

DAILY MARKET REVIEW

31 July, Monday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 28 July some moderately negative external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 closed in different directions – the DJIA added 0.1% and finished the session at a record historic level, while the decline in the high-tech companies sector led to a 0.4% decline in the S&P500. On Friday the composite index of the Asia-Pacific region MSCI Asia Pacific lost more than 0.5% following shares of technology companies, the decline of which was strengthened by the weak reporting of Amazon. September Brent futures traded near the mark of \$51.5 per barrel, \$0.2 higher than our closing level on 27 July. Support for quotations is still provided by the statement of Saudi Arabia about the readiness to reduce oil exports by 1 million barrels per day and data from the US Department of Energy, which recorded a drop in oil and gasoline stocks last week to a minimum since the beginning of the year.

On Friday the Russian market was dominated by sellers – at daily lows the MICEX Index losses exceeded 2%, despite the stability of Brent crude above \$51.5 per barrel. Sales in the domestic market were provoked by negative changes of European markets – the Stoxx Europe 600 Index lost about a percent due to weak reporting of a number of large companies, and a new round of aggravation of Russian-American relations. On Friday night, the US Senate approved a bill on new sanctions against Russia, now it needs to be signed by Donald Trump within 10 days, who, according to political scientists, will not exercise his right of veto. As a response, the Russian Foreign Ministry demanded to reduce to 455 the number of the American diplomatic mission in Russia until 1 September and forbade the US embassy from 1 August to use warehouses in Moscow and a dacha in Serebryany Bor. The decision of the Bank of Russia to keep the key interest rate at 9%, taking into account, among other things, the growing geopolitical risks, was predicted by most experts, and had no significant effect on the trends of the stock indices and the ruble. In the second half of the day the MICEX Index could cut the losses by a quarter after the rise of Brent quotes to \$52.5 per barrel. At the same time, the potential for the recovery of our market was limited to the persistence of negative sentiment on the western exchanges after the publication of statistics from the US, where the GDP growth in the second quarter was worse than expected, while the data for the first quarter were revised downwards – from 1.4% to 1.2%, the consumer confidence index in July fell to a minimum since October 2016.

During the day, the changes of the MicexPWR Sector Index on the whole corresponded to the MICEX Index. The main contribution to the final decline in the sector indicator was made by shares of Gazprom's generation companies and shares of Inter RAO.

ELECTRIC POWER INDUSTRY NEWS

FAS makes electric stoves equal

In the pre-election year, the FAS developed a number of measures to eliminate cross-subsidization in the electric power industry, when industrial consumers, in fact, pay extra for understated tariffs of the population. The regulator proposes to smoothly reduce the limit of benefits for citizens using electric stoves and rural residents.

Read full text: <https://www.kommersant.ru/doc/3368501>

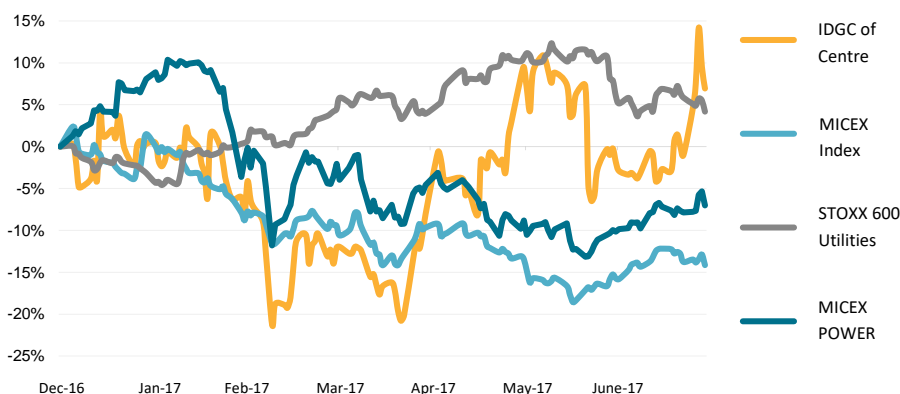
COMPANY NEWS

S&P affirmed the ratings of IDGC of Centre and MOESK

The international rating agency S&P Global Ratings has affirmed the long-term and short-term ratings of IDGC Centre at the level "BB-/B" with a "positive" outlook.

Read full text: <http://www.finmarket.ru/news/4576742>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	1 916,75	-1,46%	-14,15%
S&P 500	2 472,10	-0,13%	10,42%
FTSE 100	7 368,37	-1,00%	3,16%
DAX	12 162,70	-0,40%	5,94%
DJStoxx 600	378,34	-1,04%	4,68%
STOXX Utilities	288,32	-1,27%	4,17%
Nikkei	19 959,84	-0,60%	4,42%
Sensex	32 309,88	-0,23%	21,35%
CSI300	3 721,89	0,26%	12,44%
Bovespa	65 497,13	0,34%	8,75%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,18	0,75%	11,73%
USD/RUB	59,41	-0,83%	-2,06%
Euro/RUB	69,64	-0,06%	9,14%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 269,64	0,83%	10,64%
Brent*, USD/bbl	52,52	2,00%	-10,74%

* - September futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,4780
Capitalisation**, billion RUB	20,18
Capitalisation**, million USD	339,68

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	-1,76%	-7,02%
Shares of IDGC of Centre**	-2,35%	6,94%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	-2,42%	-26,13%
FGC UES	-1,13%	-16,34%
IDGC of Volga	0,66%	75,71%
MOESK	-1,03%	-4,12%
IDGC of Northern Caucasus	-0,27%	-14,97%
IDGC of Centre and Volga Reg	4,73%	67,57%
IDGC of North-West	-1,50%	-4,18%
IDGC of Urals	-6,46%	-7,60%
IDGC of Siberia	-6,24%	5,85%
IDGC of South	-7,10%	-15,08%
Lenenergo, ordinary shares	-2,44%	-12,99%
TRK, ordinary shares	-4,74%	-19,75%
Kubanenergo	0,67%	-13,79%

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