

DAILY MARKET REVIEW

11 October, Thursday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 10 October some neutral external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 fell 0.1-0.2% on fears of a slowdown in the global economy due to the US-PRC confrontation. On 9 October, the IMF lowered its forecasts for the global GDP growth for 2018-2019 and the GDP growth forecast in China and the US for the next year, saying that the impact of the two countries' trade war will start to be felt in 2019. Meanwhile, Donald Trump said that China is not yet ready for a deal with the US and reiterated his threat that Washington intends to impose additional duties on Chinese goods worth another \$267 billion in the event that Beijing responds to the previously announced duties. On Wednesday the composite stock index of the Asia-Pacific region, MSCI Asia Pacific, added 0.2% with multidirectional changes of the main country indices. December Brent futures traded around \$85 a barrel, \$0.2 higher than our 9 October close. Quotes rose on media reports that oil production on the shelf in the Gulf of Mexico in the US fell about 40% on Tuesday due to the closure of oil platforms due to the approaching hurricane Michael.

On Wednesday sellers dominated the Russian market, as well as on world markets as a whole, due to the renewed growth in yields of US 10-year government bonds. According to analysts, the growth in government bond yields means an increase in market interest rates, which worsens consumers' lending and refinancing of corporate debt, as well as leads to lower risk assets. In the afternoon, the loss of the MOEX Russia Index, the index of emerging markets MSCI EM, and the European Stoxx Europe 600 Index exceeded half a percent. At the end of the day, sales in our market intensified following the decline in Brent quotes to \$83.3 and an average of more than 1.5% drop in major US stock indices at the beginning of the trading session. In addition to rising government bond yields, MarketWatch writes, the US market was pressured by worries that expectations for starting quarterly reports are too high and the financial results of the quarter may disappoint investors. Gazprom's shares became the driver for the fall of the MOEX Russia Index, in which profits were actively taken after the rally since early September.

At the end of the trading session the MicexPWR Sector Index underperformed, mainly due to active sales in shares of FGC UES and RusHydro.

ELECTRIC POWER INDUSTRY NEWS

Rosseti in 2018 increased the costs of maintenance and repair by 5% - up to 64 billion rubles

In 2018, Rosseti spent 64 billion rubles on maintenance and repair of electric grid facilities, which is 5% (3 billion rubles) more than a year earlier, said Head of Rosseti Pavel Livinskiy at the All-Russian Meeting on Preparations for the Autumn-Winter Period of 2018-2019 that took place 5 October in Moscow.

Read full text: <http://www.bigpowernews.ru/news/document84870.phtml>

Rosseti recognized as the best socially efficient company in the energy industry

PJSC Rosseti demonstrated the best practice of information disclosure, having taken the first line of the rating among the companies of the energy industry according to AK&M Rating Agency.

Read full text: http://www.rosseti.ru/press/news/index.php?ELEMENT_ID=34124

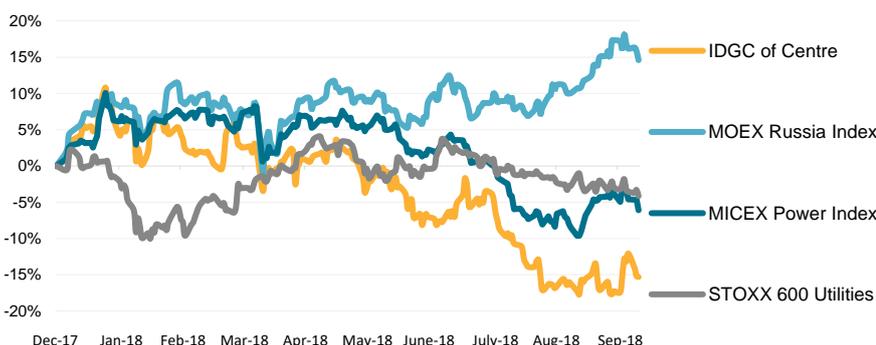
COMPANY NEWS

IDGC of Centre carries out modernization of equipment of control centres in 6 Distribution Zones of the Kostroma region

To date, 21 Distribution Zones are already equipped with modern dispatching facilities. In the current year, another six district dispatch centres (DDC) in Kostromsky, City, Galichsky, Buysky, Neysky and Sharynisky Distribution Zones will be equipped with automated dispatch control systems (ADCS).

Read full text: <https://www.mrsk-1.ru/press-center/news/company/66026/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 417,69	-1,07%	14,60%
S&P 500	2 785,68	-3,29%	4,19%
FTSE 100	7 145,74	-1,27%	-7,05%
DAX	11 712,50	-2,21%	-9,33%
DJStoxx 600	366,93	-1,61%	-5,72%
Nikkei	23 506,04	0,16%	3,26%
Sensex	34 760,89	1,35%	2,07%
CSI300	3 281,60	-0,22%	-18,59%
Bovespa	83 679,11	-2,80%	9,52%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	66,40	-0,84%	15,23%
EURO/RUB	76,21	-1,01%	10,79%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 194,79	0,42%	-8,29%
Brent*, USD/bbl	83,09	-2,25%	24,26%

* - December futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	Change	
		MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3015	12,73	191,69
IDGC of Centre & Volga Reg	0,2850	32,12	483,69

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-0,87%	-4,14%
MICEX POWER Index	-1,46%	-6,09%
IDGC of Centre**	-0,17%	-15,31%
IDGC of Centre and Volga Region**	-0,35%	-5,54%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-2,25%	-11,95%
FGC UES	-4,11%	-6,36%
IDGC of Volga	-0,30%	-3,12%
MOESK	-0,43%	-22,25%
IDGC of Northern Caucasus	-2,07%	-26,04%
IDGC of North-West	0,60%	30,00%
IDGC of Urals	-0,28%	-15,75%
IDGC of Siberia	0,56%	-20,96%
IDGC of South	2,91%	29,93%
Lenenergo, ordinary shares	-2,07%	28,13%
TRK, ordinary shares	0,00%	-11,05%
Kubanenergo	0,40%	-35,97%

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