

DAILY MARKET REVIEW

23 May, Thursday

2019



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 22 May some neutral external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 added 0.8–0.9% on the information that Washington could provide Huawei with a temporary permit for 90 days to purchase services and components in the US that are necessary for the production of telecommunications equipment and ensure the operation of smartphones. On Wednesday the composite index of the Asia-Pacific region MSCI Asia Pacific showed zero changes, futures for the S&P500 lost 0.1%. Positive background from the good closure of the American market was levelled by media reports that the "blacklist" of the US Department of Commerce is planning to include some more technology companies from China in addition to Huawei. July Brent futures traded around \$71.8 per barrel, \$0.1 less than our 21 May close. Negative background for the market was the message of the American Petroleum Institute on the increase in the US of oil reserves last week by 2.4 million barrels.

On Wednesday, western exchanges and emerging markets were trading sideways near zero in the face of growing uncertainty about the prospects for the US-China trade deal. In addition to expanding the sanctions list of Chinese technology companies, analysts drew attention to the statements by the Chairman of the People's Republic of China, who called the country on a new Great March. As several Chinese media have noted, these statements now represent the most vivid sign that Beijing has abandoned hope of concluding a trade deal with the US in the near future. In addition, experts believe, traders preferred to take a wait-and-see position in anticipation of the publication of the minutes of the Fed's May meeting, in which investors will look for new signals regarding the Fed's intentions on a possible change in monetary policy. At the same time, the domestic market continued its steady rise – the MOEX Russia Index updated the historical maximum, at daily highs the indicator growth exceeded a percent. The continued interest of investors in investing in Russian securities, according to analysts, is mainly due to reduced sanctions risks and high oil prices. At the same time, experts say, the Russian market offers a higher dividend yield (7-8%) compared to other emerging markets (3%). At the end of the day, the growth rate of the MOEX Russia Index somewhat slowed down after Brent quotations decreased to \$70.5 per barrel on statistics from the US Department of Energy, which recorded an increase in oil reserves by 4.7 million barrels, while experts expected them to decrease by 2 million barrels.

At the end of the trading session, the electric utilities sector index underperformed; the first-tier shares continued to enjoy increased demand from investors. The main contribution to the MOEXEU underperformance in comparison with the MOEX Russia Index was made by shares of ROSSETI and Unipro. The papers of ROSSETI recorded a profit after a sharp increase, the shares of Unipro remain under pressure from fears of the termination of the power supply agreement at the third power unit of Berezovskaya GRES.

ELECTRIC POWER INDUSTRY NEWS

The Ministry of Energy of the Russian Federation approved the program for the development of the unified energy system of Russia until 2025

The Ministry of Energy of the Russian Federation approved the scheme and program for the development of the unified energy system of Russia for 2019-2025, follows from the relevant order of the department.

Read full text: <http://www.bigpowernews.ru/news/document88215.phtml>

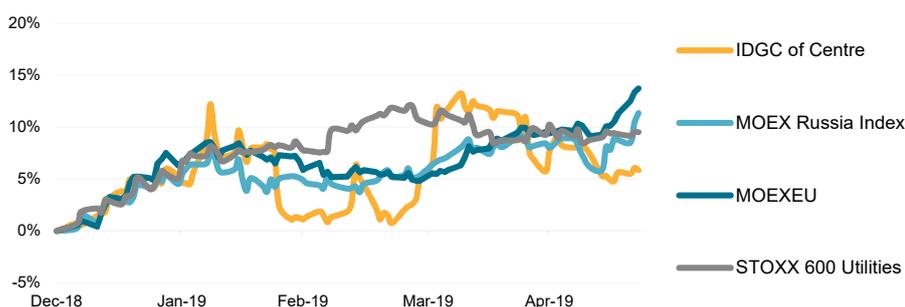
COMPANY NEWS

IDGC of Centre - the managing organization of IDGC of Centre and Volga Region increases the openness of cooperation with business partners

IDGC of Centre - the managing organization of IDGC of Centre and Volga Region, under the guidance of General Director Igor Makovskiy, held a production meeting, which was attended for the first time by heads of all the Company's contractors. The participants discussed issues related to the implementation of the investment program of IDGC of Centre - the managing organization of IDGC of Centre and Volga Region.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/68396/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 638,71	0,85%	11,37%
S&P 500	2 856,27	-0,28%	13,94%
FTSE 100	7 334,19	0,07%	9,01%
DAX	12 168,74	0,21%	15,25%
DJStoxx 600	379,19	-0,08%	12,30%
Nikkei	21 283,37	0,05%	6,34%
Sensex	39 110,21	0,36%	8,43%
CSI300	3 649,38	-0,47%	21,22%
Bovespa	94 360,66	-0,13%	7,37%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	64,54	0,08%	-7,10%
EURO/RUB	71,97	0,00%	-9,43%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 273,34	0,11%	-0,71%
Brent*, USD/bbl	70,99	-1,65%	31,95%

* - July futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	Change	
		₺ bln	MCap**, \$ mln
IDGC of Centre	0,3028	12,78	198,08
IDGC of Centre & Volga Reg	0,2859	32,22	499,25

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-0,03%	9,53%
MOEXEU Index	0,33%	13,75%
IDGC of Centre**	-0,20%	5,87%
IDGC of Centre and Volga Region**	0,95%	7,89%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-2,10%	57,81%
FGC UES	1,50%	18,47%
IDGC of Volga	-0,09%	9,34%
MOESK	0,35%	8,79%
IDGC of Northern Caucasus	5,56%	87,29%
IDGC of North-West	0,98%	1,89%
IDGC of Urals	0,60%	-9,10%
IDGC of Siberia	6,74%	182,83%
IDGC of South	0,07%	33,52%
Lenenergo, ordinary shares	-0,53%	6,43%
TRK, ordinary shares	-0,32%	2,60%
Kubanenergo	-3,52%	29,10%

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