

# DAILY MARKET REVIEW

28 February, Wednesday

2018



ROSSETI



IDGC OF CENTRE

## REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 27 February some moderately positive external background formed on the Russian market. On Monday the US indices DJIA and S&P500 added 1.2-1.6%, on Tuesday the growth of the composite index of the Asia-Pacific region MSCI Asia Pacific was about 0.5%. The markets continue to recover on easing fears of a more aggressive than expected tightening of the monetary policy by the Fed and stabilization of the situation on the debt market. Investors, including, were supported by the statement of the head of the Federal Reserve Bank of Saint Louis, that the policy of the Fed will remain stimulating, even despite the rise in the key rate, whose number of hikes in 2018 will depend on incoming statistics. Negative exception in the Asian session was the Chinese CSI300, which lost 1.5%. The reason for active sales after six days of growth, according to some media, could be news about the resignation of the head of the Central Bank of China and the proposed amendments to the constitution that will allow the current chairman of China to remain in his post and after 2023 (currently the highest public office in China can be held for no more than two 5-year terms). April Brent futures traded near \$67.5 per barrel, \$0.3 higher than the closing level on 26 February. Experts mainly attributed the rise of oil quotations to the weakening of the dollar in the world foreign exchange market.

On Tuesday the Russian market recorded profit after the update of the MOEX Russia Index to a historic high on Monday – a decline in indices throughout the day on average was about half a percent. The reasons for the correction were moderately negative sentiments on Western markets and fears of introducing new anti-Russian sanctions – the head of the US Treasury announced that new sanctions will be announced within 30 days. The European Stoxx Europe 600 Index and futures for US indices in the middle of the day lost on average about a third of a percent in anticipation of a speech of the new head of the Federal Reserve in the House of Representatives of Congress. As the experts note, the market will closely monitor statements of J. Powell after the publication of the minutes of the last meeting of the Fed, during which the governors of the Federal Reserve admitted the possibility of accelerating rates of interest hikes. The statistics published during the day were of an ambiguous nature and had no significant effect on the course of trading. In the US orders for durable goods in January fell more than expected, while the decline continued for two consecutive months, which was not observed since the spring of 2016. At the same time, in February the US consumer confidence index peaked in 17 years, the consolidated index of business and consumer confidence in the Eurozone's economy fell less than expected.

As a result of the trading session the MicexPWR Sector Index outperformed mainly due to growth of Lenenergo's shares, which continue to play back strong RAS financials for 2017.

## ELECTRIC POWER INDUSTRY NEWS

**"Market Council": "In 2021-2035, 3.225 trillion rubles are to be released at the Wholesale Electric Energy Market, generators have applied for 7.2 trillion"**

Read full text: <http://peretok.ru/news/strategy/17662/>

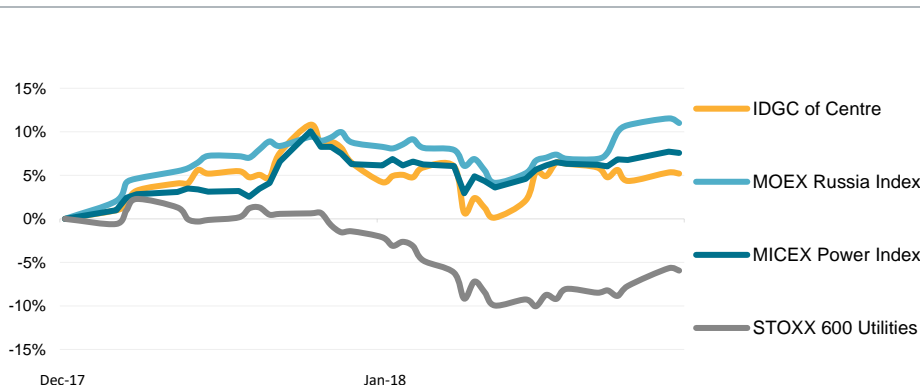
## COMPANY NEWS

**IDGC of Centre has published its financial statements for 2017 under RAS, EBITDA increased by 14,8%**

According to the prepared in accordance with Russian Accounting Standards statements for 2017, IDGC of Centre's revenue amounted to 91,1 bln RUB, including from electric energy transmission – 87,6 bln RUB, from grid connection – 1,6 bln RUB, from sale of electric energy – 0,6 bln RUB and other revenue – 1,3 bln RUB. Sales profit amounted to 9,8 bln RUB. Earnings before interest, taxes, depreciation and amortization (EBITDA2) reached 19,4 bln RUB, while its margin increased to 21,3%. Compared with the result of a year ago net profit increased by 5,3% to 2,0 bln RUB.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/63268/>

## DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 341,89	-0,48%	11,00%
S&P 500	2 744,28	-1,27%	2,64%
FTSE 100	7 282,45	-0,10%	-5,27%
DAX	12 490,73	-0,29%	-3,30%
DJStoxx 600	382,36	-0,18%	-1,75%
Nikkei	22 389,86	1,07%	-1,65%
Sensex	34 346,39	-0,29%	0,85%
CSI300	4 058,98	-1,44%	0,70%
Bovespa	86 935,44	-0,82%	13,79%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	55,92	-1,48%	-2,96%
EURO/RUB	68,92	-1,02%	0,20%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 318,36	-1,15%	1,19%
Brent*, USD/bbl	66,63	-1,29%	0,29%

\* - April futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3745	15,81	282,73
IDGC of Centre & Volga Reg	0,3441	38,78	693,47

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-0,29%	-5,94%
MICEX POWER Index	-0,14%	7,58%
IDGC of Centre**	-0,13%	5,20%
IDGC of Centre and Volga Region**	-0,86%	14,05%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-2,98%	3,24%
FGC UES	0,48%	8,95%
IDGC of Volga	-0,38%	14,61%
MOESK	-0,25%	-10,23%
IDGC of Northern Caucasus	-3,27%	-7,55%
IDGC of North-West	-0,39%	-2,50%
IDGC of Urals	0,00%	15,51%
IDGC of Siberia	-1,52%	13,10%
IDGC of South	-1,37%	-3,68%
Lenenergo, ordinary shares	5,68%	18,23%
TRK, ordinary shares	-0,54%	-0,81%
Kubanenergo	0,67%	-4,08%

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