

# The Alerian MLP Monthly



April 2018



## FERC News Overreaction

FERC announced on March 15th that MLPs would no longer be allowed an income tax recovery in their cost-of-service pipeline rates. This only impacts select interstate pipelines with cost-of-service rates, but the MLP space sold off broadly on the headline, with the [Alerian MLP Index \(AMZ\)](#) down 4.6% on the day. Several MLPs have announced that they do not anticipate a material impact to financial results due to the policy revision. [Read More](#)



## US Oil Production Growth

The International Energy Agency is forecasting US oil production growth of 3.7 million barrels per day (MMBpd) by 2023, which would make the US the world's leading oil producer. Meanwhile, global oil demand is expected to grow by 1.2 MMBpd annually on average through 2023. The combination of increasing domestic production and growing global demand supports US infrastructure build out. [Read More](#)



## Alerian Index Series Quarterly Rebalancing

The Alerian Index Series was rebalanced at the close of business on Friday, March 16, 2018. [CVR Refining \(CVRR\)](#) and [Hi-Crush Partners \(HCLP\)](#) were added to the AMZ and AMZE. No changes were made to the AMZI. For the full summary of rebalancing results, [read the press release](#).



## Small Cap MLP Acquisitions

Southcross Energy Partners (SXE) [will cease to trade](#) due to its acquisition by [American Midstream Partners \(AMID\)](#). Terra Nitrogen (TNH) [stopped trading](#) due to its acquisition by [CF Industries \(CF\)](#). The [Alerian Small Cap MLP Index \(AMSI\)](#) underwent two special rebalancings in the month of March to reflect these changes.



## Tallgrass Simplification

[Tallgrass Energy Partners \(TEP\)](#) will be acquired by parent company [Tallgrass Energy GP \(TEGP\)](#). The surviving entity will be structured as a C corporation and will be known as Tallgrass Energy, LP, trading under the ticker TGE. [Read More](#)



## AMZ Performance

The AMZ finished the first quarter down 12.8% on a price-return basis and 11.1% on a total-return basis, making it the fifth worst quarter in a decade. In March, the index fell 6.9% on both a price and total-return basis, finishing with a yield of 8.8%. [Read More](#)