

# DAILY MARKET REVIEW

1 March, Thursday

2018



ROSSETI



IDGC OF CENTRE

## REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 28 February some negative external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 fell 1.2-1.3%, on Wednesday the composite index of the Asia-Pacific region MSCI Asia Pacific lost a percent. The markets were pressured by the speech of the new chairman of the Fed, who said that the state of the US economy will continue to improve and this will allow the Fed to gradually raise rates. Investors, wrote MarketWatch, perceived the words about strengthening the economy as an indication that the Fed will act more aggressively in terms of raising interest rates and tightening monetary policy. According to the CME Group, traders now estimate the probability of four rate hikes in 2018 at 33% against about 20% on Monday. An additional negative factor for investors in the Asian session was weak statistics: China's industrial PMI in February fell to a minimum in 19 months, in Japan industrial production in January fell at the fastest pace in eight years. April Brent futures traded near \$66.4 per barrel, \$0.5 lower than the closing level on 27 February. The decline in oil prices was facilitated by the general mood of investors to avoid risk, the dollar strengthening, fears of a slowdown in the growth of the world economy after weak Asian statistics, as well as a report of the American Petroleum Institute on an increase in oil and gasoline reserves in the country last week.

On Wednesday the Russian market was dominated by sellers as part of a general deterioration in the attitude of investors to emerging markets' assets – at daily lows the fall of the MOEX Russia Index exceeded 1.5%, the MSCI EM Index lost more than a percent. The European Stoxx Europe 600 Index spent most of the trading session in a small minus, an average of about a third of the percent – the activity of sellers was limited to the weakening of the euro against the dollar and positive changes of futures for US indices. The statistics published during the day were generally expected and had no significant effect on the course of trading. The assessment of the US GDP growth in the fourth quarter was reduced to 2.5%, inflation in the Eurozone in February slowed to 1.2% – the minimum since 2016, the French GDP growth in the fourth quarter accelerated to a maximum since 2011, unemployment in Germany in February remained at the level of 5.4% – the lowest mark since the reunification of the country in 1990. At the end of the day the pressure of sellers on the Russian market increased, the MOEX Russia Index closed trading at daily lows after the drop in Brent quotes below \$66 per barrel. Negative background for oil prices was data from the US Department of Energy, which recorded an increase above the expectations of oil reserves and increased production to another record for weekly data.

During the trading session the MicexPWR Sector Index looked significantly better than the market – the activity of sellers was mainly concentrated in the first-tier shares. From the current news of the sector, we can note the S&P's upgrade of ratings of Rosseti, FGC UES and RusHydro to the investment grade "BBB-" (stable outlook) from "BB+" (positive outlook) following the Russian Federation rating upgrade.

## ELECTRIC POWER INDUSTRY NEWS

**The dividend rate of state-owned companies in 50% of profits to be preserved in 2018, but there may be exceptions, said the head of the Federal Property Management Agency**

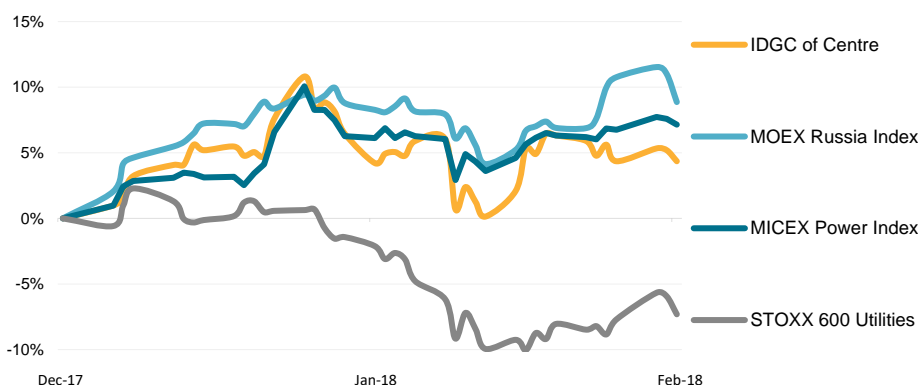
Read full text: <http://www.bigpowernews.ru/news/document81907.phtml>

## COMPANY NEWS

**IDGC of Centre makes a significant contribution to the social and economic development of regions of the Central Federal District: since the beginning of the year a number of large and significant facilities connected to the grid**

Read full text: <https://www.mrsk-1.ru/press-center/news/company/63295/>

## DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 296,80	-1,93%	8,87%
S&P 500	2 713,83	-1,11%	1,50%
FTSE 100	7 231,91	-0,69%	-5,93%
DAX	12 435,85	-0,44%	-3,73%
DJStoxx 600	379,63	-0,71%	-2,45%
Nikkei	22 068,24	-1,44%	-3,06%
Sensex	34 184,04	-0,47%	0,37%
CSI300	4 023,64	-0,87%	-0,18%
Bovespa	85 353,59	-1,82%	11,72%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	55,67	-0,45%	-3,40%
EURO/RUB	68,66	-0,38%	-0,18%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 318,31	0,00%	1,19%
Brent*, USD/bbl	64,73	-2,69%	-2,06%

\* - April futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,3436	38,72	695,56

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-1,46%	-7,31%
MICEX POWER Index	-0,39%	7,16%
IDGC of Centre**	-0,80%	4,35%
IDGC of Centre and Volga Region**	-0,15%	13,89%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-2,00%	1,18%
FGC UES	-0,37%	8,55%
IDGC of Volga	-0,76%	13,74%
MOESK	0,12%	-10,12%
IDGC of Northern Caucasus	-0,85%	-8,33%
IDGC of North-West	-1,18%	-3,65%
IDGC of Urals	-0,41%	15,04%
IDGC of Siberia	0,00%	13,10%
IDGC of South	1,74%	-2,01%
Lenenergo, ordinary shares	-0,44%	17,71%
TRK, ordinary shares	0,54%	-0,27%
Kubanenergo	-1,60%	-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**