

DAILY MARKET REVIEW

17 May, Thursday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 16 May some moderately negative external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 fell 0.7-0.8% under the pressure of rising yield of US 10-year government bonds to a maximum of seven years at 3.05%. At the same time, writes the Financial Times, for the first time since 2008, the income from investments in short-term US government securities equaled the dividend yield of the US stock market, measured by the S&P500 index. Analysts say that the recent rally in the oil market and strong data on retail sales in the US in March-April are factors in favour of accelerating US inflation, and therefore the Fed can reconsider its plans for three interest rate hikes this year towards four ones. On Wednesday the composite stock index of the Asia-Pacific region MSCI Asia Pacific lost 0.2% due to weak Japanese statistics – the country's GDP in the first quarter declined for the first time in two years, and the situation worsening on the Korean peninsula. The DPRK, in protest against the military exercises of Washington and Seoul, unexpectedly cancelled the high-level talks with South Korea scheduled for 16 May, and threatened to abandon the summit with the US. July Brent futures traded near \$78.2 per barrel, \$0.5 below the closing level on 15 May. Departure of quotations from the highs from the end 2014 was due to a report of the American Petroleum Institute on unexpected increase in oil reserves in the country last week to impressive 4.85 million barrels.

Most of the trading session, the MOEX Russia Index, the emerging markets MSCI EM Index and the European Stoxx Europe 600 Index were in a small plus within half a percent within correction after the sale on Tuesday. Stabilization in the US debt market and a slight decline in government bond yields supported the return of investors to risky assets. The Western statistics published during the day were ambiguous and did not have a significant impact on the mood of investors. Inflation in the Eurozone in April slowed to 1.2% within the forecast. As experts note, the weakness of inflation may become an unexpected obstacle to the normalization of the monetary policy of the ECB. In the US in April, the fall in new buildings construction turned out to be worse than the forecast, while the growth of industrial production exceeded expectations of economists.

As a result of the trading session, the MicexPWR Index outperformed mainly due to an increase in shares of FGC UES and Inter RAO. Analysts believe that possible buyout of Inter RAO's own shares (5%) from RusHydro may be followed by buy back of shares (19%) from FGC UES, which will be an incentive for Inter RAO to more generously share cash flows with minority shareholders.

ELECTRIC POWER INDUSTRY NEWS

Ministry of Energy of Russia intends to stimulate import substitution in the name of security of the electric power industry

The Ministry of Energy of the Russian Federation wants to establish a 90% level of equipment localization for a large-scale program of modernization of power plants, since the equipment manufactured in Russia is more reliable, and its use reduces the sanctions risks, Deputy Energy Minister Vyacheslav Kravchenko told journalists on Tuesday, May 15, PRIME reports.

Read full text: <http://www.bigpowernews.ru/news/document82944.phtml>

COMPANY NEWS

Tambovergo is the leader in reducing power losses among IDGC of Centre's branches in 2017

IDGC of Centre - Tambovergo division according to the results of 2017 demonstrated the best indicators of reduction of power losses among the Company's branches. For the successes achieved, Tambovergo was given the status of the best branch of IDGC of Centre to reduce losses, the enterprise was awarded a cup and a certificate of honour.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/63965/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2338,39	0,06%	10,84%
S&P 500	2717,97	0,24%	1,66%
FTSE 100	7734,2	0,15%	0,60%
DAX	12996,33	0,20%	0,61%
DJStoxx 600	393,21	0,21%	1,04%
Nikkei	22717,23	-0,44%	-0,21%
Sensex	35387,88	-0,44%	3,91%
CSI300	3892,84	-0,80%	-3,42%
Bovespa	86378,49	1,47%	13,06%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	61,9164	0,24%	7,44%
EURO/RUB	73,8601	-0,11%	7,38%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1290,06	-0,04%	-1,00%
Brent*, USD/bbl	78,07	-0,46%	16,75%

* - July futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,366	15,45	249,56
IDGC of Centre & Volga Reg	0,355	40,01	646,16

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-1,34%	1,48%
MICEX POWER Index	0,72%	6,40%
IDGC of Centre**	-0,81%	2,81%
IDGC of Centre and Volga Region**	-0,14%	17,67%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-0,78%	0,50%
FGC UES	2,64%	10,46%
IDGC of Volga	-0,31%	25,18%
MOESK	-0,14%	-18,13%
IDGC of Northern Caucasus	1,56%	-15,10%
IDGC of North-West	2,46%	12,31%
IDGC of Urals	-0,44%	8,35%
IDGC of Siberia	-1,40%	-7,86%
IDGC of South	2,80%	10,54%
Tambovergo, ordinary shares	0,00%	22,71%
TRK, ordinary shares	0,00%	-10,51%
Kubanenergo	4,70%	-11,86%

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
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