

DAILY MARKET REVIEW

17 April, Wednesday

2019



REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 16 April some neutral external background formed on the Russian market. On Monday major US indices closed with a slight decrease in the range of 0.1%. Growing investors' optimism regarding the prospects for the US-China deal on the statements of the head of the US Treasury about substantial progress in trade negotiations and their approach to the "final round" was levelled by inexpressive reporting of Goldman Sachs and Citigroup. In general, according to analysts, in the near future the financial statements of the largest US companies will largely determine the trends of the US stock market. On Tuesday the composite index of the Asia-Pacific region MSCI Asia Pacific added 0.3% after the confident rise of the Chinese market. The CSI300 index rose by 2.7% on the growing confidence that the most difficult period for the Chinese economy is over after all. Experts believe that this may be indicated by both good statistics of recent weeks, and the statement of the Central Bank of China on the focus on controlling excess liquidity. The People's Bank of China, according to the report, plans to improve control over the "tap of the money supply", and also intends to avoid the "flood" stimulus, previously used to support economic growth. June Brent futures traded at around \$70.9 per barrel, \$0.2 below our 15 April close. The pressure was put on the market by forecasts of the US Department of Energy to increase shale oil production in May by 1% compared with April and concerns of traders regarding the possible completion of the OPEC+ deal. The reason for this was the statement of the head of the Ministry of Finance of the Russian Federation that OPEC, in deciding to prolong the agreement on limiting production, must decide whether it is ready to continue to cede to the US its share in the global market.

The MOEX Russia Index spent most of the day in a small plus within half a percent amid improved sentiment in the western markets. Futures on the US indices and the European Stoxx Europe 600 Index added on average about a third of a percent on good reports by a number of US companies and strong statistics from Germany. In Germany the index of investors' confidence in the country's economy in April rose above zero for the first time in more than a year on expectations, as analysts noted, that the changes of the global economy will be less weak than previously expected. At the end of the day, the growth of the MOEX Russia Index accelerated to 0.6% following the rise in Brent quotes above \$71 per barrel.

During the day, changes of the electric utilities sector index in general corresponded to the market. The main contribution to the final MOEXEU growth was made by shares of Mosenergo and ROSSETI.

ELECTRIC POWER INDUSTRY NEWS

The Minister of Energy of the Russian Federation, Alexander Novak, met with the Secretary General of the World Energy Council, Christoph Frei

"Communication in the framework of the WEC provides the widest possibilities for developing transparent approaches and strategic decisions in an atmosphere of close cooperation between the countries and is aimed at ensuring the stable development of the global fuel and energy complex," the Minister said.

Read full text: <https://minenergo.gov.ru/node/14581>

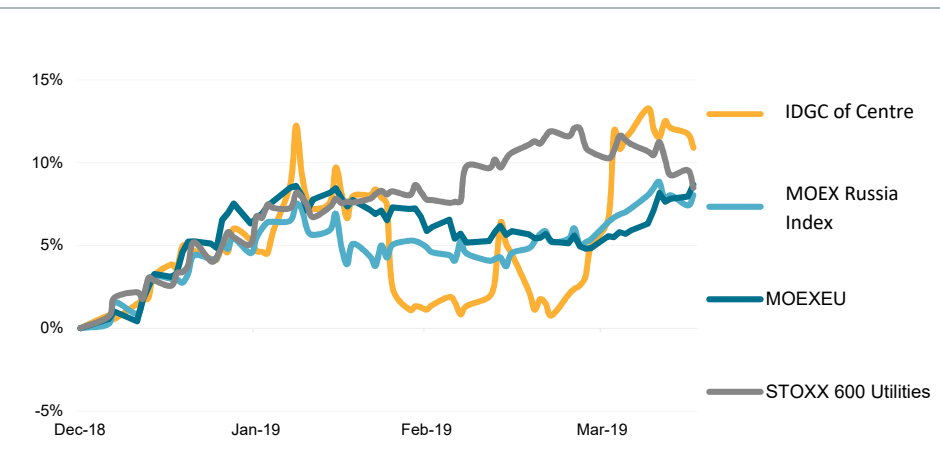
COMPANY NEWS

The dividends of IDGC of Centre are at an acceptable level - about 6.5% - according to Finam

We maintain our "Buy" recommendation for shares of the grid company IDGC of Centre and a target price of 40 kopecks for the future of 12 months. The main idea is a reversal of the stock trend after the capitalization has halved amid the recovery in the changes of profits and dividends in 2019-2020. Now the shares are trading at undemanding multiples, and we see a discount to peers at about 12%. On dividends for 2018, we probably will not see growth, and payments will be at the level of last year, but the yield is acceptable - about 6.5%.

Read full text: <https://www.finam.ru/analysis/marketnews/diskont-bumag-mrsk-centra-k-analogam-sostavlyayet-12-20190415-16000/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 559,84	0,58%	8,04%
S&P 500	2 907,06	0,05%	15,96%
FTSE 100	7 469,92	0,44%	11,03%
DAX	12 101,32	0,67%	14,61%
DJStoxx 600	389,21	0,29%	15,27%
Nikkei	22 221,66	0,24%	11,03%
Sensex	39 275,64	0,95%	8,89%
CSI300	4 085,79	2,77%	35,71%
Bovespa	94 333,31	1,34%	7,33%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	64,25	-0,42%	-7,52%
EURO/RUB	72,70	-0,19%	-8,51%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 276,79	0,87%	0,44%
Brent*, USD/bbl	71,72	0,76%	33,31%

* - June futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,2742	30,90	480,98

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-0,97%	8,49%
MOEXEU Index	0,66%	8,68%
IDGC of Centre**	-0,75%	10,91%
IDGC of Centre and Volga Region**	0,04%	3,47%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	1,19%	35,41%
FGC UES	0,37%	12,50%
IDGC of Volga	0,20%	4,29%
MOESK	-0,07%	4,62%
IDGC of Northern Caucasus	1,84%	10,71%
IDGC of North-West	-0,76%	-5,41%
IDGC of Urals	1,16%	-5,85%
IDGC of Siberia	-3,37%	104,00%
IDGC of South	-1,18%	22,75%
Lenenergo, ordinary shares	0,17%	11,53%
TRK, ordinary shares	0,61%	7,14%
Kubanenergo	-1,67%	44,67%

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