# Update Thursday, March 12th, 10:30am

Bankruptcy risk is the topic investors want to discuss in calls this week. Within the American Energy Independence Index, the pipeline industry is 80% investment grade companies. We estimate that around 20% of it is direct exposure to crude oil pipelines. 80% of their customers are themselves investment grade.

During the 2008 financial crisis, crude oil consumption dropped 10% and natural gas was unaffected (see With Energy Uncertainty, Natural Gas Offers Stability).

These are some of the facts and figures investors should rely on in assessing the outlook. Then we have to judge how Americans are going to respond to the spread of coronavirus. Everybody can form their own judgment, because none of us has any prior experience with the issue. Avoidance of the virus is far more economically destructive than the sickness itself.

German chancellor Angela Merkel said two in three Germans may become infected in the years ahead. It seems that it'll be hard to avoid.

Companies are lowering their growth capex plans for this year, which will improve Free Cash Flow (FCF) from what it would otherwise be. Oneok (OKE) yesterday reaffirmed their 2020 EBITDA guidance, while cutting capex.

The OPEC+ collapse and subsequent Saudi production increase are a direct hit at a sector that's been under pressure for years. A month ago, the outlook was positive with FCF set to rise sharply.

None of us knows how society will respond in the weeks ahead. The best advice we can offer is that this is generally an investment grade industry, and that while energy consumption will temporarily drop, it will recover. The components of the index have a trailing dividend yield of 13%, with payout ratios of just 60%.