

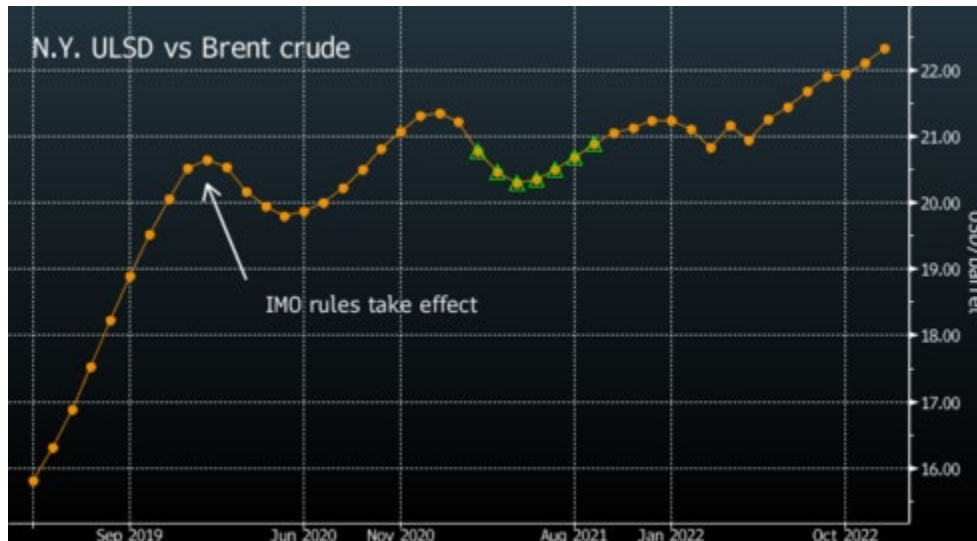


With an Eye on Trump, Refiners Tout Clean Fuel Rule as U.S. Win

U.S. oil refiners, in line for a windfall from new ship-fuel rules, are taking steps to lock in the change quickly, concerned it could fall victim to President Donald Trump's re-election push.

Under the new rules, many shippers will switch to low-sulfur fuels, boosting competition and, potentially, increasing the price of diesel, jet fuel and heating oil. The U.S. Energy Information Administration forecasts that the effect will be "most acute" in 2020, just as the presidential campaigns kick into high gear.

Over the last decade, U.S. refiners have invested heavily in the switch to cleaner fuels, giving them an edge over rivals ahead of the change, set to begin in January. After speculation surfaced last year that Trump might seek to delay the new standards, refiners are now aggressively touting their potential to increase U.S. fuel exports.



Higher Diesel Margins Ahead

It's a message "likely to appeal to the Trump administration's interest in energy dominance," said Neelesh Nerurkar, vice president at ClearView Energy Partners in Washington.

A recently-formed lobby group is campaigning to make sure the change, known as IMO 2020, is implemented without delay. Its members include Valero Energy Corp. and BP Plc, and the key message is that the new rules neatly align with Trump's energy agenda. Trump has repeatedly attacked OPEC on Twitter, calling for the group to lower oil prices.

The refiners' big concern is that energy dominance will take a backseat if the new rules lead to a spike in fuel prices headed into an election year. Trump's options for lowering prices could include tapping the nation's emergency crude stockpile or the Northeast Home Heating Oil Reserve. Banning fuel exports is seen as a more remote possibility.

"Perhaps most likely of all would be the heating oil reserve -- that would address consumer concerns and realistically have an impact," said Jim Lucier, managing director of Washington, D.C.-based Capital Alpha Partners LLC.

U.S. refining stocks slumped on Oct. 19 after reports that Trump would back a phased start to the regulations, an action that's been rejected by the International Maritime Organization that's putting the regulations in place. While it's unclear the administration could do anything to change the status quo at this late stage, the White House has yet to give its public stance on the rules.

"From an American energy security story, this is a huge win for the U.S.," said Stephen Fisher, refining strategy manager at BP Fuels, North America. "Those refineries that don't have much capability to remove sulfur once they take it into their system are likely to be pushed to go shopping for oil that has low sulfur to begin with, which is a good story for U.S. light oil."

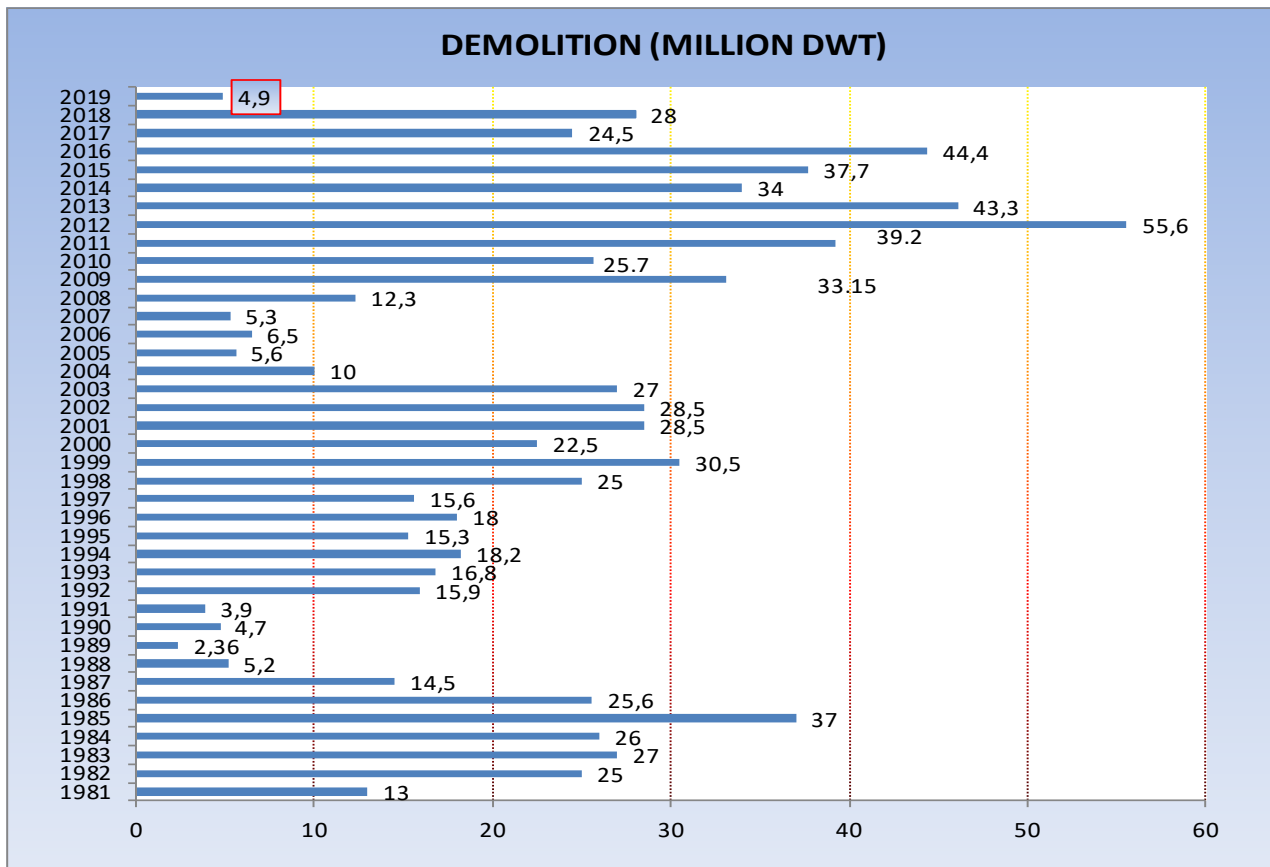
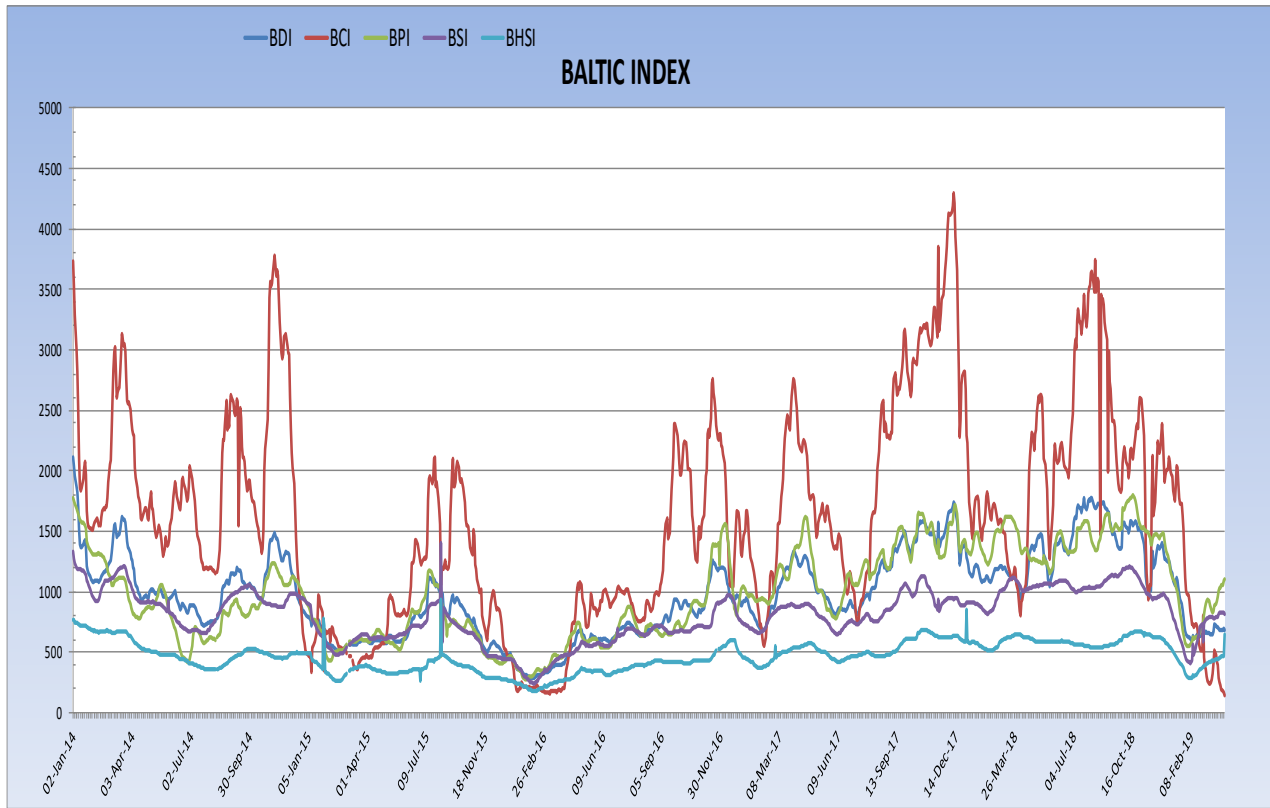
To comply with the new regulations, shippers have the choice of adding scrubbers or switching to low-sulfur fuels.

The American Fuel and Petrochemical Manufacturers refining trade group described the stock hit the sector took last year as an overreaction. "I've heard markets are being made in terms of futures being sold on compliant fuel, companies are out there testing spec and giving shippers an opportunity to test fuel," AFPM President Chet Thompson said in an interview.

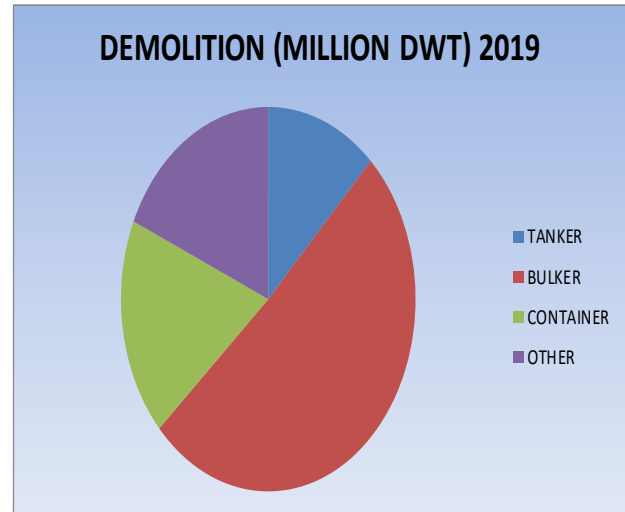
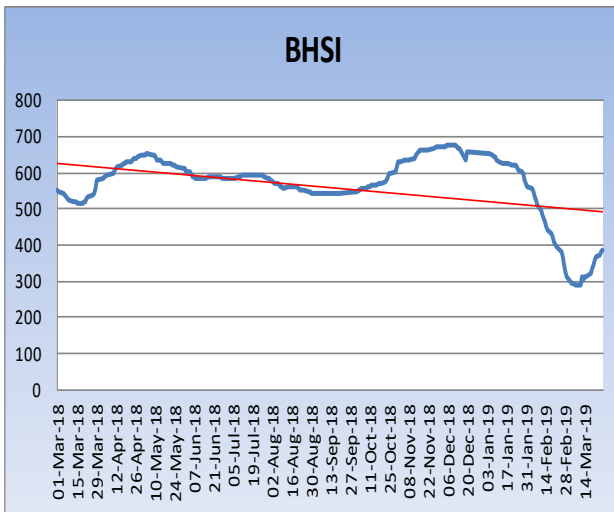
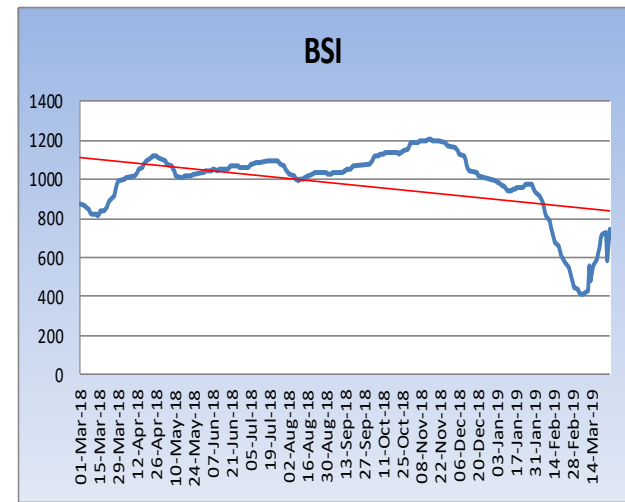
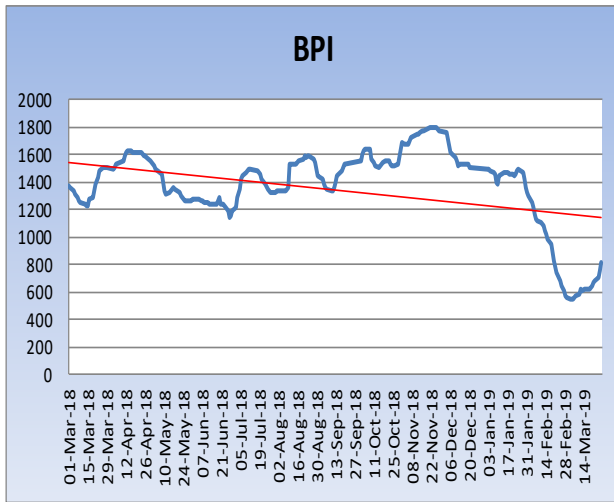
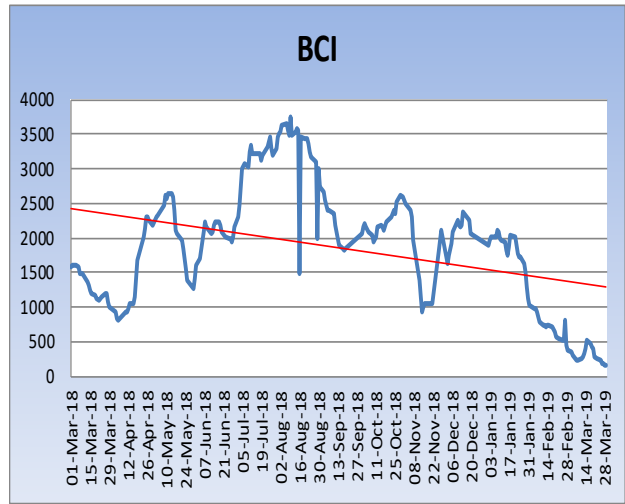
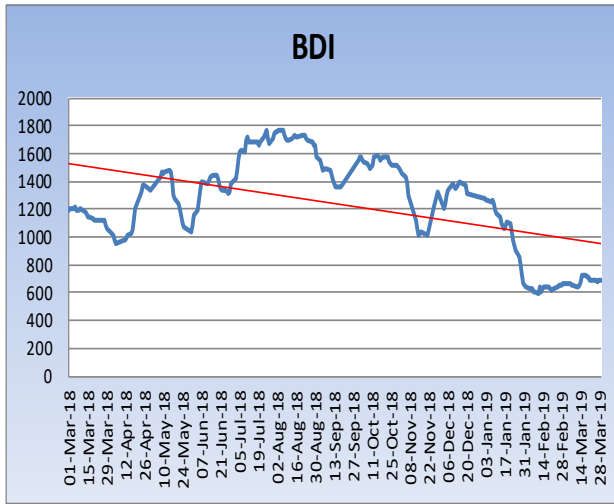
<https://www.bloomberg.com/news/articles/2019-04-10/with-an-eye-on-trump-refiners-tout-clean-fuel-rule-as-u-s-win>

SALE & PURCHASE							
BULK CARRIER	DWT	BLT	PLACE	M/E	BUYER	\$ Mil	\$/dwt
ANTON TOPIC	45.496	1996	TSUNEISHI SHBLDG - FUK	B&W	CLIENTS OF NVL TRANS	Undiscl. Price	
ARMATA	43.769	1996	DAEWOO HEAVY INDUSTRIE	B&W	CHINESE BYRS	4.400.000	101
TOMINI ABILITY	56.971	2010	ZHEJIANG ZHENGHE SHIPB	MAN-B&W	CHINESE BYRS	9.800.000	172
IVS KAWANA	32.642	2005	KANDA KAWAJIRI	Mitsubishi	DANISH BYRS	7.800.000	239
CMB ADRIEN	32.663	2011	JIANGSU ZHENJIANG SHIP	MAN-B&W	CLIENTS OF COSMOSHIP MGMT	28.000.000	
CMB GIULIA	33.500	2012	ZHEJIANG JINGANG SHIPB	MAN-B&W			
CMB CATRINE	32.618	2012	JIANGSU ZHENJIANG SHIP	MAN-B&W			
HAI YU	27.760	1996	SHIN KURUSHIMA ONISHI	Mitsubishi	VIETNAMESE BYRS	Low 3.000.000	
TANKER	DWT	BLT	PLACE	M/E	BUYER	\$ Mil	\$/dwt
FORMOSAPETRO CHALLENGER	281.501	2001	IHI - KURE	Sulzer	UNDISCL. BYRS	19.000.000	67
VALTAMED	158.609	2004	DAEWOO SHIPBUILDING & HUDONG-	B&W	SOLE SHIPPING FUND II BASIS SALE AND LEASEBACK		
VALFOGLIA	109.060	2009	ZHONGHUA SHIPRII HUDONG-	MAN-B&W			
VALLESINA	109.060	2009	ZHONGHUA SHIPRII	MAN-B&W			
VALLE AZZURRA	50.697	2007	SPP SHIPBUILDING - TON	Wartsila			
VALVERDE	50.344	2008	SPP SHIPBUILDING - TON	Wartsila			
VALROSSA	50.344	2008	SPP SHIPBUILDING - TON	Wartsila			
VALLE BIANCA	49.999	2007	SPP SHIPBUILDING - TON	Wartsila			
VALSESIA	37.481	2008	HYUNDAI MIPO DOCKYARD	MAN-B&W			
VALCADORE	37.481	2008	HYUNDAI MIPO DOCKYARD	MAN-B&W			
VALTELLINA	37.481	2008	HYUNDAI MIPO DOCKYARD	MAN-B&W			
VALGARDENA	37.481	2008	HYUNDAI MIPO DOCKYARD	MAN-B&W			

ALPINE VENTURE	46.046	2010	HYUNDAI MIPO DOCKYARD	MAN-B&W	CLIENTS OF CELSIUS SHIPPING	53.000.000	
ALPINE ETERNITY	46.105	2009	HYUNDAI MIPO DOCKYARD	MAN-B&W			
ALPINE LOYALTY	46.151	2010	HYUNDAI MIPO DOCKYARD	MAN-B&W			
HANZE AA	12.279	2007	UM	MaK	SPANISH BYRS	6.500.000	529
VERA CRUZ	47.165	1999	ONOMICHI	B&W	UNDISCL. BYRS	12.000.000	
KRITI ROCK	45.908	1999	SHIN KURUSHIMA ONISHI	Mitsubishi			
VENERE	3.090	2004	POLI PELLESTRINA	Yanmar	CLIENTS OF BERGSHAV GROUP	Undiscl. Price	
MARTE	3.090	2004	POLI PELLESTRINA	Yanmar			
CONTAINER	DWT	BLT	PLACE	TEU	BUYER	\$ mil	\$/dwt
ITAL MODERNA	53.644	2008	HYUNDAI MIPO DOCKYARD	4.363	CLINETS OF BOREALIS MARITIME	9.600.000	179
ITAL MILIONE	53.641	2008	HYUNDAI MIPO DOCKYARD	4.363		9.600.000	179
Ro-Ro / MPP / Ferry / Reefer	DWT	BLT	PLACE	TYPE	BUYER	\$ mil	\$/dwt
ALTINIA	8.924	1992	VISENTINI CANTIERE NAV	Ro-Ro Cargo	UNDISCL. BYRS	2.500.000	280
EASTERN ENDEAVOR	8.189	1999	HIGAKI	Gen. Cargo	FEAST BYRS	Undiscl. Price	
PETERSBURG	8.036	1986	MATHIAS-THESEN-WERFT V	Ro-Ro Pax	CLIENTS OF OFW SHIPS	Undiscl. Price	
DEMO	TYPE	DWT	BLT	LDT	\$ LT / ldt	\$	PLACE
ATLANTIC CARRIER	BC	258.900	1993	35.101	475	16.672.975	AS IS SPORE
ALPHA MILLENNIUM	BC	170.415	2000	24.576	457	11.231.232	AS IS SPORE
CLAES MAERSK	CONTAINER	28.550	1994	8.965			INDIA
CALAGUAS	TANKER	5.615	1978	2.527	320	808.640	AS IS BELAWAN
MEDELIN ATLAS	TANKER	45.018	1989	8.947	476	4.254.299	AS IS BELAWAN



12 MONTHS STATISTICS



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