

DAILY MARKET REVIEW

12 October, Friday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 11 October some sharply negative external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 collapsed to the highest since February 3.1–3.3%; on Thursday the composite index of the Asia-Pacific region, MSCI Asia Pacific, lost 3.6%. Analysts believe that the markets were pressured by a combination of factors, which until then had been largely ignored by investors. Firstly, the rise in the Fed's rates and the reduction in the balance of the regulator led to an increase in the yield of 10-year US government bonds to maximum levels in seven years. According to experts, the rising cost of financing for households and corporations slows down economic activity and reduces the attractiveness of risky assets. Secondly, Bloomberg writes, more and more companies are complaining about the negative impact of the trade war on consumer demand. Experts fear that the US-PRC standoff will be reflected in the corporate reporting season that starts this week. Thirdly, concerns about a possible slowdown in global growth after a drop in the IMF forecasts and warnings from the IEA about the negative consequences of already high oil prices for the world economy intensified. December Brent futures traded around \$82.1 a barrel, \$1.2 below our closing level on 10 October. Quotes fell as a result of the global exit of investors from risks and on the message of the American Petroleum Institute about the maximum growth of oil reserves in the country since February 2017 by 9.75 million barrels.

On Thursday, Russian and European markets were dominated by sellers after sales in the US and Asia. In the middle of the day, the MOEX Russia Index lost 2.6%, the index of emerging markets MSCI EM – 3.5%, the European Stoxx Europe 600 Index – 2%. The weaker US statistics on inflation kept the markets from further decline, reducing fears of an accelerated implementation of the exit strategy by the Fed. Consumer prices in the US in September rose at the weakest rate in seven months, not meeting the expectations of economists. At the end of the day, the MOEX Russia Index was able to reduce losses to 2.1%, despite an almost percent decline in major US stock indices at the start of trading and a fall in Brent quotes below \$81 a barrel after the publication of statistics by the US Department of Energy. According to the department, oil reserves in the country increased by 6 million barrels – twice the forecast, production increased to another record of 11.2 million barrels per day.

During the trading session 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 RusHydro and Rosseti.

ELECTRIC POWER INDUSTRY NEWS

The Ministry of Energy supported the linking of dividends with investment programs of infrastructure companies

The Ministry of Energy of the Russian Federation supports the approach of linking the dividend policy with investment programs of infrastructure state-owned companies in Russia, the head of the ministry Alexander Novak told reporters.

Read full text: <http://www.bigpowernews.ru/news/document84888.phtml>

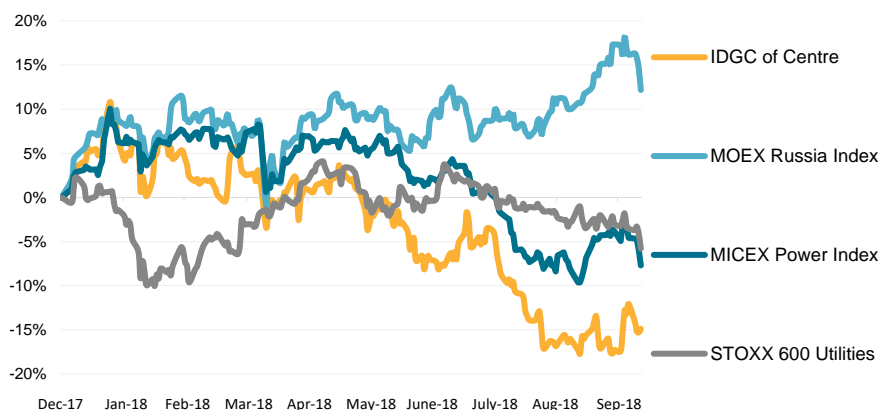
COMPANY NEWS

General Director of IDGC of Centre Igor Makovskiy and Governor of the Belgorod region Yevgeny Savchenko discussed topical issues of the functioning and development of the regional power grid complex

General Director of IDGC of Centre Igor Makovskiy during his working visit to the Belgorod region met with the head of the region Yevgeny Savchenko. The parties discussed the issues of strategic cooperation in the implementation of the investment program of IDGC of Centre, modernization and digitalization of the regional power grid complex. The readiness of the Belgorod branch of the company for the autumn-winter period was also discussed.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/66052/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 366,47	-2,12%	12,17%
S&P 500	2 728,37	-2,06%	2,05%
FTSE 100	7 006,93	-1,94%	-8,86%
DAX	11 539,35	-1,48%	-10,67%
DJStoxx 600	359,65	-1,98%	-7,59%
Nikkei	22 590,86	-3,89%	-0,76%
Sensex	34 001,15	-2,19%	-0,16%
CSI300	3 124,11	-4,80%	-22,50%
Bovespa	82 921,08	-0,91%	8,53%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	66,18	-0,33%	14,84%
EURO/RUB	76,07	-0,18%	10,59%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 224,09	2,45%	-6,04%
Brent*, USD/bbl	80,26	-3,41%	20,02%

* - December futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	Change	
			per day	fr 31.12.17
IDGC of Centre	0,3030	12,79	193,28	
IDGC of Centre & Volga Reg	0,2795	31,50	475,94	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-1,73%	-5,81%
MICEX POWER Index	-1,74%	-7,72%
IDGC of Centre**	0,50%	-14,89%
IDGC of Centre and Volga Region**	-1,93%	-7,36%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-3,64%	-15,15%
FGC UES	-0,86%	-7,16%
IDGC of Volga	-1,46%	-4,53%
MOESK	-1,00%	-23,03%
IDGC of Northern Caucasus	0,00%	-26,04%
IDGC of North-West	-2,07%	27,31%
IDGC of Urals	-1,42%	-16,95%
IDGC of Siberia	-2,76%	-23,14%
IDGC of South	-1,29%	28,26%
Lenenergo, ordinary shares	-2,60%	24,79%
TRK, ordinary shares	0,00%	-11,05%
Kubanenergo	2,79%	-34,18%

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