

DAILY MARKET REVIEW

6 March, Wednesday

2019



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 5 March some moderately negative external background formed on the Russian market. On Monday the US indices DJIA and S&P500 closed with a decrease of 0.4-0.8%. The reason for the correction of the overbought US stock market, as suggested by a number of analysts, was the statistics on construction expenditures that were worse than expected in December. On Tuesday the composite index of the Asia-Pacific region MSCI Asia Pacific lost 0.3% after the US market. At the same time, the potential for the reduction of the Asian exchanges was limited by news from China. The Premier of the State Council of the People's Republic of China stated that for the current year the task is to ensure economic growth at the level of 6-6.5%. To this end, the government is preparing tax incentives to support manufacturers, will expand lending to small and medium businesses. Against this background, the Chinese CSI300 index was able to close trading with a growth of 0.6%. May Brent futures traded around \$65.4 per barrel, \$0.8 below our 4 March close. The oil quotes, Bloomberg writes, were pressured by expectations of recovery in production in a number of OPEC member countries that had previously experienced supply problems. In particular, in the near future Libya plans to resume production at the largest El Sharara oil field, which has production capacities of about 300 thousand barrels per day.

Pessimistic moods have prevailed on the Russian market for the second day in a row – the MOEX Russia Index declined mainly within a third of a percent during the trading session. Sanctions risks and inexpressive changes of western markets put pressure on our market. On Monday, the US president extended the sanctions against the Russian Federation in connection with the situation in Ukraine and the annexation of the Crimea. On Wednesday, according to media reports, the committee of permanent representatives of the EU countries will consider imposing sanctions for the Kerch incident. In European markets, positive statistics were levelled by growing skepticism about the prospects for the US-PRC trade negotiations. In the Eurozone in February, data on business activity in the service sector and the composite index of business activity were better than expected, the January's growth in retail sales in the Eurozone was the highest since November 2017. At the same time, investors drew attention to the statement by the Minister of Commerce of the PRC that in order to overcome the difficulties that arose in the process of the trade negotiations between Beijing and Washington, "more serious efforts are needed, and this is very difficult." At the end of the day, the negative background for the Russian and European markets was a slight decrease in the major US indices, despite their own good statistics. Data on business activity in the service sector in February were better forecasts – the ISM Non-Manufacturing index rose to a maximum since November, and data on new buildings in December.

During the trading session the electric utilities sector index underperformed. The main contribution to the final MOEXEU underperformance compared to the MOEX Russia Index was made by shares of Inter RAO, Unipro and ROSSETI.

ELECTRIC POWER INDUSTRY NEWS

FAS expects that ROSSETI's digitalization program not to cause tariff increases above 3% per year

Electricity tariffs will not grow above 3% per year due to digitalization of the electric grid complex, which is conducted by ROSSETI, Deputy Head of the FAS Russia Vitaly Korolev told reporters.

Read full text: <http://www.bigpowernews.ru/markets/document87222.phtml>

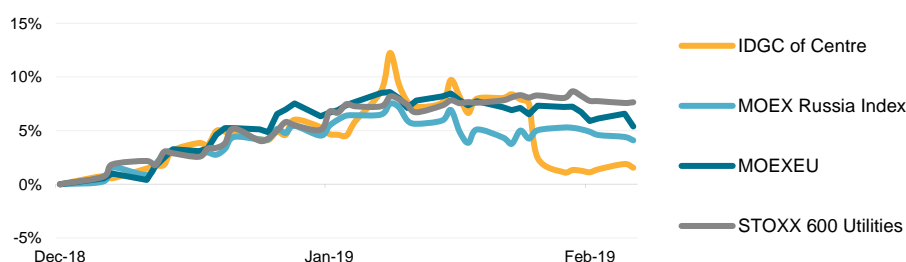
COMPANY NEWS

Igor Makovskiy: "The number of participants in the All-Russian Olympiad for schoolchildren of ROSSETI's Group of Companies in the regions is growing - and this is the best evidence of the relevance and importance of vocational guidance activities of this format"

On 2 and 3 March, in the regions of the service area of IDGC of Centre - the managing organization of IDGC of Centre and Volga Region (it operates in the Central and Volga Federal Districts, is included in ROSSETI's Group of Companies), as well as in other regions of the Russian Federation, the regional stage of the II All-Russian Olympiad of schoolchildren of ROSSETI's Group of Companies passed. It was organized by the Company's branches with the support of relevant departments and committees of the regional executive authorities, as well as leading educational institutions of the regions.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/67493/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 466,23	-0,31%	4,09%
S&P 500	2 789,65	-0,11%	11,28%
FTSE 100	7 183,43	0,69%	6,77%
DAX	11 620,74	0,24%	10,06%
DJStoxx 600	375,64	0,15%	11,25%
Nikkei	21 726,28	-0,44%	8,55%
Sensex	36 442,54	1,05%	1,04%
CSI300	3 816,01	0,58%	26,75%
Bovespa	94 603,75	0,00%	7,64%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	65,80	-0,03%	-5,29%
EURO/RUB	74,74	-0,08%	-5,94%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 288,01	0,10%	0,43%
Brent*, USD/bbl	65,86	0,29%	22,42%

* - May futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	Change	
			per day	fr 31.12.18
IDGC of Centre	0,2904	12,26	186,34	
IDGC of Centre & Volga Reg	0,2641	29,76	452,36	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,07%	7,65%
MOEXEU Index	-1,10%	5,40%
IDGC of Centre**	-0,34%	1,54%
IDGC of Centre and Volga Region**	-0,26%	-0,34%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-2,21%	25,08%
FGC UES	-0,22%	12,71%
IDGC of Volga	-0,35%	2,04%
MOESK	-0,94%	3,56%
IDGC of Northern Caucasus	-1,53%	1,14%
IDGC of North-West	-1,81%	-11,89%
IDGC of Urals	-0,53%	2,17%
IDGC of Siberia	1,36%	66,93%
IDGC of South	5,09%	23,23%
Lenenergo, ordinary shares	-1,22%	6,99%
TRK, ordinary shares	-1,20%	7,14%
Kubanenergo	0,00%	17,62%

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