

DAILY MARKET REVIEW

21 June, Thursday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 20 June some neutral external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 closed with a decrease of 0.4-1.1% on fears of transformation of trade contradictions between the US and China into a full-scale trade war after statements of Donald Trump about the readiness to impose 10% duties on imported Chinese goods for an additional \$200 billion. According to The Wall Street Journal, this will be the third round of trade confrontation between the two countries and will bring the total export volume, which is subject to additional duties, to \$450 billion. China has already said that it will take a mirror step towards imported US goods, if the US introduces new duties on Chinese goods worth \$200 billion. On Wednesday the composite index of the Asia-Pacific region MSCI Asia Pacific added 0.6%, futures for US indices were in a small plus. The correction of markets was mainly facilitated by the absence of a new negative factor on trade disputes between the US and China. August Brent futures traded near \$75.5 per barrel, \$0.5 higher than the closing level on 19 June. Brent quotations are still supported by expectations that the possible increase in the OPEC+ oil production following the June 22-23 meeting will be substantially less than 1.5 million barrels per day offered by Russia and Saudi Arabia. An additional positive factor for the oil market was a report of the American Petroleum Institute on reduction of oil reserves in the US last week by 3 million barrels.

On Wednesday the Russian and European markets recovered from active sales of the last few days: in the middle of the day the MOEX Russia Index rose above 1.5%, the European Stoxx Europe 600 Index added about a percent. The MOEX Russia Index closed near the daily highs, ignoring the weakening growth in Europe after an uncertain start of a trading session in the US and an increase in the volatility of oil quotes after the publication of mixed statistics of the US Department of Energy. Last week, US oil inventories fell two times as much as expected, while oil production remained at its historic high, while gasoline and distillate inventories rose significantly despite expectations that they were declining.

During the trading session the MicexPWR Sector Index underperformed – the recovery of Russian investors' interest in risk was mainly played out in the first-tier shares. The main contribution to the MicexPWR underperformance in comparison with the MOEX Russia Index was made by shares of OGC-2, RusHydro and Unipro.

ELECTRIC POWER INDUSTRY NEWS

The State Duma adopted in the second reading a draft on the regulation of connection of power systems

The State Duma adopted in the second reading a draft law on the specifics of regulating relations when one power system is connected to another.

Read full text: <http://www.bigpowernews.ru/markets/document83420.phtml>

COMPANY NEWS

Voronezhenergo increases the level of automation of distribution grids

IDGC of Centre - Voronezhenergo division, as part of the investment program implementation, works to increase the automation and observability of 10 kV distribution grids. It assumes, in particular, installation of new high-tech devices - reclosers, controlled disconnectors with a motor drive and fault locators, which record short-circuit current and earth fault current in overhead power lines. This will allow to isolate faulty sections and not to disconnect the whole line.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/64393/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 256,27	1,57%	6,95%
S&P 500	2 767,32	0,17%	3,50%
FTSE 100	7 627,40	0,31%	-0,79%
DAX	12 695,16	0,14%	-1,72%
DJStoxx 600	384,29	0,28%	-1,26%
Nikkei	22 555,43	1,24%	-0,92%
Sensex	35 547,33	0,74%	4,38%
CSI300	3 635,44	0,40%	-9,81%
Bovespa	72 123,41	1,02%	-5,60%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	64,07	0,92%	11,17%
EURO/RUB	74,18	0,96%	7,85%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 267,86	-0,53%	-2,68%
Brent*, USD/bbl	74,74	-0,45%	14,77%

* - August futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3375	14,25	222,40
IDGC of Centre & Volga Reg	0,2975	33,53	523,31

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	0,18%	-0,07%
MICEX POWER Index	0,31%	2,16%
IDGC of Centre**	0,75%	-5,20%
IDGC of Centre and Volga Region**	3,12%	-1,39%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-0,10%	-2,46%
FGC UES	0,44%	12,50%
IDGC of Volga	1,53%	10,08%
MOESK	0,00%	-23,92%
IDGC of Northern Caucasus	-1,23%	-16,67%
IDGC of North-West	-0,35%	8,85%
IDGC of Urals	1,65%	-11,69%
IDGC of Siberia	-0,97%	-10,48%
IDGC of South	0,88%	-3,68%
Lenenergo, ordinary shares	-1,85%	16,35%
TRK, ordinary shares	-0,60%	-11,32%
Kubanenergo	1,55%	-24,87%

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