

DAILY MARKET REVIEW

15 February, Thursday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 14 February some moderately positive external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 rose by 0.2-0.3%, on Wednesday the composite index of the Asia-Pacific region MSCI Asia Pacific added 0.3% with mixed changes of the main country indices. The decline of the Japanese Nikkei in antiphase with the general mood was due to the strengthening of the yen to a maximum of 15 months and weaker than expected data on Japan's GDP in the fourth quarter. In general, analysts say, cautious purchases dominate the stock market due to stabilization in the bond market, where the yield of 10-year US bonds has receded from the maximum in four years. Nevertheless, investors preferred to take wait-and-see positions before the publication of inflation statistics in the US on Wednesday. Economists fear that higher inflation than expected is likely to cause another downturn in the stock markets, since it was the expectations of inflation and the effect of this factor on the pace of the base rate increase by the Fed that provoked a sharp increase in volatility and a drop in the markets last week. April Brent futures traded near \$62.8 per barrel, \$0.6 above the closing level on 13 February. Restoration of quotations after almost continuous two-week decline was due to the weakening of the dollar in the world foreign exchange market. A report of the American Petroleum Institute on an increase in oil and gasoline reserves in the country last week kept oil prices from a greater rise.

On Wednesday the MOEX Russia Index spent the trading session flat near zero – positive sentiments on European markets were levelled by inexpressive changes of oil prices. The European Stoxx Europe 600 Index in the middle of the day added more than half a percent on favourable statistics. In the Eurozone the increase in industrial production in December in annual terms was the most significant since August 2011, the Eurozone's GDP growth in the fourth quarter was confirmed at 0.6%, in 2017 the GDP grew by 2.5%, demonstrating the highest rate of recovery since 2007, that is, from the time before the global financial crisis began. In the second half of the day the surge in volatility in global financial markets was facilitated by publication of mixed statistics from the US. On the one hand, the consumer price index in January rose by 2.1%, while the expected increase was 1.9%, while the Core CPI index increased by 1.8% against the forecast of 1.7%. At the same time, growing fears over a more aggressive tightening of the Fed's monetary policy were offset by weak statistics on retail sales, whose decline in January was the maximum for the year. At the end of the day the Russian market was able to gain a foothold in the positive territory after the Brent quotations returned above \$63 on the message of the US Department of Energy about the increase in oil reserves in the country less than the forecast.

As a result of the trading session the changes of the MicexPWR Sector Index corresponded to the market. The main contribution to the final MicexPWR growth was made by shares of RusHydro and Inter RAO.

ELECTRIC POWER INDUSTRY NEWS

"Rosseti" to attract credit lines of VTB and Gazprombank for 30 billion rubles

"Rosseti" has decided on the creditors, which will open the company revolving credit lines for a total of 30 billion rubles, it follows from the materials on the public procurement portal.

Read full text: <http://www.bigpowernews.ru/news/document81729.phtml>

COMPANY NEWS

In 2017 IDGC of Centre spent more than 500 million rubles on safety measures

IDGC of Centre summed up the work on safety in 2017. To implement measures to reduce risks of injury to personnel, the company spent 549 million rubles in this period.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/63139/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 257,95	0,33%	7,03%
S&P 500	2 698,63	1,34%	0,94%
FTSE 100	7 213,97	0,64%	-6,16%
DAX	12 339,16	1,17%	-4,48%
DJStoxx 600	374,53	1,07%	-3,76%
Nikkei	21 154,17	-0,43%	-7,08%
Sensex	34 155,95	-0,42%	0,29%
CSI300	3 966,96	0,80%	-1,59%
Bovespa	83 542,84	3,27%	9,35%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	57,77	-0,43%	0,24%
EURO/RUB	71,17	-0,11%	3,46%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 350,73	1,59%	3,68%
Brent*, USD/bbl	64,36	2,61%	-3,13%

* - April futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,3420	38,54	667,17

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	1,45%	-8,74%
MICEX POWER Index	0,45%	6,14%
IDGC of Centre**	-0,40%	4,92%
IDGC of Centre and Volga Region**	2,70%	13,36%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	0,62%	8,30%
FGC UES	0,14%	9,23%
IDGC of Volga	2,18%	9,50%
MOESK	0,86%	-8,57%
IDGC of Northern Caucasus	0,58%	-9,38%
IDGC of North-West	-0,95%	0,00%
IDGC of Urals	0,64%	12,89%
IDGC of Siberia	0,38%	16,16%
IDGC of South	0,33%	1,00%
Lenenergo, ordinary shares	0,88%	7,60%
TRK, ordinary shares	1,66%	-0,81%
Kubanenergo	0,00%	-5,61%

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