

DAILY MARKET REVIEW

18 January, Friday

2019



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 17 January some neutral external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 closed with a 0.2-0.6% increase due to the rise in the financial sector on strong quarterly statements of the largest banks, including Goldman Sachs and Bank of America. On Thursday futures for US indices lost 0.4%, the main country stock indices in the Asia-Pacific region showed multidirectional changes. The markets were pressured mainly by the worsening prospects for the Washington-Beijing trade negotiations. Firstly, according to The Wall Street Journal, the US federal prosecutor's office is investigating Chinese Huawei, which is suspected of stealing commercial secrets from US companies. Soon, the US authorities may charge Huawei, WSJ sources said. Secondly, Reuters reported that a group of US lawmakers came up with a bill that would ban the sale of US-made chips and other components to Chinese companies Huawei, ZTE and several others that violate the US sanctions and export control laws. In addition, according to Reuters, the US president may sign a decree in January banning US companies from purchasing equipment from Huawei and ZTE. March Brent futures traded around \$61.1 per barrel, \$0.5 above our closing level on 16 January. The announcement by the US Department of Energy about the decline in oil reserves in the country over the past week was twice as large as the forecast and expectations of a decline in oil production in January as part of the OPEC+ deal could offset negative information about the increase in US oil production to a record of 11.9 million barrels per day.

The MOEX Russia Index spent most of the trading session sideways near zero – the stability of Brent quotes above \$60 per barrel was offset by moderately negative changes of western markets. Analysts attribute a worsening of investors' sentiment to recurring doubts that the US-PRC trade conflict can be resolved peacefully, since the US's demands are much broader than China's mere increase in imports of American goods. In addition, a partial suspension of the government's work due to disagreements over the construction of a wall on the border with Mexico remains a deterrent for buyers. According to the American authorities, each week of the shutdown will result in a 0.1 p.p. decrease in the US GDP growth rate. Thus, if the government does not resume work by the end of January, the growth of the economy in January-March will slow down by a significant 0.5 percentage points. At the end of the day, the MOEX Russia Index was able to gain a foothold in the positive area, including due to a reduction in the rate of decline of major US indices after a half-percentage drawdown at the start of trading. In addition, investors were supported by the stability of the oil market, despite the publication of a disappointing monthly OPEC review. In particular, the cartel experts retained an estimate of oil demand in 2019, but at the same time, they raised the forecast for non-OPEC countries' production growth, mainly due to an increase in the US production.

At the end of trading the MicexPWR Sector Index looked slightly better than the market. For the second consecutive day, the main contribution to the MicexPWR rise has been made by shares of ROSSETI, which continue growing steadily in the absence of significant news.

ELECTRIC POWER INDUSTRY NEWS

The Ministry of Energy of the Russian Federation to create a department for licensing energy sales

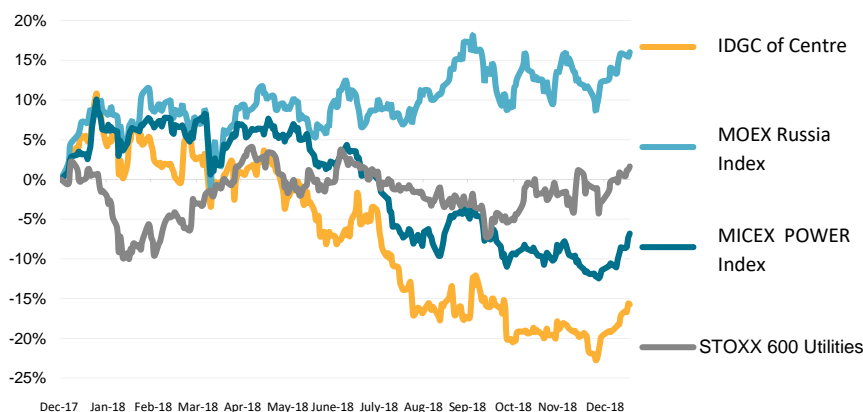
Read full text: <http://www.bigpowernews.ru/markets/document86434.phtml>

COMPANY NEWS

"We have to adjust Kostromaenergo's investment activities based on objectives of digital transformation" - Igor Makovskiy

Read full text: <https://www.mrsk-1.ru/press-center/news/company/67045/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 447,64	0,54%	3,31%
S&P 500	2 635,96	0,76%	5,15%
FTSE 100	6 834,92	-0,40%	1,59%
DAX	10 918,62	-0,12%	3,41%
DJStoxx 600	350,73	0,04%	3,87%
Nikkei	20 402,27	-0,20%	1,94%
Sensex	36 374,08	0,15%	0,85%
CSI300	3 111,42	-0,55%	3,35%
Bovespa	95 351,09	1,01%	8,49%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	66,76	-0,48%	-3,90%
EURO/RUB	76,14	-1,06%	-4,19%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 292,05	-0,13%	0,75%
Brent*, USD/bbl	61,18	-0,23%	13,72%

* - February futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,27	30,43	455,78

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,42%	3,83%
MICEX POWER Index	0,61%	5,23%
IDGC of Centre**	-0,07%	4,90%
IDGC of Centre and Volga Region**	0,00%	1,89%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	4,32%	13,64%
FGC UES	-0,30%	4,54%
IDGC of Volga	-0,49%	3,93%
MOESK	0,58%	5,83%
IDGC of Northern Caucasus	0,00%	2,86%
IDGC of North-West	1,82%	10,81%
IDGC of Urals	-0,74%	1,41%
IDGC of Siberia	-3,29%	17,76%
IDGC of South	-0,96%	14,13%
Lenenergo, ordinary shares	0,71%	6,81%
TRK, ordinary shares	-0,64%	1,30%
Kubanenergo	-0,36%	14,75%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers
Moscow Exchange (MOEX)
Bloomberg
Reuters

MRKC
MRKC:RM
MRKC:MM