

DAILY MARKET REVIEW

19 November, Monday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 16 November some moderately positive external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 added 0.8-1.1% as part of the correction after four days of decline in a row. The reason for optimism was the information of the Financial Times that the US decided to postpone the introduction of new duties on Chinese goods. According to analysts, this increases the chances of success of the upcoming meeting of the two leaders at the G-20 summit. However, later the US Secretary of Commerce denied this information, while, according to him, the US President and the Chairman of the People's Republic of China at the meeting would at best agree on a basis for further negotiations on the settlement of trade tensions. Against this background, on Friday the composite index of the Asia-Pacific region, MSCI Asia Pacific, declined by 0.1%, futures for US indices lost 0.3%. January Brent futures traded around \$67.3 a barrel, \$0.4 above our 15 November close. The quotes that were resold at the beginning of the week were supported by traders' expectations of cuts in oil production by OPEC+ countries to balance the market amid growing reserves and production in the US. As shown by data from the US Department of Energy, oil reserves in the country increased by the end of the eighth week in a row, and the growth rate – by 10.27 million barrels – was the highest since February 2017. Oil production increased by 100 thousand barrels per day (b/d), to 11.7 million b/d, which is another record.

The MOEX Russia Index spent most of the trading session in a small plus within half a percent due to the rise in Brent quotations to the mark of \$68 per barrel. In the afternoon, the MOEX Russia Index moved to the negative area following the deterioration of sentiment in the western markets due to political problems in the UK, where, according to media reports, the head of government faced active resistance to the current Brexit variant both in the parliament and in her own party. At the same time, the representatives of the Conservative Party, dissatisfied with the project on Brexit, secured the necessary support for a vote of no confidence in their leader. According to analysts, the growing political crisis in the UK increases the likelihood of the implementation of the "tough" Brexit scenario, which will put pressure on global financial markets.

During the day changes of the MicexPWR Sector Index as a whole corresponded to the market. The main contribution to the final MicexPWR decline was made by shares of FGC UES and Inter RAO. FGC UES's shares lost 0.7% after the publication of IFRS financial statements for nine months: revenue grew by 8.9% y/y, to 174.4 billion rubles, net profit – by 10.5%, to 58 billion rubles, adjusted EBITDA decreased by 0.6%, to 101.7 billion rubles. Veles Capital's analysts, in particular, drew attention to the alarming, in their opinion, downward trend in operating and net profitability. "As a result, we see the risk that the amount of dividends paid may be less than 20.3 billion rubles paid in aggregate at the end of 2017," the review says.

ELECTRIC POWER INDUSTRY NEWS

Mr. Kravchenko's functionality in the Ministry of Energy handed over to Deputy Head of the agency Mr. Texler

The powers to formulate policies in the field of electric power have been transferred to First Deputy Minister of Energy of the Russian Federation, Alexey Texler, the message of the Ministry of Energy of the Russian Federation said.

Read full text: <http://www.bigpowernews.ru/news/document85385.phtml>

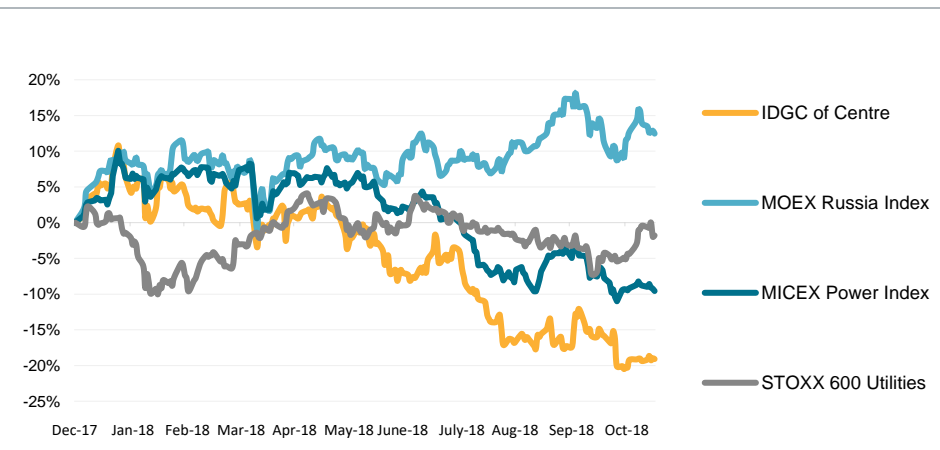
COMPANY NEWS

Lipetskenergo ensures environmental safety of production activities

The Lipetsk branch allocated more than one and a half million rubles for implementation of the environmental policy of IDGC of Centre for nine months of 2018. The environmental program provides for implementation of a set of measures for protection of atmospheric air, rational use of water resources and land, waste management.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/66480/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 372,67	-0,37%	12,46%
S&P 500	2 736,27	0,22%	2,34%
FTSE 100	7 013,88	-0,34%	-8,77%
DAX	11 341,00	-0,11%	-12,21%
DJStoxx 600	357,71	-0,20%	-8,09%
Nikkei	21 680,34	-0,57%	-4,76%
Sensex	35 457,16	0,56%	4,11%
CSI300	3 257,67	0,47%	-19,18%
Bovespa	88 515,27	2,96%	15,85%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	66,62	-2,03%	15,59%
EURO/RUB	75,54	-1,59%	9,81%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 223,36	0,82%	-6,10%
Brent*, USD/bbl	66,76	0,21%	-0,16%

* - January futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln	
			per day	fr 31.12.17
IDGC of Centre	0,2880	12,16	182,52	
IDGC of Centre & Volga Reg	0,2619	29,52	443,07	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	0,18%	-1,80%
MICEX POWER Index	-0,34%	-9,58%
IDGC of Centre**	-0,14%	-19,10%
IDGC of Centre and Volga Region**	1,59%	-13,19%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	1,12%	-10,82%
FGC UES	-0,69%	-6,20%
IDGC of Volga	-1,01%	-4,97%
MOESK	0,44%	-23,80%
IDGC of Northern Caucasus	0,14%	-26,15%
IDGC of North-West	1,25%	9,04%
IDGC of Urals	-0,59%	-19,43%
IDGC of Siberia	-1,73%	-25,41%
IDGC of South	-0,88%	3,51%
Lenenergo, ordinary shares	-1,54%	19,79%
TRK, ordinary shares	0,00%	-8,36%
Kubanenergo	-4,51%	-29,85%

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