

DAILY MARKET REVIEW

26 July, Thursday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 25 July some moderately positive external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 closed with an increase of 0.5-0.8% due to strong quarterly statements of a number of large companies led by Google. In general, notes MarketWatch, corporate reporting continues to pleasantly surprise investors. According to Bloomberg, 22% of companies included in the calculation of the S&P500, published their results, of which 91% earned a profit above expectations, and revenue exceeded forecasts in 75% of cases. On Wednesday the composite index of the Asia-Pacific region, MSCI Asia Pacific, added 0.3% on mixed changes of the main country indices. September Brent futures traded near \$74.1 per barrel, slightly above our closing level on 24 July. The quotations were supported by a report of the American Petroleum Institute about a significant drop in oil and gasoline reserves in the country last week.

The MOEX Russia Index spent the first half of the trading session in a small minus, an average about half a percent – the negative sentiment in the Russian market was due to the threat of expanding the US restrictive measures against Russia. On Tuesday Donald Trump accused the Russian Federation of possible interference in the upcoming autumn elections in the US, which, as analysts say, increases the likelihood of new anti-Russian sanctions being announced. In addition, the two leading US senators voiced the intention to submit a bipartisan bill to expand restrictions on Russia's national debt, as well as the financial and energy sectors. At the same time, a number of experts believe that this bill, like the previous ones, will have a framework character, and the decision to apply concrete measures will be adopted depending on the current foreign policy situation. In the second half of the day, the MOEX Russia Index was able to move into the positive area, including thanks to investors' demand for emerging market assets – the MSCI EM index added 0.7% on expectations of an increase in government spending in China to stimulate domestic demand. At the same time, the activity of buyers on world markets was hampered by the uncertainty associated with the upcoming US-EU trade talks on Wednesday. According to the media, the trip of the head of the European Commission to Washington is perceived by Brussels and the markets as the last chance to avoid a full-scale trade war with the US.

As a result of the trading session the MicexPWR Sector Index underperformed. The main contribution to the final decrease in the sector indicator in antiphase with the MOEX Russia Index was made by shares of Inter RAO, Irkutskenergo and Federal Grid Company. From the current news of power grid companies, we can note Bloomberg's information about the resumption of analytical coverage of IDGCs' shares by Renaissance Capital. In particular, the recommendation to "buy" is given for "prefs" of Lenenergo, shares of IDGC of Urals and IDGC of Volga. The recommendation to "hold" is assigned to shares of IDGC of Centre, MOESK, IDGC of Centre and Volga Region.

ELECTRIC POWER INDUSTRY NEWS

Agencies to submit proposals on eliminating "cross subsidies" until August 15, says the newspaper

The government of the Russian Federation once again returned to the problem of eliminating cross subsidies in the electric power industry, a meeting on this topic was held by Deputy Prime Minister Dmitry Kozak on 26 June, the Kommersant newspaper writes.

Read full text: <http://www.bigpowernews.ru/markets/document83937.phtml>

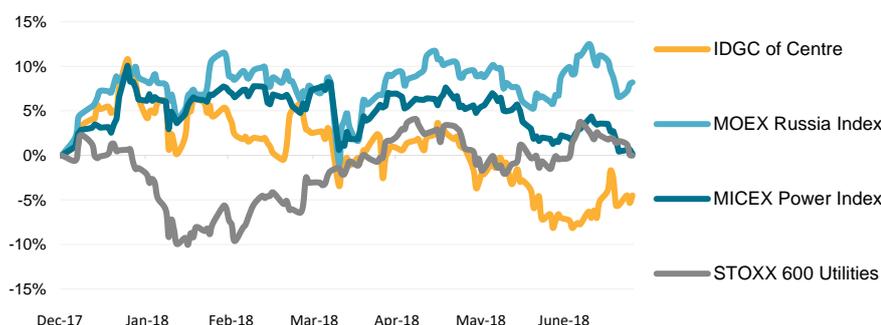
COMPANY NEWS

IDGC of Centre in the first half of the year transferred to budgets of various levels about eight billion rubles

IDGC of Centre is a large and responsible taxpayer. The company conscientiously fulfills its tax obligations. In the first half of 2018, deductions of IDGC of Centre to budgets of different levels amounted to 7.836 billion rubles.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/64868/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 282,84	0,20%	8,20%
S&P 500	2 846,07	0,91%	6,45%
FTSE 100	7 658,26	-0,66%	-0,38%
DAX	12 579,33	-0,87%	-2,62%
DJStoxx 600	387,17	-0,26%	-0,52%
Nikkei	22 614,25	0,46%	-0,66%
Sensex	36 858,23	0,09%	8,23%
CSI300	3 577,75	-0,11%	-11,24%
Bovespa	80 218,04	1,34%	4,99%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	62,92	-0,43%	9,19%
EURO/RUB	73,53	-0,81%	6,89%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 231,63	0,58%	-5,46%
Brent*, USD/bbl	73,93	0,67%	14,16%

* - September futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	Change	
			per day	fr 31.12.17
IDGC of Centre	0,3400	14,35		228,12
IDGC of Centre & Volga Reg	0,3065	34,54		548,95

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-0,09%	-0,02%
MICEX POWER Index	-0,51%	0,16%
IDGC of Centre**	0,89%	-4,49%
IDGC of Centre and Volga Region**	-0,65%	1,59%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-0,69%	-5,33%
FGC UES	-0,38%	5,28%
IDGC of Volga	-0,14%	3,26%
MOESK	1,94%	-18,24%
IDGC of Northern Caucasus	3,11%	-13,54%
IDGC of North-West	1,79%	31,54%
IDGC of Urals	0,00%	-10,98%
IDGC of Siberia	-0,48%	-9,61%
IDGC of South	18,73%	31,44%
Lenenergo, ordinary shares	1,56%	22,08%
TRK, ordinary shares	5,31%	-9,16%
Kubanenergo	0,00%	-24,87%

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