

Tortoise QuickTake Podcast with Brian Kessens

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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.

Hi. I'm Brian Kessens, Tortoise Managing Director and Portfolio Manager with this week's Tortoise QuickTake podcast highlighting the top energy events of last week.

West Texas Intermediate crude oil increased by 3.3% last week to \$41.71 per barrel following a continued decline in the US rig count last week by 13 rigs, and the Department of Energy's weekly report indicating a smaller than expected increase in crude oil inventories of 1.0 million barrels. Energy stocks as measured by the S&P 500 Energy Select Index improved 1.3% and the Tortoise MLP Index inched higher by 0.3%. Tax-loss selling seemingly continued to weigh on MLP performance in what was light trading volume during the holiday-shortened week.

Energy news was light last week though Black Friday shoppers benefitted from the lowest Thanksgiving gasoline prices in seven years, with the national average at \$2.05 per gallon and 36% of nationwide gas stations selling fuel below \$2 per gallon. We expect these low prices to continue to lead to strong petroleum demand.

Making up for last week's news diet, this week offers a full menu of heavy events.

Monday kicks off the climate change discussions in Paris, or what is formally the 21st Conference of the Parties to the U.N. Framework Convention on Climate Change or COP21. Negotiators hope to complete a global climate change agreement that facilitates greenhouse gas emissions reductions across the developed and developing world. The backbone of any agreement will be to establish a system and process for making those reductions happen. We expect coal to face increased regulation as leaders aim to hold global temperatures short of a 2 degrees Celsius increase over preindustrial global temperatures.

In company news, on Tuesday, Markwest Energy Partners unitholders vote on the proposed acquisition by MPLX in what is anticipated to be a tight count.

Back to macro, central bankers are also on stage this week. In the US, Janet Yellen is scheduled to testify before Congress mid-week, potentially laying out a course for interest rates. Then Thursday, the European Central Bank is to decide whether to expand quantitative easing. Expectations are for the two central banks to continue to diverge on policy – the US leaning to tighter money and the ECB looser.

Finally, OPEC is holding its semi-annual meeting on Friday. Pressure is building on Saudi Arabia to rein in oil output after a year of producing above the quota. Yet market expectations are for OPEC to maintain its focus on market share gains, as indicated by key officials to the press. Regardless, we believe lower production from non-OPEC countries next year, including the US, along with the IEA's 1.2 million barrels per day of additional demand estimate will lead to a better supply and demand balance and consequently more constructive crude oil prices in 2016.

Thanks for listening, catch us again this Friday for a recap of these events, including our thoughts on OPEC's announcement.

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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