

Tortoise QuickTake Podcast

September 6, 2016

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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.

I am Matt Sallee, Managing Director and Portfolio Manager at Tortoise Capital Advisors.

Well as usual the last week of August proved to be very quiet as they usually are in this business. Trading volumes were incredibly low and news-flow was light.

The dollar strengthened on the week following a strong set of reports on consumer spending and wages which continue to support economic growth and increases the likelihood of Fed rate increases in September and December this year. Dollar strength along with reported crude inventory builds resulted in oil getting taken out to the woodshed for the week but more on the DOE report in a minute. Energy markets softened in sympathy with oil.

So back to the DOE report; despite a bearish headline crude build of 2.3M barrels, looking under the hood reveals a different story. First, oil imports increased nearly 300 mbpd week over week to 8.9M bpd. To put this number in perspective, last year around this same time we were importing about 1.5M mbpd less and we haven't imported that much oil in a week since September of 2012. The second bullish number we found in the report was the 700K barrel gasoline draw. This brings the total gasoline draw over the last 30 days to about 10M barrels. Last but not least lower 48 production declined big for the second week in a row over 100 mbpd since mid-August.

Speaking of production, The EIA also put out its official monthly 914 production data which also showed a decline in production of 200 mbpd from May to June. While these reports lag compared to the DOE weeklies, they are generally more accurate and provide credibility to the weekly declines reported for more recent weeks by the DOE.

Before I put everyone to sleep with stats, let's hit the news. Similar to the market, company news was very light for the week. Starting with upstream, the big item of the week was the Colorado anti-fracking ballot initiatives 75 and 78 which failed to gather enough signatures to make the November ballot, removing this overhang from oil and gas producers in the state.

In the midstream space we can't go a week without news from the Williams companies. Most recently, the company named a few new independent directors aimed at bolstering their governance following the loss of 6 directors following earlier this summer. The directors are Scott Sheffield, Chairman and CEO of Pioneer Natural Resources, William Spence, Chairman and CEO of PPL Corp. and Steve Bergstrom former CEO of American Midstream.

And finally, the only downstream news of the week was Delek's deal to sell its retail assets for \$535 million dollars. Well, that'll do it for this week, thanks for listening.

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

The S&P 500 Energy Select Sector® Index

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