

DAILY MARKET REVIEW

29 May, Wednesday

2019



REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 28 May some neutral external background formed on the Russian market. On Monday the American market was closed due to the celebration of Memorial Day. On Tuesday the main country indices in the Asia-Pacific region MSCI added an average of about 0.5%. The Chinese CSI300 increased by a percent – on 28 May, the results of the revision of the MSCI EM index came into effect, following which the share of mainland China's companies in this index increased by more than two times to 1.8%. According to experts, this will lead to an inflow of about \$800 million of passive funds into Chinese A-class stocks. July Brent futures traded at around \$69.9 per barrel, \$0.2 above our 27 May close. The market was supported by media reports that China stopped buying Iranian oil, and continued tensions at Middle East – Saudi Arabia accused Iran of supporting the Yemeni rebels, who conducted more than 35 terrorist attacks in the Bab el-Mandeb Strait.

In the first half of the day, the MOEX Russia Index, like most global stock indicators, showed a sideways trend near zero on mixed news. Pressure on the market, in particular, was put by information from the media about the return to the agenda of the debt problems of the Eurozone. The agency Bloomberg reported that the European Commission may initiate a disciplinary procedure in respect of Italy due to the fact that the country has failed to sufficiently limit the level of public debt. In Italy, the size of public debt is equal to 132% of its GDP, which is more than twice the limit, and the European Commission believes that the rate of reduction of the debt burden is insufficient. At the same time, this negative factor was compensated by good statistics. In the Eurozone, the composite index of business and consumer confidence in the region's economy in May rose for the first time since June 2018. In the US, the consumer confidence index reached a maximum in six months in May, while the indicator of the attitude of American consumers to the current financial situation soared to the levels of December 2000. In the second half of the trading session, sellers in the Russian market sharply intensified, mainly in the first-tier companies before the results of the revision of the calculation base of the MSCI EM index came into force. After the increase in the share of Chinese Class A stocks, the inclusion in the index of shares of companies in Saudi Arabia and Argentina, Russia's weight in the MSCI EM decreased by 0.2 percentage points, to 3.6%. According to various estimates, this can lead to an outflow of up to \$300 million from Russian stocks only from passive funds.

At the end of the day, the electric utilities sector index outperformed – the main sales were concentrated in blue chips before the entry into force of changes in the MSCI indices. The main contribution to the MOEXEU growth in antiphase with the MOEX Russia Index was made by shares of ROSSETI, which were recovering after falling on Monday. The papers were supported by a statement of the company about the possibility of paying additional dividends in 2019. "ROSSETI continues to increase dividend payments, but the pace of this increase, in our opinion, does not justify the growth of the company's quotes, which we have seen recently," Sberbank analysts said.

ELECTRIC POWER INDUSTRY NEWS

Officials did not follow the participants of the electricity market

The Ministry of Energy did not follow the proposals of consumers and electricity producers, who proposed new grounds for termination of power supply contracts.

Read full text: <https://www.vedomosti.ru/business/articles/2019/05/27/802575-chinovniki-ne-poslushalis>

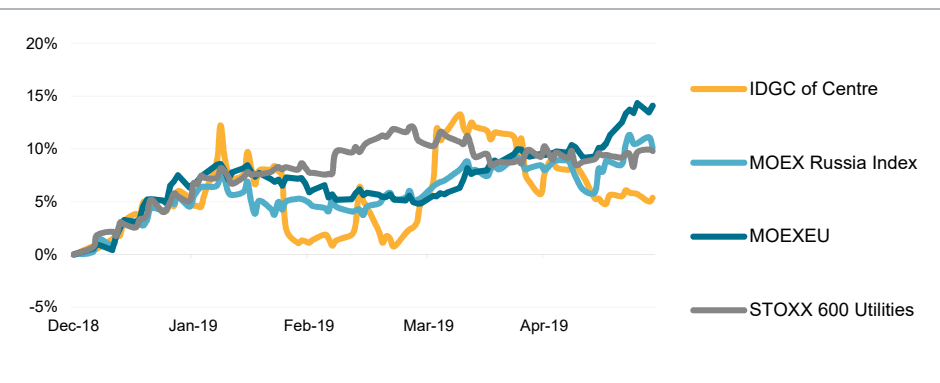
COMPANY NEWS

Governor of the Voronezh Region Alexander Gusev and General Director of IDGC of Centre - the managing organization of IDGC of Centre and Volga Region Igor Makovskiy discussed the implementation of the agreement on cooperation in the development of the electric grid complex

On 28 May, a working meeting of Governor of the Voronezh Region Alexander Gusev and General Director of IDGC of Centre - the managing organization of IDGC of Centre and Volga Region Igor Makovskiy was hosted in Moscow.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/68462/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 609,78	-0,88%	10,15%
S&P 500	2 802,39	-0,84%	11,79%
FTSE 100	7 268,95	-0,12%	8,04%
DAX	12 027,05	-0,37%	13,90%
DJStoxx 600	375,9	-0,22%	11,33%
Nikkei	21 260,14	0,37%	6,22%
Sensex	39 749,73	0,17%	10,21%
CSI300	3 672,26	0,96%	21,98%
Bovespa	96 392,76	1,61%	9,68%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	64,46	-0,23%	-7,21%
EURO/RUB	72,19	-0,18%	-9,15%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 279,33	0,47%	-0,25%
Brent*, USD/bbl	70,11	0,00%	30,32%

* - July futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3014	12,72	197,39
IDGC of Centre & Volga Reg	0,285	32,12	498,25

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-0,14%	9,81%
MOEXEU Index	0,55%	14,10%
IDGC of Centre**	0,33%	5,38%
IDGC of Centre and Volga Region**	-0,18%	7,55%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	3,66%	60,25%
FGC UES	0,17%	18,42%
IDGC of Volga	-0,56%	7,86%
MOESK	0,07%	9,17%
IDGC of Northern Caucasus	6,36%	84,00%
IDGC of North-West	4,66%	7,30%
IDGC of Urals	5,88%	-2,49%
IDGC of Siberia	-0,21%	184,29%
IDGC of South	0,35%	32,51%
Lenenergo, ordinary shares	-1,72%	7,75%
TRK, ordinary shares	0,99%	-0,65%
Kubanenergo	0,31%	30,94%

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