

MLP and Energy Infrastructure Monthly



November 2018



Midstream Outperforms Crude, Other Energy Sectors

The [Alerian MLP Index](#) (AMZ) was down 8.6% on a price-return basis and down 8.0% on a total-return basis in October. The [Alerian Midstream Energy Index](#) (AMNA) was down 7.3% on a price-return basis and down 6.8% on a total-return basis for the month. WTI crude dropped 10.8%. Midstream outperformed energy peers, with Oilfield Service names (OSX Index) falling 20.0% and E&Ps (SPSIOP Index) falling 16.6% in the month.



Messy Crude Spreads Emerge in the Bakken

The spread between WTI Cushing and Bakken crude priced at Clearbrook, MN, widened to over \$10/bbl in mid-October after averaging ~\$2/bbl in September. On October 19th, [Energy Transfer](#) (ET) announced an [open season](#) for an expansion of the Bakken Pipeline System.



Staggering US Oil Production Growth

US oil production was up to [11.35 million barrels per day](#) (MMBpd) in August – the latest monthly data available. This represents a 2.1 MMBpd or 22.7% increase from August 2017. For context and some indication of how significant US production growth is to global supply, the International Energy Agency reported that global oil production was up [2.6 MMBpd](#) y/y in September.



Muted Impact from FERC 501-G Filings

With the first grouping of 501-Gs filed this month, only four of 28 pipelines are choosing to [lower](#) their rates in Section 4 filings. In October, [TC PipeLines](#) (TCP) revised its estimated revenue and cash flow [impact](#) from the FERC tax policy changes lower by 50%, from \$40-60 million to \$20-30 million. For context, see our [post](#).



MLP Consolidations Continue

- [Antero Midstream GP](#) (AMGP) will acquire [Antero Midstream Partners](#) (AM). The combined entity will convert to a C-Corp. [Press Release](#)
- [Enlink Midstream](#) (ENLC) will acquire [Enlink Midstream Partners](#) (ENLK). [Press Release](#)
- [Valero](#) (VLO) will [acquire](#) drop-down MLP [Valero Energy Partners](#) (VLP). [Press Release](#)
- [Navios Maritime Acquisition Corporation](#) (NNA) will acquire [Navios Maritime Midstream Partners](#) (NAP). [Press Release](#)

For more on MLP consolidation, see our [Bye, Bye, Bye](#) series.



Alerian Index Series Updates

[Energy Transfer Partners](#) (ETP) was [removed](#) from the Alerian Index Series, while [Energy Transfer Equity](#) (ETE) was added, in a special rebalancing. The simplified entity is now operating under the name [Energy Transfer LP](#) (ET).