

DAILY MARKET REVIEW

14 March, Thursday

2019



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 13 March some moderately negative external background formed on the Russian market. On Tuesday the major US indices closed in different directions: the S&P500 and Nasdaq rose by 0.3-0.4% on expectations of easing monetary policy by the Fed, the DJIA index lost 0.4% due to the continued fall in Boeing's shares. According to the Chicago Stock Exchange, the likelihood of a decrease in the Fed's interest rate this year jumped to 24% after the publication of statistics, which recorded a slowdown in inflation in February to a minimum since September 2016. For two days Boeing's shares collapsed by 11% after Boeing-737 Max flights were banned almost worldwide (except for North America) due to the second plane crash involving these aircraft in the last several months. On Wednesday the composite stock index of the Asia-Pacific region MSCI Asia Pacific declined by 0.5% – investors fixed profits on growing uncertainty over Brexit and the US-China trade deal. The British parliament again voted against the agreement on the country's exit from the European Union, the US trade representative said that it was important for Washington to keep open the option of increasing import duties on Chinese goods. May Brent futures traded around \$67 per barrel, at the level of our closure on 12 March. The deterioration of sentiment in the stock markets was compensated by media reports that OPEC+ was discussing a proposal by Saudi Arabia to extend the deal to reduce oil production until the end of 2019, and a message from the American Petroleum Institute about more than expected reduction in the country's fuel reserves last week.

The MOEX Russia Index spent most of the trading session in a half-percentage minus after a general reduction in investors' interest in risky assets. Shares of Norilsk Nickel became the driver for the decline in our market, the drop in which at daily lows exceeded 4% on the information that Crispian Investments is selling 1.7% of Norilsk Nickel's shares with a price target of 6.5% less than Tuesday's close. World markets in the first half of the day showed close to zero changes – investors are waiting for the next stages of the British parliamentary vote on Brexit. During the voting on the possibility of the country leaving the European Union without an agreement on Wednesday, lawmakers opposed the country leaving the European Union without a deal with Brussels; today, parliamentarians will have to vote on the postponement of Brexit. The MOEX Russia Index was able to close trading in a small plus on the background of improved sentiment in the western markets. Support was also provided to investors, including, by the expectations that the UK parliament would still vote against the "tough" Brexit, and statistics from the US, where the producer price growth in February was the lowest in a year and a half. According to experts, these data, along with the statistics on inflation published on Tuesday, will be another argument in favour of the "patient" approach of the Fed to tighten monetary policy.

During the trading session the electric utilities sector index outperformed. The main contribution to the MOEXU outperformance compared to the MOEX Russia Index was made by shares of RusHydro and IDGC of South.

ELECTRIC POWER INDUSTRY NEWS

ROSSETI to invest 2 billion rubles to a digital grid test centre in St. Petersburg

ROSSETI plans to spend about 2 billion rubles on the creation of an intellectual laboratory of digital grids based on "Federal Testing Centre" (FTC, a part of ROSSETI's Group) in St. Petersburg, an official representative of ROSSETI told TASS.

Read full text: <http://www.bigpowernews.ru/news/document87321.phtml>

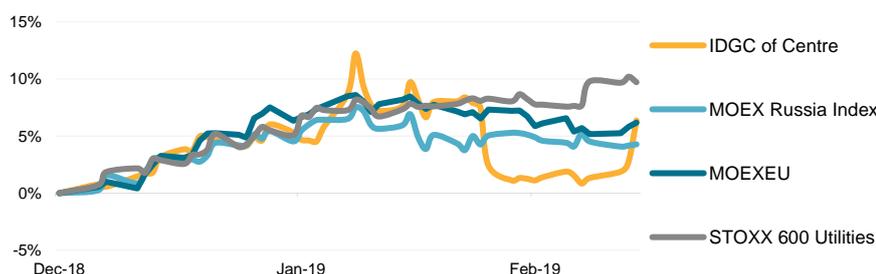
COMPANY NEWS

Igor Makovskiy: "During the flood period the electric grid complex of 20 regions of the country will be under our reliable control"

IDGC of Centre - the managing organization of IDGC of Centre and Volga Region completed preparations for the flood period. According to forecasts, its maximum intensity in the regions within the company's service area (20 constituent entities of the Russian Federation) will fall on the period until 28 April.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/67610/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 470,61	0,10%	4,27%
S&P 500	2 810,92	0,69%	12,13%
FTSE 100	7 159,19	0,11%	6,41%
DAX	11 572,41	0,42%	9,60%
DJStoxx 600	375,6	0,63%	11,24%
Nikkei	21 290,24	-0,99%	6,37%
Sensex	37 752,17	0,58%	4,67%
CSI300	3 724,19	-0,83%	23,70%
Bovespa	98 903,88	1,10%	12,53%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	65,77	-0,47%	-5,33%
EURO/RUB	74,07	-0,30%	-6,79%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 309,12	0,58%	2,08%
Brent*, USD/bbl	67,55	1,32%	25,56%

* - May futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	Change	
			per day	fr 31.12.18
IDGC of Centre	0,3042	12,84		195,27
IDGC of Centre & Volga Reg	0,2689	30,30		460,78

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-0,44%	9,71%
MOEXEU Index	0,35%	6,18%
IDGC of Centre**	3,47%	6,36%
IDGC of Centre and Volga Region**	1,66%	1,47%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-0,30%	25,16%
FGC UES	-1,09%	11,98%
IDGC of Volga	-0,10%	1,79%
MOESK	0,66%	3,64%
IDGC of Northern Caucasus	-2,15%	10,57%
IDGC of North-West	7,66%	-1,26%
IDGC of Urals	1,59%	3,90%
IDGC of Siberia	0,64%	219,90%
IDGC of South	23,53%	55,74%
Lenenergo, ordinary shares	-0,17%	8,32%
TRK, ordinary shares	1,21%	8,44%
Kubanenergo	1,67%	24,59%

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