# Tortoise QuickTake Podcast

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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 it was a rough week in the ole energy patch with oil down 6%, MLPs down 3% and the S&P Energy Index off 1%. What is particularly frustrating about last week's activity is there was no clear reason we can point to explaining the sell-off. Thursday's selloff had all the classic go-to explanations Wall Street resorts to when they have no actual facts to point to. We heard capitulation trade, macro selling and my personal favorite, risk managers forcing PMs to liquidate. Call me old fashioned but at Tortoise we focus more on the facts, and the actual data out for the week was positive on balance. Crude inventory drew for the 4th straight week and is down 8 million barrels this month which may not sound huge but seasonally this is a period when U.S. inventory historically builds by 6 million barrels a month. In fact, 2017 was the first time since 1999 that crude inventories declined in the month of April and this is the first year on record that inventory declined each week in April. Now for some important historical facts from 1999; Ricky Martin and the Backstreet Boys were on top of the music charts, "Who Wants to be a Millionaire" led television ratings and Jesse "the body" Ventura was sworn in as Governor of Minnesota, home of Tortoise's very own, Ken Malvey, I'm sure that was a proud day for him. Oh yeah, one more relevant piece of data regarding 1999. The price of oil increased over 100%. Now compliance won't let me use words like guarantee or promise when I'm talking about the future, but if you're asking what I think, I'm just sayin'….

We also received a huge amount of fundamental data from the tidal wave of earnings last week from our portfolio companies. There were far too many to give a specific update on each but overall the results were supportive. We saw earnings beats from Concho, Newfield, Parsley, Rice, RSP and WPX on the upstream and midstream names including Enterprise, Shell, Dominion, Noble, Genesis and Pembina all had solid quarters. On the negative side there wasn't a lot in the portfolio to have a tough quarter, with the exception of Pioneer & Anadarko upstream and Targa and Holly in the midstream.

Some of the key themes from the reporting season have included larger completions, acreage delineation in the Delaware and Scoop/Stack, processing needs in the Permian, midcon and SW Marcellus and takeaway needs from the Permian. A couple headwinds witnessed were negative weather impacts in the Rockies and Bakken and lower LPG export margins.

I'll finish up with some M&A activity announced last week; first, Pembina announced an agreement to acquire Veresen adding significant scale and diversity to its asset and customer base. Also, Centennial is acquiring 12,000 acres in the Delaware, Noble is selling its Marcellus acreage and associated production for $1.1 billion and Devon announced a $1 billion divestiture plan. Finally, Shell Midstream announced a $630 million acquisition of multiple pipelines from its sponsor at an attractive 8.4x multiple.

So in conclusion, while it was a rough energy tape last week, earnings reports were generally positive, management outlooks were robust driven by ramping volumes and infrastructure needs and finally, for the first time since the Department of Energy (DOE) reported inventory data, crude storage levels declined every week in the month of April. Here's to hoping the oil price doubles like it did '99 but that I never hear a Ricky Martin song again.

Thanks for listening, we'll talk to you next week.

**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@tortoiseinvest.com.**

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