Marcon International, Inc.

Vessels and Barges for Sale or Charter Worldwide

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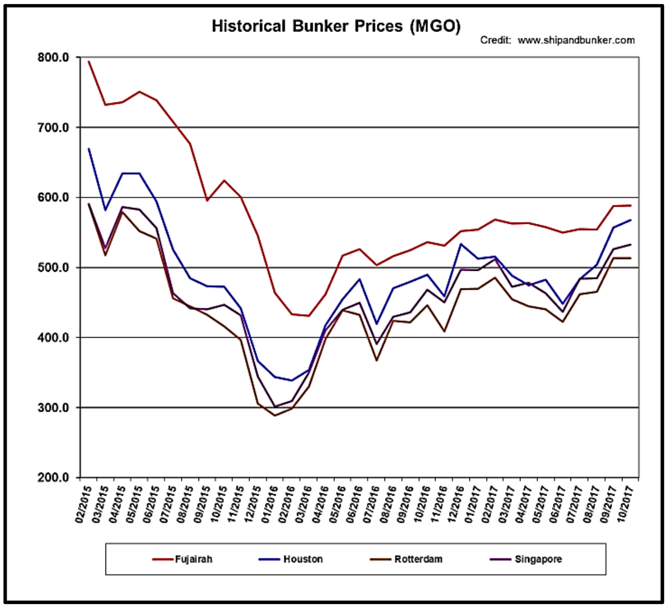
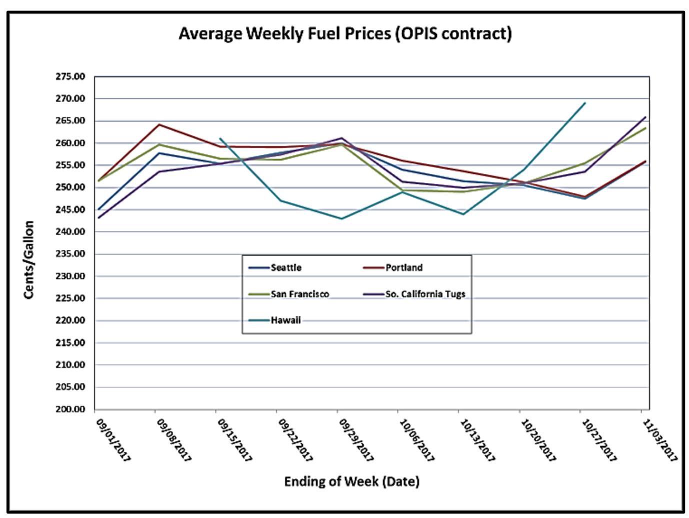
16 November 2017

Bunker Price History – October 2017



October 2017's month-end prices were only slightly higher than September's, with year-over-year prices within 9.69% to 15.93% higher compared to October 2016. Fujairah increased 0.17% by end October, closing at US$ 588.5/mt from September's US$ 587.5/mt. Year-over-year increase is 9.69%. In the US, lingering effects of Hurricanes Harvey and Irma translated to Houston ending October at US$ 567.5, up 1.89% from September's US$ 557.0/mt, which is 15.93% above last year's US$ 489.5/mt. Rotterdam increased from September very slightly at 0.10% to US$ 513.5/mt from US$ 513.0/mt, and is above last October's US$ 446.0/mt by 15.13%. Rounding out the regions we regularly monitor is Singapore which had a 1.14% increase from September, closing at US$ 532.5/mt from US$ 526.5/mt, and is up by 13.66% or US$ 64.0/mt from October 2016. As of today, MGO prices have trended up in all locations tracked since the end of October, from 1.41% in Houston to 3.70% in Rotterdam. Over the past several weeks, we have seen prices steady with mild fluctuations. Many experts are saying that we are finally seeing stabilization in prices. But from experience, we know that price stabilization is dependent on production stabilization and the latter consistently meeting demand. Risk factors such as geopolitical issues, especially in the Middle East, and weather continue to effect production levels. Technically, this year's hurricane season is over, but as we cannot control the weather and it has been an unusually violent few months weather-wise, we need to not dismiss the risk of more weather-related impacts on production and demand too early. As for how long we will see prices stay fairly steady, that is anyone's guess.



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 October prices for the West Coast locations we track, all except Hawaii were lower than the end of September but all still higher than one year ago. For the week ending 27th October 2017 compared to the week ending 29th September 2017, Seattle decreased 4.83%, to US$ 2.4747 per gallon from US$ 2.6003/gal. This is 12.32% higher than one year ago. Portland, OR experienced a decline of 4.57% to US$ 2.4794/gal (US$ 2.5980/gal), which is 11.40% more than one year ago. San Francisco reported a drop of 1.60% to US$ 2.5555/gal from US$ 2.5971/gal and is higher than same time last year by 13.93%. *"So. California"*, comprised of Los Angeles / Long Beach, slid 2.89% to US$ 2.5359/gal from US$ 2.6114/gal and is 7.50% above last end September. Hawaii increased 10.70% to US$ 2.69/gal from US$ 2.43/gal and is 19.56% above last year. Hawaii's end of October 2017 price is the highest end of week price reported since we began tracking Hawaii in September 2015. As of the week ended 3rd November 2017, while Hawaii's prices were not reported, prices in all other regions increased in the range of 3.06% in San Francisco to 4.82% in *"So. California"*.

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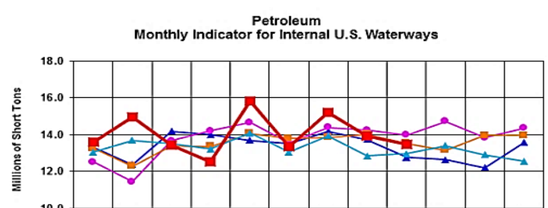
Bunker Price History – October 2017 Continued

Aegean Marine Petroleum Network Inc., a major international marine fuel logistics company, in its recent third quarter of 2017 earnings release, offers insights into the current market environment. Per Johnathan McIlroy, Aegean's President, *"The third quarter of 2017 has seen a continuation of the challenging market trends that our Company and our competitors have faced throughout this year. In addition, a combination of three hurricanes and one serious refinery fire compounded what was already a tough environment in the third quarter. Despite modest improvement in some segments of the shipping industry, the oil markets and the marine fuel sector remain under great pressure. We continue to see margin deterioration in many of our key markets resulting from lackluster demand and increased competition…."*

Kirby Corp. provides a good snapshot of both fuel prices and movement of petroleum cargoes in the U.S. inland river market. Their third quarter 2017 data shows that their average 215 towboats operating 848 inland tank barges paid an average of US$ 1.61/gal, compared to $1.72/gal the prior quarter and $1.59/gal during same quarter 2016. In the inland market, barge utilization was in the mid-80% to mid-90% range for the quarter. Operating conditions during the quarter were good prior to Hurricane Harvey's arrival on the U.S. Gulf Coast at the end of August. For the remainder of the quarter operating conditions were considerably challenged. Unrelated upriver infrastructure challenges in September also increased delay days. Demand for inland tank barge transportation of petrochemicals and black oil was higher compared to the 2016 third quarter, while demand for the transportation of refined petroleum products was slightly lower. Both term and spot contract pricing were at lower levels relative to the third quarter of 2016, and spot contract pricing was stable sequentially.

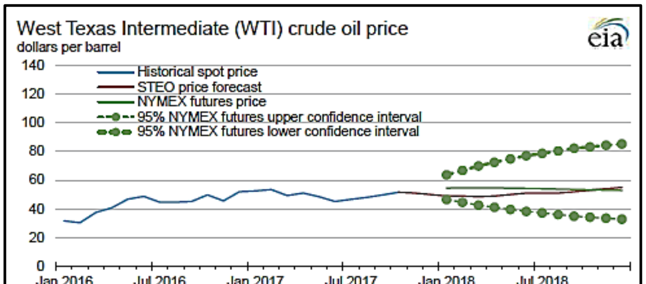


	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2013	13.3	12.4	14.2	14.0	13.7	13.5	14.2	13.8	12.8	12.7	12.2	13.6
2014	12.5	11.4	13.7	14.2	14.7	13.6	14.4	14.3	14.0	14.7	13.8	14.4
2015	13.3	12.3	13.4	13.4	14.1	13.8	13.9	14.0	13.5	13.2	14.0	14.0
2016	13.1	13.7	13.5	13.2	14.1	13.1	14.0	12.9	13.0	13.4	12.9	12.6
2017	13.6	15.0	13.5	12.5	15.8	13.3	15.2	13.9	13.5			

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.

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. Generally 2017 has shown an improvement, but also mixed with some volatility. If we see a colder winter we may see increased tonnages in heating oil. Last September 2017, 13.5 short tons of petroleum were carried on internal U.S. Waterways versus 13.0 short tons same month last year. Year-to-date 2017 has seen a total of 126.3 short tons moved compared to 120.6 short tons moved during this same time period in 2016.

Per the latest **U.S. Energy Information Administration's *"Short-Term Energy Outlook"***, the front-month futures price for North Sea Brent crude oil settled at $60.62 per barrel on November 2, an increase of $4.50/b from October 2. Front-month futures prices for West Texas Intermediate (WTI) crude oil for delivery at Cushing, Oklahoma, increased by $3.96/b over the same period, settling at $54.54/b on November 2. October Brent and WTI monthly average spot prices were $1.36/b and $1.76/b higher, respectively, than the September average spot prices. The Brent crude oil price closed at its highest level in more than two years in late October, settling at more than $60/b for the first time since July 2015.



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

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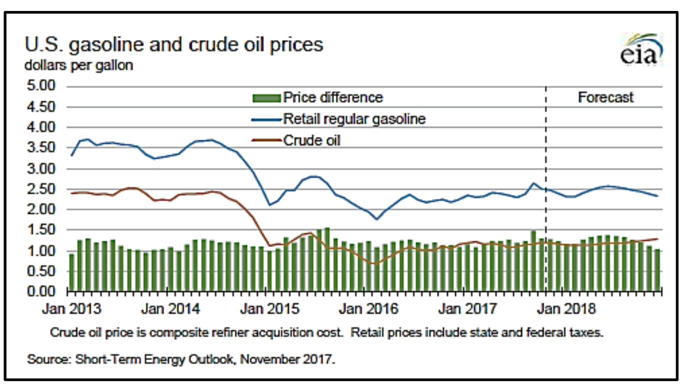
Bunker Price History – October 2017 Continued

Global economic data remain robust and support rising oil demand. Global refinery outages were below their five-year average in October as refiners likely deferred maintenance to take advantage of high crack spreads (the difference between petroleum product prices and crude oil prices), which increased near-term demand for crude oil. In addition, some near-term supply disruptions temporarily removed crude oil from the market. Market participants could also be expecting an extension to the crude oil supply reduction agreement at the next meeting of the Organization of the Petroleum Exporting Countries (OPEC) on November 30, as leaders in Saudi Arabia and Russia made public announcements supporting a nine-month extension to the end of 2018. Oil deliveries from the Kurdistan Region of Iraq and Kirkuk area of Iraq to the Turkish port of Ceyhan declined to less than 0.3 million barrels per day (b/d) in October, as the Iraqi central government took control of the Kirkuk oil fields following the Kurdistan Regional Government's independence vote in September. Previously, exports from the Kurdistan Region to Ceyhan had been about 0.5 million b/d. Although a significant supply disruption could put upward pressure on crude oil prices, Iraq made up for the shortfall by increasing exports from its southern Basra port, because infrastructure expansions to increase export capacity were completed recently.

Hurricane Nate disrupted crude oil production in the Federal Offshore Gulf of Mexico briefly, but operations and production resumed by the week ending October 20. The disruptions in Iraq and the United States slightly reduced EIA's estimates for liquid fuels supply in October, but total global unplanned supply disruptions remain low by historical standards. Despite the recent increase in Brent crude oil prices to more than $60/b, EIA forecasts Brent prices to ease somewhat in the coming months and to average $56/b in 2018. EIA expects global oil supply growth to outpace global oil demand growth in 2018, contributing to global oil inventories rising by a forecast 0.3 million b/d in 2018, compared with an estimated 0.2 million b/d draw in 2017. However, global economic developments, geopolitical events, and crude oil production dynamics in the United States and in other major producers in the coming months have the potential to push oil prices higher or lower than the current STEO price forecast.

EIA estimates U.S. crude oil production averaged 9.3 million barrels per day (b/d) in October, down 90,000 b/d from the September level. Crude oil production in the Gulf of Mexico averaged 1.4 million b/d in October, which was 260,000 b/d lower than the September level. The lower production reflected the effects of Hurricane Nate. At the time of publication, most oil production platforms in the Gulf of Mexico had returned to operation following the hurricane, 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 9.2 million b/d for all of 2017 and 9.9 million b/d in 2018, which would mark the highest annual average production, surpassing the previous record of 9.6 million b/d set in 1970.



U.S. regular gasoline retail prices averaged $2.51 per gallon (gal) in October, a decrease of 14 cents/gal from the average in September, which was the highest monthly average since July 2015. The September prices reflected the effects of market disruptions following hurricanes Harvey and Irma. EIA forecasts the average U.S. regular gasoline retail price will average $2.47/gal in November and $2.39/gal in December. EIA forecasts that U.S. regular gasoline retail prices will average $2.40/gal in 2017 and $2.45/gal in 2018. The average gasoline crack spread in October was 12 cents/gal higher than the five-year average for October, as gasoline inventories declined and as U.S. gasoline consumption increased. In this STEO, EIA estimates U.S. gasoline consumption in October averaged 9.3 million b/d, which would be a record high for the month of October. Also in this STEO, EIA estimates that gasoline stocks at the end of October were 7.2 million barrels (3%) lower than the end-of-September levels and 13.2 million barrels (6%) lower than the level at the end of October 2016.

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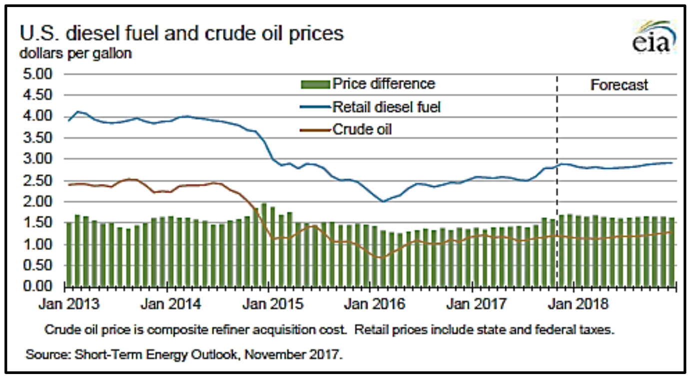
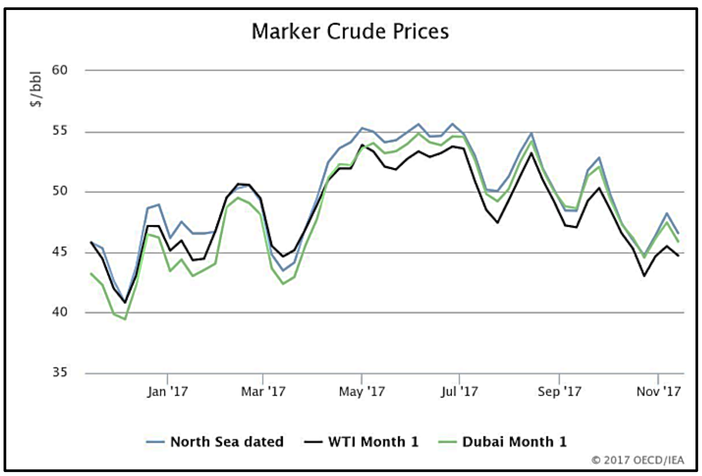


The ultra-low sulfur diesel (ULSD) futures price increased by 9 cents/gal from October 2 to settle at $1.85/gal on November 2. The ULSD-Brent crack spread (the difference between the price of ULSD and the price of Brent crude oil) declined 2 cents/gal over the same period, settling at 41 cents/gal. The ULSD crack spread has remained higher than last year's level each month since July 2017, as distillate consumption and exports increased and U.S. distillate inventories declined. For much of 2017, year-over-year levels of U.S. distillate consumption and exports have been higher. During the first three quarters of 2017, EIA estimates U.S. distillate consumption was almost 70,000 b/d (2%) higher than during the same period in 2016. Distillate fuel exports set new fiveyear highs in all but one month so far in 2017, according to the Petroleum Supply Monthly (PSM). Higher consumption and exports have contributed to the decline in U.S. distillate stocks. EIA estimates that U.S. distillate inventories at the end of both September and October were below the five-year average for those respective months. These two months were the first since March 2015 that distillate inventories were below the five-year average at the end of any month.



According to the Paris-based, **International Energy Agency's *"Oil Market Report"***, higher prices and relatively mild early winter temperatures contributed to a downward revision to its demand forecast. Growth has been revised down by 0.1 mb/d for both 2017 and 2018 and IEA now sees increases of 1.5 mb/d in 2017 (or 1.6%), to 97.7 mb/d, and 1.3 mb/d in 2018 (or 1.3%) to 98.9 mb/d. Global oil supply rose 100 kb/d in October to 97.5 mb/d on higher flows from non-OPEC countries. Production was 470 kb/d below a year ago, with OPEC supply sharply down from high 4Q16 levels. Non-OPEC supply is expected to rise by 0.7 mb/d in 2017 and 1.4 mb/d next year, led by higher US output. OPEC crude output fell 80 kb/d in October due mainly to lower supply from Algeria, Iraq, and Nigeria. Output of 32.53 mb/d, the lowest since May, was down 830 kb/d from the record rates seen a year ago. The compliance rate with supply cuts in October was 96% and for the year-to-date it was 87%. Hurricane Harvey contributed to OECD industry stocks falling by 40 mb in September to below 3 000 mb for the first time in two years. Global stocks dropped by 63 mb in 3Q17, only the second quarterly draw since 2014. In October, stocks drew in the US and likely in China, but rose elsewhere. Benchmark crude prices increased by $1-2/bbl in October versus September and pushed higher in early November, buoyed by tensions in the Middle East. Oil product markets weakened relative to crude following the return of US refineries to higher throughput levels. For 4Q17, IEA's refining throughput forecast is revised marginally lower to 80.8 mb/d, but refined product inventories are forecast to build as demand seasonally slows down. Relatively robust refining activity level continues into January and February 2018, with runs forecast to grow 1.1 mb/d y-o-y. IEA's analysis of global oil balances implies oversupplied crude oil markets in 4Q17 and 1Q18. While refined product inventories are also forecast to increase, the main oil stock draws are expected from increased seasonal demand for LPG.