

MLP and Energy Infrastructure Monthly

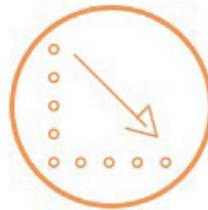


December 2018



Midstream Outperforms Crude, Other Energy Sectors in Tough Oil Tape

The [Alerian MLP Index](#) (AMZ) was down 2.2% on a price-return basis and down 0.8% on a total-return basis in November. The [Alerian Midstream Energy Index](#) (AMNA) was down 0.3% on a price-return basis and up 0.5% on a total-return basis for the month. Midstream outperformed energy peers, with Oilfield Service names (OSX Index) falling 12.4% and E&Ps (SPSIOP Index) falling 9.4% in the month.



Oil Prices Drop Precipitously

WTI crude dropped 22.0%, while Brent dropped 22.2% in November. High global output, demand concerns, and US waivers issued to eight countries related to Iran oil sanctions were among the factors contributing to the commodity's decline. Energy observers will be focused on news from OPEC and non-OPEC producers as it pertains to potential production cuts, particularly around the OPEC meeting on December 6.



Pipeline Announcements Reinforce Cushing's Importance

Despite talks of Cushing's declining relevance, there were major pipeline announcements for the hub this month. [Magellan Midstream Partners](#) (MMP) and Navigator Energy Services [launched](#) an open season for the Voyager Pipeline from Cushing to Houston. Similarly, [Phillips 66](#) (PSX) [announced](#) an open season for the Red Oak Pipeline from Cushing to destinations along the Texas Gulf Coast. [Tallgrass Energy](#) (TGE) announced an [expansion](#) of Pony Express, which transports crude from Wyoming to Cushing. [Read More](#)



Proposition 112 Fails but Regulatory Overhang Remains

[Proposition 112](#) was rejected on Election Day, with 55% of Coloradans opposing the oil and gas setback measure. [Noble Midstream Partners](#) (NBLX) was up 17.3% the next day on the news, while [DCP Midstream](#) (DCP) and [SemGroup](#) (SEMG) gained over 5%. While a positive development, regulatory overhang will likely remain unless a legislative compromise is reached.



Mixed Quarter for MLP Distributions

[Buckeye Partners](#) (BPL) cut its [distribution](#) by 41% with the conclusion of its strategic review. Including BPL, there were five cuts among AMZ constituents in 3Q18. The [Alerian MLP Infrastructure Index](#) (AMZI) saw two constituents cut – BPL and [Energy Transfer](#) (ET) in a backdoor cut. That said, more than 80% of AMZ and AMZI constituents grew or maintained their distributions year over year. [Read More](#)



Alerian Updates Methodology Guide for the AMZ Index

On November 30, Alerian announced that the [methodology guide](#) for the [Alerian MLP Index](#) (AMZ) has been updated. The methodology now specifies that the index is the leading gauge of energy infrastructure MLPs. [Read More](#)