Tortoise QuickTake Podcast with Matt Salle
Nov. 2, 2015

Narrator: Welcome to the Tortoise QuickTake podcast. Thank you for joining us. Today, a senior member of Tortoise provides a timely update on trending topics in the market.

Rob Thummel: Welcome to the Tortoise QuickTake podcast highlighting our views on the top energy events of last week.

I am Matt Sallee, Managing Director and Portfolio Manager at Tortoise Capital Advisors and proud resident of Kansas City, home of baseball's World Champion Royals!

Besides a historic week of baseball a lot happened in the energy world….Quarterly results and distribution growth reinvigorated a market that had been trending down early in the week….concern about technical pressure from ex-dates didn't play out and surprisingly MLPs traded better starting Wednesday when several key companies started trading ex-dividend.

Distribution growth thus far has surpassed our expectations which is very encouraging in our view because this is a critical indicator of management's beliefs about their business going forward over the next 1, 3 and 5 yrs.

Regarding Weekly returns….
Oil was up 4.5%;
MLPs up +2.6%;
And broader energy, as measured the S&P energy, index was down ½ percent.

On the earnings front for companies that reported last week...

Natural gas companies have fared well thus far with EPD and EQM reporting solid 1.3x and 1.8x distribution coverage respectively, as expected, and WPZ beating numbers on strong results from its East Coast gas assets.

Refined product pipeline companies MPLX, PSXP and VLP beat numbers on volumes and lower costs while BPL missed due to weakness in its terminals segment.

Moving upstream results have been encouraging with the general theme being additional capex reductions from dropping rigs and lower wells costs. Meanwhile most have reported inline to better than expected volumes including, Anadarko, Antero, EQT Hess and Range.

Also, noteworthy is that based off company commentary we estimate over 1 bcf/d of gas is currently being curtailed in the Northeast.

Additionally, key Bakken players, Whiting and Hess both expect 2016 volumes to decline around 10%.

Shifting downstream, they say money doesn't grow on trees but it seems to be going that way for Refiners and petchems where companies are feeling the sustained benefit of low input costs and strong demand…and they are using this money to buy back shares and support their MLPs in some cases.

Quickly in other news….

MWE and MLPX have set a date of December 1st for the vote on this proposed merger, we will be anxiously awaiting the results on this one.

In capital markets KMI completed a convertible preferred offering raising over a billion and half dollars and while in the short term the 9.5% coupon is high it allows them to avoid issuing equity in the current depressed market.

Regarding rates, the Federal Reserve left its benchmark rate unchanged as expected but did spook markets, hinting at a possible December increase.

And Finally Saudi Arabia's credit rating was lowered from AA- and A+ highlighting the budget strains OPEC countries are feeling for the current price environment.

That wraps up this week's podcast. Thanks for listening.

Narrator: Thank you for joining us. And stay tuned for our next cast. Have topics you want covered or other feedback to share? Write us at info@tortoiseadvisors.com

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