

Business

Wall Street Week Ahead

# MLPs poised for bounce, but could be short-lived

NEW YORK: Master limited partnerships (MLPs) have been beaten down in 2017, but conditions may be turning in their favor for a short-term bounce by year-end.

An MLP is a limited partnership that is publicly traded and, as such, enjoys the benefits of paying no tax at the company level as well as the liquidity that comes with being traded on a major stock exchange.

They generally deal in the production, processing, storage and transport of commodities such as oil and natural gas, which makes them sensitive to fluctuations in the price of the underlying commodity. A high dividend yield also makes them attractive in low interest rate environments.

But there has been a dislocation this year, as WTI and Brent crude oil have climbed about 20 percent since the

end of August yet MLPs have yet to follow suit. "If you told me what oil did, interest rates did, credit spreads, all of these things so far this year, I would say MLPs should be up 10 percent this year," said Jack Ablin, chief investment officer at BMO Private Bank in Chicago. "Oil prices going above \$55 a barrel, interest rates remaining pretty low, US oil production seems to be pretty strong - if you take those factors and triangulate then MLPs should be a lot higher."

A recent Reuters poll showed oil will likely rally into 2018 with periods of volatility as an anticipated extension of OPEC-led output restrictions offsets higher US production. The Alerian MLP Index is down more than 4 percent since Aug. 31 and nearly 15 percent for the year despite

the climb in oil prices. That lags well behind the gain of more than 4 percent in the broad S&P 500 since Aug. 31 and 15 percent gain for the year.

That decline has made MLPs cheap and coupled with their high dividend yields in a low interest rate environment, should make them attractive to investors. The average dividend yield of the Alerian index is 7.8 percent, according to Thomson Reuters data. Enbridge Energy Partners (EEP.N), and Suburban Propane Partners (SPH.N) are among the highest-yielding stocks in the index with dividend yields of over 9.5 percent.

"You buy things that are cheap, that have good income, you sit there and collect your dividend checks and kind of wait it out," said Stephen Massocca, senior vice presi-

dent at Wedbush Securities in San Francisco. "Fortunately you get these big dividends and it offsets a lot of the pain." One factor that could work against MLPs could be seasonality, as investors begin to engage in tax-loss selling by the end of the year, when investors dump underperforming stocks in order to reduce or negate capital gains taxes.

The Alerian index has also become less correlated with oil prices themselves, with a 50-day correlation of negative 0.66 to US crude, the biggest disconnect in four years. So as oil prices have increased, MLPs have gone in the other direction.

That could indicate investors are not convinced oil prices will continue to rally. —Reuters

Daily Kuwait Stock Exchange Report						
Sunday 12 November 2017						
Index	Change	Closing	Last Closing			
Price Index	▼ -32.41	6,178.06	6,258.47			
Weighted Index	▼ -5.90	391.67	397.67			
KSX 15	▼ -10.67	899.46	910.13			

  

Volume	81,506,781
Value (KWD)	13,488,943
Number of Trades	3,723

  

Trades						
Security	High	Low	Volume	Value (KD)	Trades	Last
IPG	0.0	0.0	0	0	360	▼ 0.0
NAPESCO	792	785	24,172	19,004	7	792 ▲ 7.0
ENERGYH	30.5	28.0	90,310	2,400	19	28.2 ▼ -1.8
GPI	29.5	28.0	1,832,425	51,839	80	28.2 ▼ -1.8
ABAR	0.0	0.0	0	0	59	▼ 0.0
Oil & Gas			1,948,907	73,243	86	916.85 ▼ -9.40

  

Trades						
Security	High	Low	Volume	Value (KD)	Trades	Last
KFOUC	275	275	11,236	3,090	3	275 ▲ 8.0
BPOC	626	626	15,096	9,434	3	626 ▼ -8.0
ALKOUT	0.0	0.0	0	0	590	▼ 0.0
ALQURAIN	321	316	39,851	12,704	12	320 ▼ -10.0
Basic Materials			66,182	25,228	18	1238.96 ▼ -13.50

  

Trades						
Security	High	Low	Volume	Value (KD)	Trades	Last
SOEKUK	52	51	127,505	65,804	50	52 ▼ -1.8
KRE	56	55	620,000	34,176	26	56 ▲ 0.1
URC	71	71	647	46	1	71 ▼ 0.0
NRE	107	105	233,000	24,804	12	107 ▼ -3.0
SRE	0.0	0.0	0	0	355	▼ 0.0
TAM	0.0	0.0	0	0	384	▼ 0.0
AREEC	160	160	10,000	1,600	2	160 ▼ -7.0
MASSALEH	0.0	0.0	0	0	39.0	▼ 0.0
ARABREC	33.0	29.0	140,960	4,270	13	32.5 ▼ -8.9
ERESCO	34.0	28.5	234,320	7,771	18	33.9 ▼ -8.9
MABANEE	734	715	904,561	653,674	77	715 ▼ -6.0
INJAZZAT	83	80	300	24	2	83 ▲ 3.0
INVESTORS	17.3	16.2	10,539,873	175,347	193	17.0 ▲ 0.8
IRIC	28.0	23.0	300	7	2	28.0 ▲ 1.7
ALTUJARIA	91	86	690,353	61,569	35	91 ▼ -1.0
SANAM	32.0	32.0	2,500	80	1	32.0 ▼ -5.0
AAYANRE	80	77	81,044	6,445	5	80 ▼ -0.1
AGAR	70	60	5,100	356	2	60 ▼ -10.0
ALADARIA	33.0	33.0	500	17	1	33.0 ▼ -2.0
MAZAYA	105	101	1,332,189	137,457	47	105 ▼ -1.0
TUARA	57	52	320,000	18,000	5	52 ▼ -3.0
TAAAMEER	28.9	28.5	166,730	4,569	9	28.9 ▲ 0.2
ARKAN	85	83	50,100	4,134	3	85 ▼ 0.0
ARGAN	0.0	0.0	0	0	158	▼ 0.0
ABIYAR	21.1	20.1	5,222,849	106,438	119	20.5 ▼ -2.9
MUNSHAAT	73	71	906,760	65,290	17	71 ▼ -0.1
FIRSTDUBAI	45.0	36.0	210	8	3	44.2 ▲ 0.2
KBT	47.5	44.5	594,855	26,971	29	47.5 ▼ 0.0
REAM	0.0	0.0	0	0	300	▼ 0.0
MENA	0.0	0.0	0	0	20.3	▼ 0.0
ALMUDON	35.0	31.0	106,110	3,302	5	33.5 ▼ -0.4
MARAKEZ	36.0	36.0	100	4	1	36.0 ▼ 0.0
REMAL	57	57	100	6	1	57 ▲ 1.0
Mahaer	70	70	10	1	1	70 ▲ 6.8
Real Estate			23,439,636	1,402,129	680	882.14 ▼ -13.50

  

Trades						
Security	High	Low	Volume	Value (KD)	Trades	Last
KINV	112	106	233,350	24,795	42	108 ▼ -4.0
FACIL	164	160	296,850	48,004	27	160 ▼ -3.0
IFA	29.0	26.8	806,830	22,375	26	28.8 ▼ -0.2
NNV	101	100	960,379	99,285	31	100 ▼ -2.0
KPROJ	306	288	58,312	16,914	24	288 ▼ -12.0
COAST	32.8	30.4	1,956,203	61,816	83	31.7 ▼ -1.8
SECH	48.4	46.0	177,500	8,407	15	48.4 ▲ 0.7
ARZAN	29.0	27.0	581,848	16,441	23	28.3 ▼ -0.7
MARAKAZ	0.0	0.0	0	0	100	▼ 0.0
KMEFIC	0.0	0.0	0	0	24.0	▼ 0.0
ALAMMAN	49.0	47.0	183,100	8,788	5	49.0 ▼ 0.0
ALOLA	42.1	40.9	1,111,704	45,708	27	41.7 ▼ -0.3
ALMAL	25.0	24.1	582,226	14,228	25	24.7 ▼ -1.0
GH	0.0	0.0	0	0	22.5	▼ 0.0
AAYAN	39.0	37.5	2,974,670	114,134	76	38.5 ▼ -1.7
BAYANINV	37.9	36.0	124,607	4,496	15	37.0 ▼ -0.5
OBOLU	59	58	68,160	3,959	9	58 ▼ -1.2
KPIC	45.9	41.0	261,382	10,764	11	44.7 ▼ -1.1
KAMCO	70	56	60,001	3,658	5	70 ▲ 0.5
NIH	70	60	6,800	420	13	68 ▲ 0.7
UNICAP	39.5	34.6	413	16	4	37.0 ▼ -1.0
MADAR	26.1	24.4	738,810	18,151	15	24.5 ▲ 0.2
ALDEERA	0.0	0.0	0	0	30.9	▼ 0.0
ALSALAM	39.0	36.1	30,900	1,173	5	38.4 ▼ -1.5
EKTTITAB	31.6	30.5	429,000	13,292	5	31.6 ▼ -0.1
ALMADINA	38.2	30.9	10,500	389	3	38.2 ▼ -0.3
NOOR	58	56	369,300	20,036	16	57 ▼ -0.5
TAMINV	0.0	0.0	0	0	340	▼ 0.0
EXKH	0.0	0.0	0	0	158	▼ 0.0
KSHC	32.0	30.2	313,600	9,639	18	30.2 ▼ -1.9
ASRYA	37.0	35.1	1,020,608	37,795	19	37.0 ▼ 0.0
GNVHC	36.1	32.0	739,910	25,333	24	35.5 ▼ -1.1
AMWAL	0.0	0.0	0	0	35.5	▼ 0.0
ALMUTIAZ	158	155	2,420,654	378,197	58	156 ▼ -1.0
MANAZEL	32.0	30.0	114,154	3,554	14	32.0 ▼ -1.4
NIND	139	136	2,842,710	390,879	80	137 ▼ -3.0
BIHC	0.0	0.0	0	0	38.0	▼ 0.0
GENERGY	0.0	0.0	0	0	35.0	▼ 0.0
AGHC	0.0	0.0	0	0	84	▼ 0.0
KOPC	52	51	130,937	8,720	7	51 ▼ -1.7
TAHSSILAT	26.0	26.0	10	0	1	26.0 ▲ 1.0
EKHOLDING	0.0	0.0	0	0	222	▼ 0.0
GFH	126	121	174,880	21,672	15	122 ▼ -3.0
INOVEST	94	86	151,000	13,173	13	87 ▼ -4.8
Financial Services			19,951,516	1,444,335	754	615.96 ▼ -10.00

  

Trades						
Security	High	Low	Volume	Value (KD)	Trades	Last
ASC	0.0	0.0	0	0	150	▼ 0.0
OSOS	0.0	0.0	0	0	109	▼ 0.0
HAYATCOMM	0.0	0.0	0	0	90	▼ 0.0
Technology			0	0	553.93	▼ 0.00
SANAD	0.0	0.0	0	0	100	▼ 0.0
AFQA	0.0	0.0	0	0	121	▼ 0.0
EFFECT	0.0	0.0	0	0	29.9	▼ 0.0
AJWAN	0.0	0.0	0	0	63	▼ 0.0
MASAKEN	0.0	0.0	0	0	79	▼ 0.0
DALQAN	0.0	0.0	0	0	350	▼ 0.0
ALEID	0.0	0.0	0	0	80	▼ 0.0
MDAN	0.0	0.0	0	0	1,220	▼ 0.0
THURAYA	0.0	0.0	0	0	204	▼ 0.0
AMAR	38.0	38.0	100	4	1	38.0 ▼ -9.0
Parallel Market			100	4	1	1061.68 ▼ -8.90

National Bank of Kuwait Financial Markets Daily Report						
At 02:00 PM Previous Day						
Global Stock Indices						
Index	Previous Close	Last Price	Change	Daily Performance %	Yearly Performance %	
Dow Jones	23,461.94	23,422.21	-39.73	▼	-0.17	18.52
NASDAQ	6,750.05	6,750.94	0.89	▲	0.01	25.41
SP500	2,584.62	2,582.30	-2.32	▼	-0.09	15.34
Financial Times	7,484.10	7,432.99	-51.11	▼	-0.68	4.06
DAX	13,182.56	13,127.47	-55.09	▼	-0.42	14.34
CAC 40	5,407.75	5,380.72	-27.03	▼	-0.50	10.66
Swiss	9,177.82	9,134.16	-43.66	▼	-0.48	11.12
Nikkei 225	22,668.71	22,661.42	-77.29	▼	-0.34	18.66
Topix	1,813.11	1,800.44	-12.67	▼	-0.70	18.56
Hang Seng	29,136.57	29,120.92	-15.65	▼	-0.05	32.36
Straits Times	3,423.91	3,420.10	-3.81	▼	-0.11	18.72
MENA Stock Indices						
Index	Previous Close	Last Price	Change	Daily Performance %	Yearly Performance %	
Kuwait	6,258.47	6,178.06	-80.41	▼	-1.32	8.16
Saudi Arabia	6,954.38	6,895.05	-59.33	▼	-0.85	-3.55
Dubai	3,449.81	3,464.74	14.93	▲	0.43	-2.30
Abu Dhabi	4,376.22	4,373.73	-2.49	▼	-0.06	-3.74
Bahrain	1,267.58	1,264.24	-3.34	▼	-0.26	3.86
Qatar	7,885.50	7,875.63	-9.87	▼	-0.13	-24.44
Oman	5,055.24	5,067.21	11.97	▲	0.24	-12.58
Lebanon	1,130.09	1,130.09	0.00	-	0.00	-6.81
Jordan	2,082.81	2,089.51	6.70	▲	0.32	-4.03
Egypt	14,350.14	14,376.24	26.10	▲	0.18	16.24
Morocco	12,430.26	12,612.90	182.64	▲	1.47	8.32
Tunisia	6,165.44	6,168.39	2.95	▲		