

# The Alerian MLP Monthly



January 2018



## Alerian Index Series Quarterly Rebalancing

The Alerian Index Series was rebalanced at the close of business on Friday, December 15, 2017. [Viper Energy Partners](#) (VNOM) was added to the AMZ and AMZE. [NGL Energy Partners](#) (NGL) was added to the AMZI. For the full summary of rebalancing results, [read the press release](#).



## The Tax Cuts and Jobs Act Passed

MLP pass-through status remains unchanged, but the lowered maximum individual tax rate of 37% and a deduction generally equal to 20% of MLP domestic income lowers the effective tax rate on MLP income to 29.6%. The lowered tax rate for C corporations reduces but does not eliminate the structural incentive for the creation of new MLPs. [Read More](#)



## Crude Prices Gain

WTI crude prices gained 5.3% in December to finish 2017 just above \$60 per barrel. In December, global crude prices were supported by pipeline issues (Forties pipeline downtime, Libya pipeline explosion) and geopolitical risk, including civil unrest in Iran at the end of the month. For the year, WTI crude was up 12.5%.



## 2017 AMZ Performance

The AMZ finished 2017 down 13.4% on a price-return basis and down 7.0% on a total-return basis, making 2017 the fourth worst year for MLP performance since 1995. Historically, MLPs have double-digit returns in the years following total return performance of less than -5.0%. [Read More](#)



## Record US Hydrocarbon Exports

As volume-driven businesses, MLPs benefit from increased demand for the pipelines, storage tanks, and marine terminals that facilitate hydrocarbon exports. The US has been exporting record volumes of hydrocarbons this year, including crude, refined products, natural gas liquids, and liquefied natural gas. [Read More](#)



## Permian Pipeline Announcements

December saw a slew of Permian crude pipeline announcements, including an expansion of an existing crude pipeline, plans to convert an NGL pipeline to crude service, and multiple newbuild projects. For a listing of recent Permian pipeline announcements, see our recent post on crude spreads. [Read More](#)