

# DAILY MARKET REVIEW

5 December, Wednesday

2018



ROSSETI



IDGC OF CENTRE

## REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 4 December some neutral external background formed on the Russian market. The US indices DJIA and S&P500, which added more than 1.5% during the day, closed Monday with an increase of 1.1%. On Tuesday the composite index of the Asia-Pacific region MSCI Asia Pacific lost 0.9%, futures for US indices fell 0.6%. The deterioration of sentiment in the markets, according to experts, is due to investors' skepticism regarding the prospects for a trade agreement between the US and China. First of all, Donald Trump appointed the United States Trade Representative Robert Lighthizer, who is taking a tough stance towards the PRC, to be in charge of the negotiations with China. Secondly, analysts point to the absence of specific commitments from China in terms of increasing purchases of American products. Thirdly, Beijing has not confirmed Donald Trump's statement about the readiness of the PRC to reduce tariffs on car imports. Considering that neither side is ready to make serious concessions, experts believe that difficult negotiations are coming and the likelihood of concluding a new trade agreement is very small. February Brent futures traded around \$62.4 per barrel, \$1.0 above our 3 December close. According to the Goldman Sachs forecast, Brent quotes could rise above \$65 per barrel if OPEC+ countries announce production cuts this week. According to experts, OPEC and Russia will have to reduce production by 1.3 million barrels per day to put an end to the growth of stocks of raw materials above the seasonal trend and return them to the average level in five years.

The MOEX Russia Index spent most of Tuesday in a small minus, on average, within a third of a percent following the correction at world markets after the rally on Monday. The euphoria in the markets, the media notes, was replaced by the realization that the truce concluded between the US and China is just a delay, not a resolution of the trade conflict. In the afternoon the European Stoxx Europe 600 Index lost more than 0.5% led by automakers' stocks. According to German media reports, top managers of leading German automakers on Tuesday were to visit the American White House to discuss trade relations and the impact of potential US duties on their business. The MOEX Russia Index was able to close in a small plus, despite a half-percentage decline in the American market at the start of trading. Our market was supported by the stability of Brent quotes above \$62 per barrel on media information that OPEC+ countries are working on a deal to reduce oil production by at least 1.3 million barrels per day.

During the trading session the MicexPWR Sector Index outperformed. The main contribution to the MicexPWR outperformance in comparison with the MOEX Russia Index was made by shares of FGC UES and RusHydro. From the news of the grid sector, we can, firstly, note the message from the PRIME agency that ROSSETI is planning to present a new dividend policy in the first quarter. As the PRIME reminds, at a meeting with investors, the management noted that it should be more transparent and understandable for investors with reference to the dividend flow that ROSSETI receives from subsidiaries and affiliates. Secondly, the head of ROSSETI said that in the future the company is considering the possibility of an additional issue of shares to attract new investors and increase the liquidity of shares. The fact that the ROSSETI is ready for the arrival of investors, provided that the state control is maintained, Interfax recalled, Pavel Livinsky said in an interview with the agency in early October.

## ELECTRIC POWER INDUSTRY NEWS

**Mr. Medvedev supported projects that limit the growth of tariffs in the electricity sector and utilities**

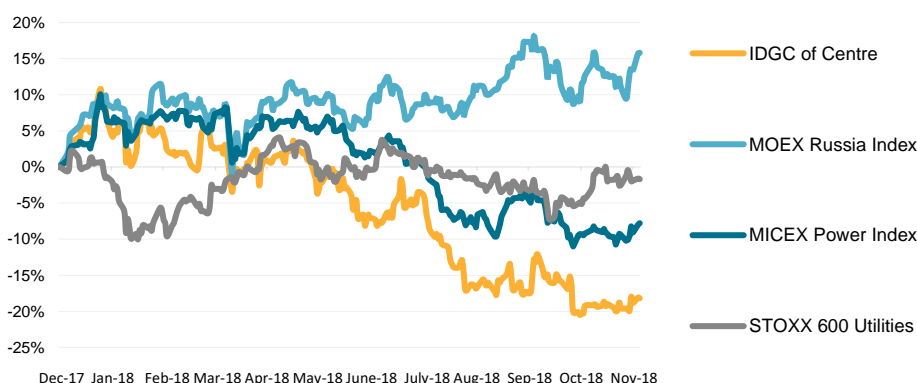
Read full text: <http://www.bigpowernews.ru/markets/document85726.phtml>

## COMPANY NEWS

**Igor Makovskiy: "Cooperation with the Skolkovo Foundation is useful and promising. We will develop it"**

Read full text: <https://www.mrsk-1.ru/press-center/news/company/66681/>

## DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 443,38	0,09%	15,81%
S&P 500	2 700,06	-3,24%	0,99%
FTSE 100	7 022,76	-0,56%	-8,65%
DAX	11 335,32	-1,14%	-12,25%
DJStoxx 600	358,43	-0,76%	-7,90%
Nikkei	22 036,05	-2,39%	-3,20%
Sensex	36 134,31	-0,29%	6,10%
CSI300	3 267,71	0,21%	-18,93%
Bovespa	88 624,45	-1,33%	16,00%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	66,29	-0,36%	15,03%
EURO/RUB	75,39	-0,48%	9,60%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 238,54	0,64%	-4,93%
Brent*, USD/bbl	62,08	0,63%	-7,16%

\* - February futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	Change	
			per day	fr 31.12.17
IDGC of Centre	0,2912	12,29	185,45	
IDGC of Centre & Volga Reg	0,2762	31,13	469,55	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-0,09%	-1,70%
MICEX POWER Index	0,19%	-7,78%
IDGC of Centre**	-0,14%	-18,20%
IDGC of Centre and Volga Region**	-0,32%	-8,45%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-1,92%	-9,76%
FGC UES	1,67%	-1,55%
IDGC of Volga	0,05%	-1,46%
MOESK	-0,07%	-24,30%
IDGC of Northern Caucasus	-1,79%	-25,52%
IDGC of North-West	-1,79%	5,77%
IDGC of Urals	-0,47%	-18,47%
IDGC of Siberia	-1,75%	-11,70%
IDGC of South	-1,16%	-0,67%
Lenenergo, ordinary shares	-0,70%	18,75%
TRK, ordinary shares	-2,35%	-10,51%
Kubanenergo	0,00%	-30,87%

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**