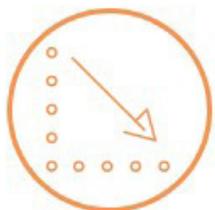


MLP and Energy Infrastructure Monthly



January 2019



Midstream Falls but Remains Defensive within Energy, Outperforms Crude

The [Alerian MLP Index](#) (AMZ) was down 9.4% on a price-return and total-return basis in December. The [Alerian Midstream Energy Index](#) (AMNA) was down 9.5% on a price-return basis and down 9.2% on a total-return basis for the month. Midstream outperformed energy peers as Oilfield Service names (OSX Index) fell 23.0% and Exploration and Production companies (SPSIOP Index) fell 18.8% for the month.



OPEC Cut Announcement Fails to Stop Oil Price Decline

OPEC and its partners agreed to [cut](#) oil output by 1.2 million barrels per day in early December, but this failed to assuage investor doubt about the overall crude supply-demand balance. The cut has an initial term of six months beginning January 1, 2019 with OPEC and its partners planning to meet in April to evaluate the market. Recent [rhetoric](#) has hinted at the potential for further cuts if prices do not improve. WTI crude dropped 10.8%, while Brent dropped 8.4% for the month.



2019 EBITDA Guidance Remains Solid for Midstream Despite Oil Pullback

Despite oil's pullback, midstream is guiding to solid EBITDA growth in 2019. [MPLX](#) (MPLX) [announced](#) adjusted EBITDA guidance of \$3.9 billion (implies 11% growth) at its investor day on December 4. Also in early December, [Kinder Morgan](#) (KMI) [guided](#) to adjusted EBITDA growth of 4% to \$7.8 billion in 2019. For more on 2019 EBITDA guidance, see our [2019 Outlook Video](#).



Potential Catalysts Lost in Broader Market Noise

In our [2019 Outlook Video](#), we mentioned MLP unit buybacks and a major private equity transaction as potential catalysts for the space, with headlines made on both fronts in December. During the month, [Enterprise Products Partners](#) (EPD) [repurchased](#) \$30.8 million in units. On December 19, Bloomberg [reported](#) that Stonepeak Infrastructure Partners and Brookfield Asset Management were among a group considering a transaction to buy [Tallgrass Energy](#) (TGE), sending TGE shares up nearly 14% on the day. The transaction has not been confirmed.



Private Equity Remains Ready Buyers of Midstream Assets

Midstream companies continue to see solid demand for their assets on the sales block, with private equity proving to be ready buyers. In December, [NGL Energy Partners](#) (NGL) [sold](#) its South Pecos water disposal assets to WaterBridge Resources for \$238.8 million, while [Williams Companies](#) (WMB) also [announced](#) the sale of several Gulf Coast pipeline assets to Easton Energy for \$177 million. [Read More](#)



Alerian December Index Review

The Alerian Index Series saw a quarterly [rebalancing](#) in December. Additionally, [Enbridge Energy Partners](#) and [Spectra Energy Partners](#) were removed from the Alerian Index Series in special rebalancings.