

# DAILY MARKET REVIEW

20 October, Friday

2017



ROSSETI



IDGC OF CENTRE

## REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 19 October some neutral external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500, updating their historical highs, added 0.7% and 0.1%, respectively. The upswing was led by shares of the technological sector due to good reporting of companies and securities of the financial sector, which was supported, among other things, by an increase in yields on government bonds on strengthening expectations of the Fed's rate hike in December. The probability of the rate hike at the end of the year, according to Bloomberg, exceeded 80% after the head of the Federal Reserve Bank of New York expressed confidence in such a step of the Fed, and the Beige book publication, which fixed the continuation of growth in economic activity in the US. The DJIA index outperformance was mainly due to a 9% jump in IBM shares after the publication of a good quarterly report. On Thursday the main country indices of the Asia-Pacific region did not show a single trend against the backdrop of ambiguous regional statistics. The pace of the GDP growth in China in the III quarter as expected has slowed down to 6.8% y/y, the growth of retail sales and industrial production exceeded the forecast of economists, while the volume of capital investments in fixed assets slowed down more than expected. In turn, the volume of Japanese exports in September rose for the 10th month in a row, but it turned out to be weaker than forecasts. December Brent futures traded near \$58.1 per barrel, slightly above our close on 18 October. Consolidation of quotations at annual highs was promoted by Bloomberg's information that because of the tension in Iraqi Kurdistan, oil supplies from the northern provinces of Iraq via the pipeline to the Turkish port of Ceyhan fell to 240,000 barrels per day against the usual 600,000 barrels per day.

On Thursday the Russian market was dominated by sellers, at daily lows, the fall of the MICEX Index exceeded a percent. The market was pressured by a drop in oil prices to around \$57.1 per barrel and worsening sentiment on the western markets, triggered mainly by geopolitical factors. Firstly, the Spanish government announced the convening of an emergency meeting of the Council of Ministers this Saturday to apply Article 155 of the Constitution, which could strip the authorities of Catalonia of their powers. Secondly, the DPRK threatened with a blow to the forces of the US and South Korea involved in joint naval exercises. Thirdly, investors have not yet seen any specifics in the statements on economic policy at the congress of the Communist Party of China, which these days is being held in Beijing. The MICEX Index closed at daily lows, despite the reduction in losses of the western indices after the publication of strong statistics from the US – the number of applications for unemployment benefits fell to the lowest level since March 1973, data on business activity in Philadelphia in October were better than the expectations.

During the trading session the MicexPWR Sector Index looked significantly worse than the market. The main contribution to the MicexPWR underperformance in comparison with the MICEX Index was made by shares of RusHydro, FGC UES and Rosseti.

## ELECTRIC POWER INDUSTRY NEWS

### Ministry of Energy of the Russian Federation does not support the proposal of Rosseti on refusal to pay dividends

The Ministry of Energy of the Russian Federation does not support the proposal of Rosseti on refusal to pay dividends, their amount should be in line with the company's financial situation, said Deputy Minister of Energy Vyacheslav Kravchenko to RIA Novosti.

Read full text: <http://www.bigpowernews.ru/news/document80188.phtml>

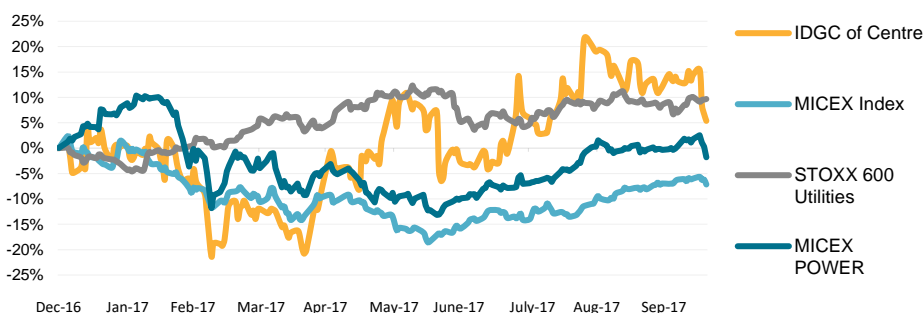
## COMPANY NEWS

### IDGC of Centre performed 26 thousand grid connection contracts for eight months

IDGC of Centre summarized the work on connection to electric grids for eight months of 2017. In January-August, the company's specialists performed 26 thousand grid connection contracts. The total connected capacity under the executed contracts was 535 MW.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/62158/>

## DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	2 072,73	-1,03%	-7,17%
S&P 500	2 562,10	0,03%	14,44%
FTSE 100	7 523,04	-0,26%	5,32%
DAX	12 990,10	-0,41%	13,14%
DJStoxx 600	389,11	-0,63%	7,66%
STOXX Utilities	303,56	0,10%	9,68%
Nikkei	21 448,52	0,40%	12,21%
Sensex	32 389,96	-0,60%	21,65%
CSI300	3 931,25	-0,33%	18,77%
Bovespa	76 283,16	-0,40%	26,66%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,18	0,41%	12,53%
USD/RUB	57,27	-0,12%	-5,58%
Euro/RUB	67,36	-0,15%	5,56%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 290,13	0,71%	12,43%
Brent*, USD/bbl	57,23	-1,58%	-2,55%

\* - December futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,4710
Capitalisation**, billion RUB	19,88
Capitalisation**, million USD	347,20

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	-2,07%	-1,78%
Shares of IDGC of Centre**	-1,26%	5,37%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	-4,26%	-15,46%
FGC UES	-2,14%	-17,99%
IDGC of Volga	-1,86%	92,77%
MOESK	-0,70%	-4,57%
IDGC of Northern Caucasus	-3,57%	-14,29%
IDGC of Centre and Volga Reg	-4,89%	105,00%
IDGC of North-West	-3,39%	3,64%
IDGC of Urals	-1,63%	9,73%
IDGC of Siberia	-4,39%	40,50%
IDGC of South	-3,76%	-21,95%
Lenenergo, ordinary shares	-0,85%	-5,00%
TRK, ordinary shares	0,00%	-15,97%
Kubanenergo	-3,66%	-9,20%

Source: MOEX, Company calculations

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

### IDGC of Centre, PJSC

127018, Moscow, 2nd Yamskaya, 4

+7 (495) 747 92 92

<http://mrsk-1.com/en/investors/>

### IR Division

+7 (495) 747 92 92, ext. 33-34

[ir@mrsk-1.ru](mailto:ir@mrsk-1.ru)

### Tickers

Moscow Exchange (MOEX)

Bloomberg

Reuters

**MRKC**

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