

# DAILY MARKET REVIEW

21 May, Tuesday

2019



## REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 20 May some neutral external background formed on the Russian market. On Friday the US indices DJIA and S&P500 fell 0.6-0.8% on media reports about China's doubts about the desirability of continuing the stalled trade talks with the US. The market losses limited favourable statistical data on the US economy, where the consumer confidence index in May rose to its maximum since 2004, surpassing the most optimistic analysts' forecasts. On Monday the composite index of the Asia-Pacific region MSCI Asia Pacific grew by 0.4%, with multidirectional changes of the main country indices. The Japanese Nikkei 225 added 0.3% after the release of data on the GDP rise in the first quarter by 2.1% y/y, while experts predicted a decline of 0.2%. The Australian S&P/ASX 200 jumped 1.7% (the record daily growth since 2007) to an 11-year high. The loss of the Labour Party, which promised to focus on the development of renewable energy and environmental protection, as well as stricter regulation of the banking sector, was positively perceived by investors, who actively bought shares in the mining and financial sectors. The Chinese CSI300 declined by 0.9%, stocks of technology companies became outsiders of the market, which were influenced by media reports about the suspension of Google's cooperation with Huawei. July Brent futures traded around \$73.2 per barrel, \$0.9 above our Friday close on 17 May. The market was supported by media reports that the majority of participants at the OPEC Ministerial Monitoring Committee last weekend were inclined to extend the agreement on limiting oil production under current conditions.

On Monday, global stock markets declined under pressure from fears of unleashing a "technological" trade war between the US and China. In the second half of the trading session the European Stoxx Europe 600 Index and the S&P500 futures lost about 1.5% after sales of stocks of the US technology companies. Experts negatively assess the consequences for the US technology sector after the suspension of cooperation with Huawei, the Internet giant Google and other companies, including Intel and Qualcomm. The losses of the Russian market were largely limited by high oil prices – the rate of decline in the MOEX Russia Index during the day, on average, did not exceed one third per cent.

During the trading session, the electric utilities sector index outperformed. The main contribution to the final MOEXEU growth in antiphase with the MOEX Russia Index was again made by shares of ROSSETI, which updated the maximum since December 2016. Experts interviewed by Prime agency explain the rally of these papers by speculative purchases, pending recommendation on dividends. "Probably, investors believe that dividends of the company can be increased by analogy with Gazprom, taking into account the intention of the Ministry of Finance to solve fiscal issues through dividends of state-owned companies," they believe, in particular, in BCS.

## ELECTRIC POWER INDUSTRY NEWS

### Cross-subsidization goes to the highest level

The Russian Union of Industrialists and Entrepreneurs (RSPP) can bring to the level of Prime Minister or President of the Russian Federation the issue of solving the problem of cross-subsidization in the electric power industry. This is perhaps the only substantive outcome of the discussion on 17 May at the meeting of the RSPP commission on the electric power industry for the proposals of the Ministry of Energy and ROSSETI on the additional burden on energy consumers.

Read full text: [http://www.ng.ru/economics/2019-05-20/8\\_7577\\_energy.html](http://www.ng.ru/economics/2019-05-20/8_7577_energy.html)

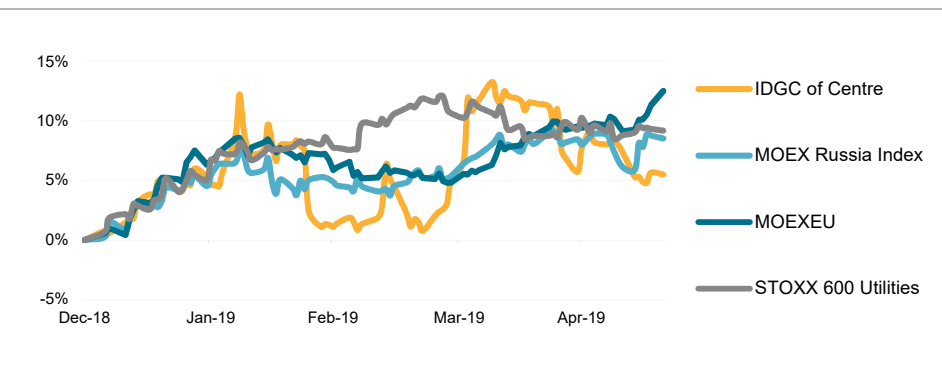
## COMPANY NEWS

### Representatives of IDGC of Centre - the managing organization of IDGC of Centre and Volga Region and regional universities discussed prospects for cooperation in the framework of the implementation of the concept of digital transformation

A working meeting was held at IDGC of Centre - the managing organization of IDGC of Centre and Volga Region, which was attended by representatives of the Company's management and universities working in the regions of its service area (20 constituent entities of the Russian Federation).

Read full text: <https://www.mrsk-1.ru/press-center/news/company/68375/>

## DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



| World indexes | Value    | Change  |             |
|---------------|----------|---------|-------------|
|               |          | per day | fr 31.12.18 |
| MOEX Russia   | 2571,65  | -0,23%  | 8,54%       |
| S&P 500       | 2846,35  | -0,46%  | 13,54%      |
| FTSE 100      | 7310,88  | -0,51%  | 8,66%       |
| DAX           | 12041,29 | -1,61%  | 14,04%      |
| DJStoxx 600   | 377,46   | -1,06%  | 11,79%      |
| Nikkei        | 21301,73 | 0,24%   | 6,43%       |
| Sensex        | 39352,67 | 3,75%   | 9,11%       |
| CSI300        | 3617,79  | -0,85%  | 20,17%      |
| Bovespa       | 91153,94 | 1,29%   | 3,72%       |

Source: Bloomberg, Company calculations (19:00 MSK)

| Currency rates | Value   | Change  |             |
|----------------|---------|---------|-------------|
|                |         | per day | fr 31.12.18 |
| USD/RUB        | 64,6327 | 0,11%   | -6,96%      |
| EURO/RUB       | 72,2464 | -0,16%  | -9,08%      |

Source: Bloomberg, Company calculations (19:00 MSK)

| Raw             | Value   | Change  |             |
|-----------------|---------|---------|-------------|
|                 |         | per day | fr 31.12.18 |
| Gold, USD/oz    | 1276,39 | 0,09%   | -0,47%      |
| Brent*, USD/bbl | 72,33   | 0,17%   | 34,44%      |

\* - July futures

Source: Bloomberg, Company calculations (19:00 MSK)

| Shares                     | Price**, ₽ | MCap**, \$ mln |        |
|----------------------------|------------|----------------|--------|
|                            |            | ₽ bln          | \$ mln |
| IDGC of Centre             | 0,3018     | 12,74          | 197,14 |
| IDGC of Centre & Volga Reg | 0,2841     | 32,02          | 495,38 |

Source: Central Bank of Russia, Company calculations

| Comparison with indexes           | Change  |             |
|-----------------------------------|---------|-------------|
|                                   | per day | fr 31.12.18 |
| STOXX 600 Utilities               | -0,14%  | 9,20%       |
| MOEXEU Index                      | 1,07%   | 12,53%      |
| IDGC of Centre**                  | -0,13%  | 5,52%       |
| IDGC of Centre and Volga Region** | -0,66%  | 7,21%       |

Source: Bloomberg, Company calculations

| Grid companies             | Change** |             |
|----------------------------|----------|-------------|
|                            | per day  | fr 31.12.18 |
| Rosseti, ordinary shares   | 6,45%    | 61,70%      |
| FGC UES                    | 0,09%    | 16,64%      |
| IDGC of Volga              | 0,56%    | 10,00%      |
| MOESK                      | 0,85%    | 8,33%       |
| IDGC of Northern Caucasus  | -2,97%   | 72,57%      |
| IDGC of North-West         | -0,36%   | -0,45%      |
| IDGC of Urals              | 0,12%    | -10,62%     |
| IDGC of Siberia            | 15,51%   | 139,02%     |
| IDGC of South              | 0,27%    | 35,54%      |
| Lenenergo, ordinary shares | 0,00%    | 7,94%       |
| TRK, ordinary shares       | -6,16%   | 3,90%       |
| Kubanenergo                | -2,11%   | 32,79%      |

Source: MOEX, Company calculations

\*\* - at the price of last transaction at MOEX

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**Tickers**  
Moscow Exchange (MOEX)  
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**MRKC**  
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