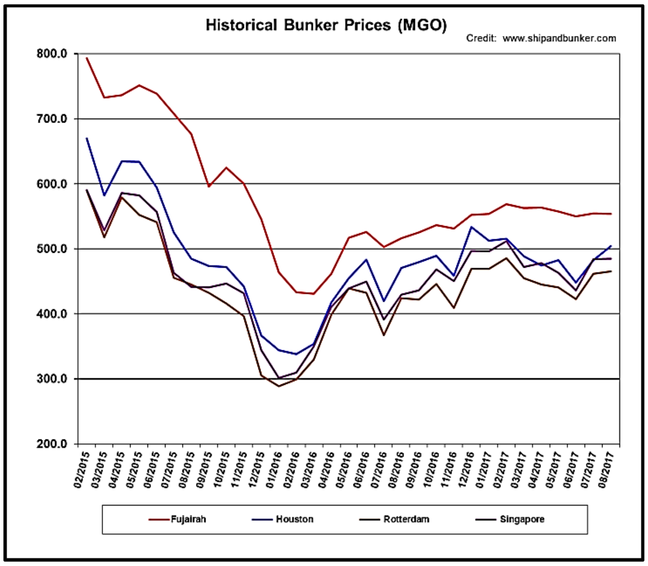
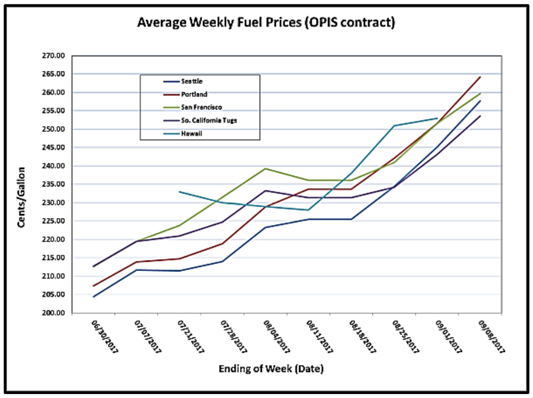
13 September 2017

Bunker Price History – August 2017

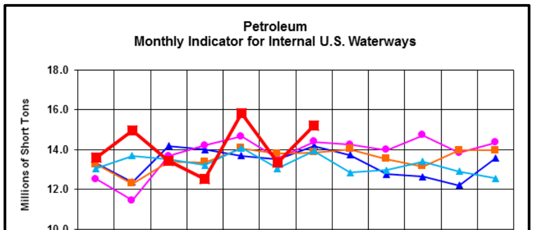
August 2017's month-end prices ended relatively similar to July's with the exception of Houston, with year-over-year prices within 7.12% to 12.92% compared to August 2016. Fujairah declined 0.9% by end August, closing at US$ 554.0/mt from July's US$ 544.5/mt. Year-over-year increase is 7.36%. In the US, Houston is feeling the effects of Hurricane Harvey and ended August at US$ 504.0, up 4.35% from July's US$ 483.0/mt, which is 7.12% above last year's US$ 470.5/mt. Rotterdam increased from July closing up 0.76% to US$ 465.5/mt from US$ 462.0/mt, and is above last August's US$ 424.0/mt by 9.79%. Rounding out the regions we regularly monitor is Singapore which had a 0.21% increase from July, closing at US$ 485.0/mt from US$ 484.0/mt, and is up by 12.92% or US$ 55.5/mt from August 2016. Since the end of August, MGO prices are up in all locations tracked, with Houston up 13.59% due to the continued impact on US oil production from Hurricane Harvey. The other regions are up from 2.17% in Fujairah to 5.59% 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. End of August prices for all West Coast locations tracked were higher than the end of July and one year ago. Prices seem to be reflecting summer demand and the impact of Hurricane Harvey on Gulf Coast oil refineries. For the week ending 1st September 2017 compared to the week ending 28th July 2017, Seattle increased 14.52%, to US$ 2.4514 per gallon from US$ 2.0445/gal. This is 16.26% higher than one year ago. Portland, OR experienced an increase of 14.95% to US$ 2.5155/gal (US$ 2.0735/gal), which is 16.89% more than one year ago. San Francisco reported a gain of 8.68% to US$ 2.5156/gal from US$ 2.1265/gal and, like Seattle and Portland, is higher than same time last year by 16.11%. *"So. California Tugs"*, comprised of Los Angeles / Long Beach, rose 8.22% to US$ 2.4317/gal from US$ 2.1279/gal and is 13.33% above last end August. Hawaii increased 10.0% to US$ 2.53/gal from US$ 2.30/gal and is 22.22% above last year. As of the week ended 8th September 2017, prices in all regions increased in the range of 3.23% in San Francisco to 5.13% in Seattle.

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 July 2017, 15.2 short tons of petroleum were carried on internal U.S. Waterways versus 14.0 short tons same month last year. This is the third time this year that 15 million tons or more were moved in a month and is the highest July since July 2014's reported 15.5 million tons moved. Year-to-date July 2017 has seen a total of 98.9 short tons moved compared to 94.7 short tons moved during this same time period in 2016.



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2013	13.3	12.4	14.2	14.0	13.7	13.5	14.2	13.8	12.8	12.7	12.2	13.6
2014	12.5	11.4	13.7	14.2	14.7	13.6	14.4	14.3	14.0	14.7	13.8	14.4
2015	13.3	12.3	13.4	13.4	14.1	13.8	13.9	14.0	13.5	13.2	14.0	14.0
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	13.3	15.2					

For the Internal U.S. Waterway Monthly Indicators, estimates for the most recent month are based on lock performance management data. The estimates will be superseded by actual data as it becomes available.

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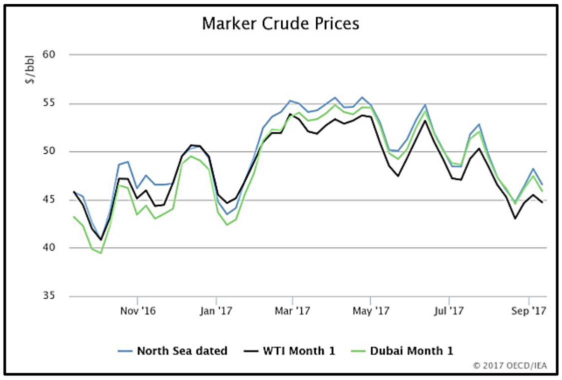
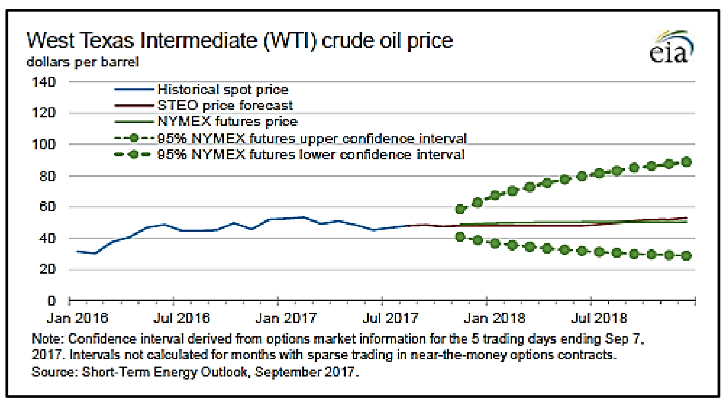


According to the Paris-based, **International Energy Agency's *"Oil Market Report"***, global oil demand grew very strongly year-on-year in 2Q17, by 2.3 mb/d (2.4%). For 2017, it has revised upwards its growth estimate to 1.6 mb/d. OECD demand growth continues to be stronger than expected, particularly in Europe and the US. Hurricanes Harvey and Irma are projected to slow US oil demand growth in 3Q17. Global oil supply fell by 720 kb/d in August due to unplanned outages and scheduled maintenance, mainly in non-OPEC countries. The first decline in four months cut supply to 97.7 mb/d. Compared to a year ago, output was up 1.2 mb/d as non-OPEC continued to show substantial growth. Ten non-OPEC countries cooperating with production cuts achieved more than 100% compliance for the first time. OPEC crude output fell in August for the first time in five months, after renewed turmoil in Libya disrupted flows and others pumped less. Output decreased by 210 kb/d from a 2017 high to 32.67 mb/d. The 12 members bound by OPEC's supply pact raised their compliance rate to 82% from 75% during July. For the year as whole their compliance rate is 86%. OECD commercial stocks were unchanged in July at 3 016 mb, when they normally increase. The surplus over the five-year average fell to 190 mb. OECD product stocks were only 35 mb above the five-year average at end-July and could soon fall below it because of the impact of Hurricane Harvey. Benchmark crude prices rose by $1-3/bbl in August with higher crude demand and outages in Libya. North American crudes lagged behind global benchmarks and Hurricane Harvey increased the gap in late August. Diesel and gasoline prices went higher. For 3Q17, its refinery throughput forecast is revised down by 0.7 mb/d, due to Hurricane Harvey's impact. This results in global refined product undersupply for the second consecutive quarter. In 4Q17, throughput will reach another record level, at 80.9 mb/d as refiners respond to higher margins in the tight product markets.



Per the latest **U.S. Energy Information Administration's *"Short-Term Energy Outlook"***, crude oil benchmark Brent front-month futures prices increased by $2.71 per barrel (b) from August 1, settling at $54.49/b on September 7. The West Texas Intermediate (WTI) crude oil price declined 7 cents/b during the same period, settling at $49.09/b. August Brent and WTI monthly average spot prices were $3.28/b and $1.41/b higher, respectively, than the July average spot prices. U.S. crude oil and petroleum product markets were significantly disrupted by Hurricane Harvey's landfall in Texas and Louisiana at the end of August. At the peak of disruption, an estimated 3.9 million barrels per day (b/d) of U.S. Gulf Coast refining capacity was taken offline. Oil transportation capacity in the region was also restricted after the hurricane. According to the Department of Energy's hurricane Situation Reports, as of September 11, 0.7 million b/d of refining capacity on the U.S. Gulf Coast remained offline, and an additional 3.6 million b/d was operating at reduced rates and/or had begun to restart operations. After averaging 17.1 million b/d in August, EIA estimates that U.S. refinery runs will average 15.3 million b/d in September and 15.9 million b/d in October, which are 1.5 million b/d and 0.1 million b/d lower, respectively, than projected in the August STEO. Ports and crude oil pipelines along the Texas Gulf Coast were closed because of the hurricane. These closures limited the movement of crude oil in the region. The lower refinery demand for crude oil and limited ability to move crude oil resulted in crude oil inventory builds at Cushing, Oklahoma and on the Gulf Coast of 0.8 million barrels and 1.7 million barrels, respectively, for the week ending September 1.

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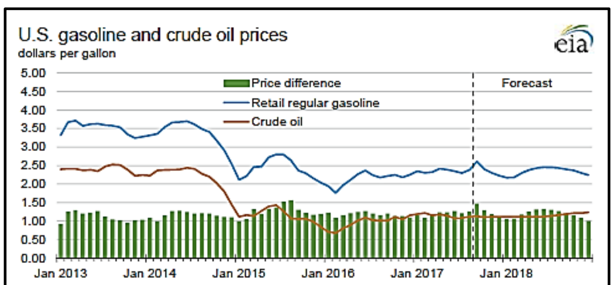
Continued

U.S. crude oil production is estimated to have averaged 9.2 million b/d in August, down about 40,000 b/d from the July average. Crude oil production in the Gulf of Mexico fell to a monthly average of 1.6 million b/d in August, down by 70,000 b/d from the July level. At the time of publication, many oil production platforms in the Gulf of Mexico had returned to operation, and EIA forecasts overall U.S. crude oil production will continue to grow in the coming months. EIA forecasts total U.S. crude oil production to average 9.3 million b/d for all of 2017 and 9.8 million b/d in 2018, which would mark the highest annual average production in U.S. history, surpassing the previous record of 9.6 million b/d set in 1970.

The petroleum supply system on the Gulf Coast was beginning to return to service at the time of publication, September 12th. However, some facilities remain offline or operating at reduced rates. Certain ports in the region are open for limited vessel traffic, and some pipelines in Texas are beginning to resume operations. Several refineries had restarted, or were beginning to restart operations, but some might be offline for several more weeks. Additionally, oil producers have begun to ramp up production in areas that were disrupted. Lower refinery demand for crude oil in the Gulf Coast region more than offset reductions in crude oil production as a result of the storm, which contributed to lower WTI prices, while simultaneously contributing to higher product prices. WTI front-month futures prices from August 28-31, the height of hurricane-related disruptions, were about $2/b lower than during the average price during the first 19 trading days of the month.

Despite lower WTI prices because of lower refinery demand for crude oil and transportation constraints, Brent prices were supported by global supply reductions. Libya's crude oil production declined by an estimated 150,000 b/d from July to August because of oil field closures. August oil production in Norway and the United Kingdom, the two main countries for North Sea oil production, fell by a combined 50,000 b/d from the July level, which led to the lowest amount of Brent crude oil scheduled for loading for the month of August since 2014. In addition, crude oil exports from OPEC declined by an estimated 1.3 million b/d from July to August.



Crude oil price is composite refiner acquisition cost. Retail prices include state and federal taxes.
Source: Short-Term Energy Outlook, September 2017.

U.S. regular gasoline retail prices reached $2.69 per gallon (gal) on September 11, up 29 cents/gal from August 28 and the highest weekly average since August 2015. EIA forecasts the average U.S. regular gasoline retail price to be $2.61/gal in September and then fall to $2.40/gal in October, which are 25 cents/gal and 10 cents/gal higher, respectively, than projected in the August STEO. EIA forecasts the regular gasoline retail price to fall to $2.23/gal in December.

Landfall of Hurricane Harvey in late August closed several refineries on the U.S. Gulf Coast and damaged petroleum-related infrastructure, creating considerable uncertainty for gasoline supply and demand and contributing to large price increases. Moreover, reduced open interest in September RBOB futures contracts near expiration at the end of August likely added to increased price volatility. On September 1, the RBOB front-month futures price declined as the October RBOB front-month futures contract became the active contract, which reflects wintergrade gasoline that is cheaper for refineries to produce. However, the October RBOB futures contract rose 23 cents/gal from August 1 to August 31, suggesting the effects of the hurricane on the gasoline market may last into October. The Colonial pipeline, a 2.5-million-b/d pipeline that typically runs at full capacity supplying petroleum products from the U.S. Gulf Coast to the U.S. East Coast, was forced to run intermittently following the storm because of decreased supplies available for shipping. Refineries in the Gulf Coast began restarting during the week of September 4, and continuous operations on the Colonial pipeline were restored, albeit at reduced rates, on September 6. However, it remains unclear when the pipeline will resume normal operations.