

DAILY MARKET REVIEW

15 February, Friday

2019



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 14 February some moderately positive external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 closed with an increase of 0.3-0.5%. The reason for the optimism of investors was the information of the media that Donald Trump is considering the possibility of postponing the introduction of increased duties on Chinese goods for 60 days to reach an agreement with the PRC. Additional support to the markets was provided by reduction of fears of the next shutdown – CNN announced Donald Trump's intentions to sign a budget compromise on financing the protection of the Mexican border reached in Congress. On Thursday the composite index of the Asia-Pacific region MSCI Asia Pacific lost 0.1%, including on weak Japanese statistics. Japan's GDP in the fourth quarter grew by 0.3%, less than economists' expectations. April Brent futures traded around \$64.4 per barrel, \$0.8 above our 13 February close. In addition to expectations of progress in the US-PRC negotiations, oil prices were supported by the Chinese statistics, which recorded China's increase in oil imports in January by 4.8% y/y.

For the second day in a row, the Russian market is under pressure from sanctions risks – the MOEX Russia Index opened with a 1.5% drop on the US news. According to media reports, a group of senators introduced a new version of the bill on anti-Russian sectoral sanctions. As before, the draft law prohibits US investors from investing in new issues of the Russian government debt and oil production projects in the Russian Federation, imposing restrictions on Russian banks "that contribute to interference in elections in foreign countries" and all foreign energy projects involving Russian state-owned companies. In addition, the new document proposes to impose sanctions on LNG production projects with participation of Russian companies outside Russia. In the second half of the trading session, the MOEX Russia Index was able to reduce the fall to a percent on investors' doubts that the bill would be approved in its current form, given the fate of previous similar proposals. In particular, Reuters writes that large US energy companies will try to block this project. Additional support to our market was provided by the rise in Brent prices to the level of \$65 per barrel.

During the day the electric utilities sector index looked better than the MOEX Russia Index. The main sales on the Russian market were concentrated in first-tier shares, and, in particular, in the main proxy-papers of the Russian Federation for non-residents - shares of Sberbank and Gazprom.

ELECTRIC POWER INDUSTRY NEWS

From 2021, the FAS Russia plans to introduce cost standards in the formation of tariffs for power grids

FAS Russia plans to launch pilot projects for introducing cost standards when calculating tariffs for electricity grids in 2020, and from 2021 to introduce such a system in all regions of the Russian Federation.

Read full text: <http://www.bigpowernews.ru/markets/document86908.phtml>

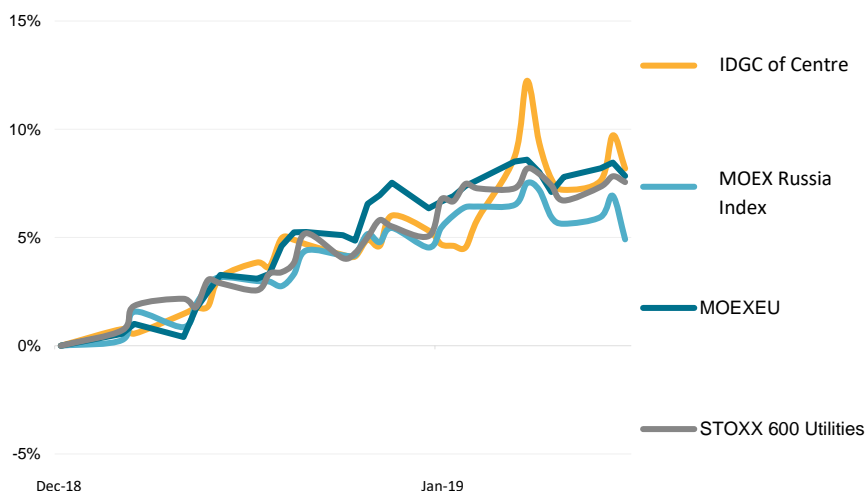
COMPANY NEWS

IDGC of Centre - the managing organization of IDGC of Centre and Volga Region in the framework of RIF-2019 signed regulatory agreements with four regions of the Central Federal District on the development of the electric grid complex

Within the framework of the Russian Investment Forum, held in Sochi, IDGC of Centre - the managing organization of IDGC of Centre and Volga Region has signed agreements with the Kursk, Lipetsk, Orel and Ryazan regions aimed at the long-term development of the power grid complex of these regions.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/67282/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 460,82	-1,00%	3,86%
S&P 500	2 745,73	-0,27%	9,53%
FTSE 100	7 197,01	0,09%	6,97%
DAX	11 089,79	-0,69%	5,03%
DJStoxx 600	363,8	-0,32%	7,74%
Nikkei	21 139,71	-0,02%	5,62%
Sensex	35 876,22	-0,44%	-0,53%
CSI300	3 402,14	0,15%	13,00%
Bovespa	98 015,09	2,27%	11,52%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	65,68	-0,06%	-5,46%
EURO/RUB	74,39	0,33%	-6,38%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 312,57	0,48%	2,35%
Brent*, USD/bbl	64,57	1,51%	20,02%

* - April futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3050	12,88	196,05
IDGC of Centre & Volga Reg	0,2868	32,32	492,12

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,09%	7,66%
MOEXEU Index	-0,44%	7,36%
IDGC of Centre**	-1,42%	6,64%
IDGC of Centre and Volga Region**	-0,62%	8,23%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	0,10%	27,60%
FGC UES	0,61%	10,92%
IDGC of Volga	-0,96%	10,87%
MOESK	1,45%	6,06%
IDGC of Northern Caucasus	0,00%	2,86%
IDGC of North-West	-2,19%	-3,24%
IDGC of Urals	-2,57%	11,05%
IDGC of Siberia	-0,87%	56,39%
IDGC of South	-1,83%	17,98%
Lenenergo, ordinary shares	-0,52%	8,70%
TRK, ordinary shares	0,00%	20,78%
Kubanenergo	0,31%	31,97%

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