

DAILY MARKET REVIEW

29 May, Tuesday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 28 May some moderately negative external background formed on the Russian market. On Friday the US indices DJIA and S&P500 closed with a decrease of 0.2%, which was led by shares of commodity companies following the fall in prices for oil and metals. At the same time, the activity of sellers was constrained by the growing confidence of investors that the Fed this year will limit itself to three hikes in the key interest rate. In particular, the head of the Federal Reserve Bank of Dallas said that his base scenario envisages three rate hikes by the US Fed, adding that the move to a neutral rate level, which is 2.5-2.75%, should be gradual. On Monday the composite stock index of the Asia-Pacific region MSCI Asia Pacific was in a small plus with mixed changes of the main country indices. July Brent futures traded near \$75.7 per barrel, \$0.5 lower than the closing level on Friday, 25 May. Quotes are still pressured by expectations of increased production by OPEC+ countries following the June meeting. An additional negative factor for the market was the message of the oil service company Baker Hughes about the growth in the number of operating oil production facilities in the US to a maximum in three years.

Most of the trading session the MOEX Russia Index was in a small plus within a third of a percent after the comparable rise in the index of emerging markets MSCI EM – investors' interest in emerging markets assets is restoring against the background of further decline in yields of US government bonds. The growth of the Russian market was constrained by the drop in prices for Brent crude to \$75 per barrel and moderately negative sentiment on European markets. The European Stoxx Europe 600 Index traded in a small minus mainly because of political problems in Italy, where the president did not approve the proposed composition of the coalition government. Moody's agency warned about a possible decline in the rating of Italy due to political instability: the government has not yet been formed, although negotiations have been held since March, and the country is threatened with new elections. In addition, Moody's notes a significant risk of weakening the budget indicators, taking into account the plans of the populist parties that won the elections. Activity of trading in the markets was low due to closed on Monday for the holidays exchanges of the United Kingdom and the United States.

During the trading session, the MicexPWR Index looked slightly better than the market, mainly due to shares of Unipro and Enel Russia. At the same time, the MicexPWR growth was limited to a decrease in shares of RusHydro, which at the end of the day lost 1.2%. Investors were disappointed with recommendations of the Board of Directors on dividends for 2017: 11.2 billion rubles will be allocated for payments – half as much as a year ago, the current dividend yield is about 3.6%.

ELECTRIC POWER INDUSTRY NEWS

29 May "Rosseti" Board of Directors to consider dividends for 2017 and 1Q 2018

The Board of Directors of "Rosseti" at the meeting on 29 May will consider dividends for the results of 2017 and the first quarter of 2018, it follows from the materials of the company.

Read full text: <http://www.bigpowernews.ru/news/document83138.phtml>

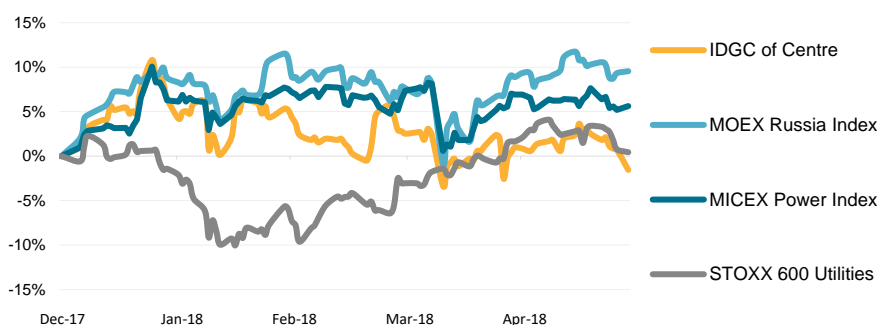
COMPANY NEWS

IDGC of Centre has published its performance results for 3 months of 2018 under IFRS, profit for the period is 1,9 bln RUB

IDGC of Centre has published its unaudited interim condensed consolidated financial statements for 3 months of 2018 in accordance with International Financial Reporting Standards (IFRS). IDGC of Centre's revenue for the reporting period is 25,4 bln RUB, including from electricity transmission – 24,7 bln RUB, from grid connections – 0,3 bln RUB, from resale of electric energy and power – 0,2 bln RUB and other revenue – 0,2 bln RUB.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/64087/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 311,28	0,20%	9,55%
S&P 500	2 721,33	0,00%	1,78%
FTSE 100	7 730,28	0,00%	0,55%
DAX	12 863,46	-0,58%	-0,42%
DJStoxx 600	389,82	-0,32%	0,16%
Nikkei	22 481,09	0,13%	-1,25%
Sensex	35 165,48	0,69%	3,26%
CSI300	3 833,26	0,44%	-4,90%
Bovespa	75 355,84	-4,49%	-1,37%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	61,67	0,42%	7,00%
EURO/RUB	72,12	0,15%	4,84%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 299,04	-0,25%	-0,29%
Brent*, USD/bbl	75,30	-1,49%	15,00%

* - July futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3505	14,80	239,96
IDGC of Centre & Volga Reg	0,3480	39,22	635,99

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-0,32%	0,44%
MICEX POWER Index	0,40%	5,63%
IDGC of Centre**	-2,23%	-1,54%
IDGC of Centre and Volga Region**	-1,28%	15,35%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	0,09%	-2,69%
FGC UES	0,64%	11,48%
IDGC of Volga	1,44%	23,67%
MOESK	-0,55%	-20,02%
IDGC of Northern Caucasus	2,48%	-13,80%
IDGC of North-West	-1,28%	4,04%
IDGC of Urals	-2,97%	1,43%
IDGC of Siberia	0,00%	-7,42%
IDGC of South	-1,40%	6,35%
Lenenergo, ordinary shares	-0,18%	18,13%
TRK, ordinary shares	0,00%	-12,94%
Kubanenergo	-0,15%	-16,07%

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