

# DAILY MARKET REVIEW

24 May, Thursday

2018



ROSSETI



IDGC OF CENTRE

## REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 23 May some negative external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 fell 0.3-0.7%, on Wednesday the composite stock index of the Asia-Pacific region MSCI Asia Pacific lost 0.4%. The markets were pressured by fears of investors about the US policy towards China and the DPRK, as well as lower prices for raw materials. So, on 22 May, the US president said that he was dissatisfied with the last stage of negotiations with China. In addition, Donald Trump said that his meeting with the leader of the DPRK may not take place on 12 June, but may be postponed to a later date. The increased uncertainty in the markets led to the flight of investors from risky to defensive assets – the prices for gold, yen and bonds of developed countries increased. July Brent futures traded near \$79.1 per barrel, \$1.3 lower than the closing level on 22 May. The retreat of quotations from the maximum for three and a half years were promoted by the information of the media referring to sources in the OPEC+ committee that the oil-producing countries are considering the possibility of increasing oil production to compensate for the potential reduction in supply from Iran and Venezuela.

On Wednesday the Russian market was dominated by sellers within the global decline in investors' interest in the stock market amid growing geopolitical and foreign trade risks associated with the US foreign policy. In the middle of the day the MOEX Russia Index, the European Stoxx Europe 600 Index and the emerging markets index MSCI EM lost about 1%, the US indices – 0.5%. An additional negative factor for traders was weak western statistics – the consolidated index of business activity in May rose at a minimum pace for a year and a half against the backdrop of a slowdown in the growth of new orders and employment, in the US sales of new buildings in April were worse than expected. At the end of the day, the decline in the MOEX Russia Index accelerated after the drop in Brent oil prices to \$78.4 per barrel on data from the US Department of Energy, which recorded a significant increase in oil and gasoline reserves in the country, contrary to the forecast.

As a result of the trading session, changes of the MicexPWR Sector Index on the whole corresponded to the market. The main contribution to the final MicexPWR decline was made by shares of Unipro, Inter RAO and Rosseti. Pressure on the quotes of Rosseti could be provided by resumption of analytical coverage by analysts of VTB Capital with the recommendation "Sell" and the target prices of 0.08 rubles for ordinary shares and 1.42 rubles for preference. From the current news of the sector, it is also possible to note the message of the S&P agency about the confirmation of the FGC UES's rating at the investment level "BBB-", with the "stable" outlook.

## ELECTRIC POWER INDUSTRY NEWS

### In 2017 "Rosseti" increased the volume of purchases for small and medium businesses by almost 60%

This was announced by Yury Zafesov, Director of Purchasing Department of PJSC Rosseti, during the zero day of the St. Petersburg International Economic Forum (SPIEF-2018) at the session "Technological Breakthrough: the Role of Small and Medium Innovative Companies in the Russian Economy".

Read full text: [http://www.rosseti.ru/press/news/index.php?ELEMENT\\_ID=33109](http://www.rosseti.ru/press/news/index.php?ELEMENT_ID=33109)

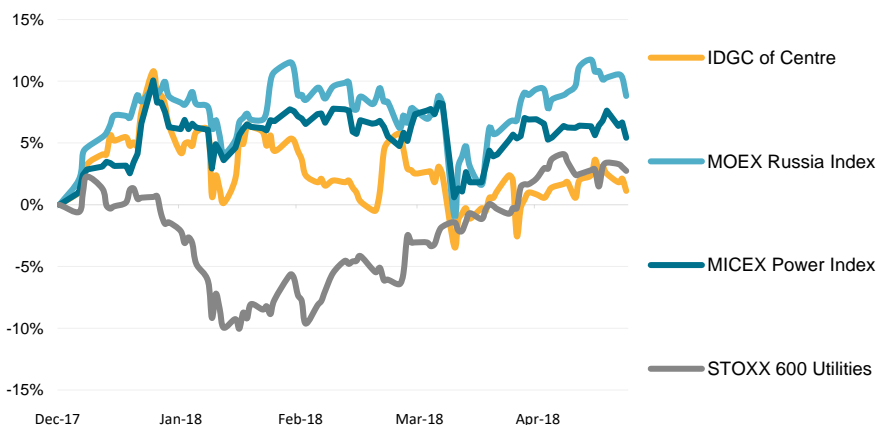
## COMPANY NEWS

### IDGC of Centre in the first quarter saved more than 8.5 million kilowatt-hours of electricity

IDGC of Centre summed up the implementation of the Energy Saving and Energy Efficiency Program for the first quarter of 2018. The total effect from its implementation was more than 8.5 million kWh.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/64051/>

## DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 295,57	-1,35%	8,81%
S&P 500	2 733,29	0,32%	2,23%
FTSE 100	7 788,44	-1,13%	1,31%
DAX	12 976,84	-1,47%	0,46%
DJStoxx 600	392,58	-1,10%	0,87%
Nikkei	22 689,74	-1,18%	-0,33%
Sensex	34 344,91	-0,88%	0,85%
CSI300	3 854,58	-1,32%	-4,37%
Bovespa	80 867,29	-2,26%	5,84%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	61,26	-2,03%	6,30%
EURO/RUB	72,24	-1,49%	5,02%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 293,41	0,18%	-0,72%
Brent*, USD/bbl	79,80	0,29%	21,87%

\* - July futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3600	15,20	248,09
IDGC of Centre & Volga Reg	0,3500	39,44	643,87

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-0,29%	2,74%
MICEX POWER Index	-1,18%	5,42%
IDGC of Centre**	-0,96%	1,12%
IDGC of Centre and Volga Region**	0,00%	16,01%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-2,91%	-2,49%
FGC UES	-0,22%	11,69%
IDGC of Volga	-0,91%	22,16%
MOESK	-0,82%	-19,24%
IDGC of Northern Caucasus	0,00%	-14,32%
IDGC of North-West	1,63%	7,88%
IDGC of Urals	0,23%	5,97%
IDGC of Siberia	-1,37%	-5,68%
IDGC of South	0,46%	9,87%
Lenenergo, ordinary shares	-2,99%	18,33%
TRK, ordinary shares	0,62%	-12,94%
Kubanenergo	-0,59%	-14,67%

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**