

DAILY MARKET REVIEW

9 February, Friday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 8 February some moderately negative external background formed on the Russian market. The US indices DJIA and S&P500, which started the trading session with more than a percentage growth, closed it with a decline of 0.1-0.5%. According to MarketWatch, the market decrease near the end of the trading session occurred against the backdrop of a jump in US Treasury yields on information about an increase in budget spending of \$300 billion over the next two years. Such an agreement was reached by the leaders of the US Senate in seeking solutions to restore normal government funding. On Thursday the composite index of the Asia-Pacific region MSCI Asia Pacific added about a third of a percent, including on good statistics of the PRC on foreign trade – the growth of Chinese exports and imports accelerated in January and exceeded the forecasts of economists. April Brent futures traded near \$65.4 per barrel, \$1 lower than the closing level on 7 February. Oil quotations were pressured by the US Department of Energy's report on increasing oil production to a new record for weekly data – 10.25 million barrels per day.

On Thursday the Russian market was under pressure from negative changes of European markets and a decline in oil prices – the MOEX Russia Index spent most of the day in more than half a percent minus. The European Stoxx Europe 600 Index in the second half lost about a percent, playing back the decline in the US market and the growth of yields of government bonds of the Eurozone. An additional negative factor for European investors was the tightening of the rhetoric of the Central Bank of England. While keeping the interest rate at 0.5% at the meeting, the regulator said in a press release that it sees the need for an earlier and faster increase in the interest rate than it was expected in November, as inflation in the UK in the near future will remain above the target 2% per annum. In turn, Brent quotes dropped to \$64.7 per barrel on fears of accelerating production growth in the US, which could destroy OPEC+ efforts to restore balance in the market. In particular, analysts at Citigroup predict that oil production in the US could exceed the level of 11 million barrels per day by the end of the summer of this year. At the end of the day the decline in the MOEX Russia Index accelerated after the beginning of the trading session in the US with more than a percentage drop in major indices.

As a result of the trading session the MicexPWR Sector Index outperformed, the main sales in the Russian market were concentrated in the first-tier shares. From the news of power grid companies, we can note the report of S&P, which confirmed ratings of Rosseti and FGC UES at "BB +" (one step below investment grade) with "positive" outlook and raised ratings of IDGC of Centre and MOESK to "BB" with "stable" outlook. "The affirmation of the ratings of Rosseti and FGC UES is based on strong fundamental indicators of the companies. Also, the confirmation reflects the stability of their business," S&P said in a statement. In turn, the upgrade of the ratings of IDGC of Centre and MOESK reflects the expectations of the agency's experts that the companies will receive timely support, if necessary, from the parent company Rosseti, taking into account their moderately important strategic status in the holding. In general, according to the press release, Rosseti has strengthened coordination and mutual support mechanisms among the companies of the group.

ELECTRIC POWER INDUSTRY NEWS

The Cabinet of the Russian Federation to discuss the project of toughening of responsibility for theft of energy resources.

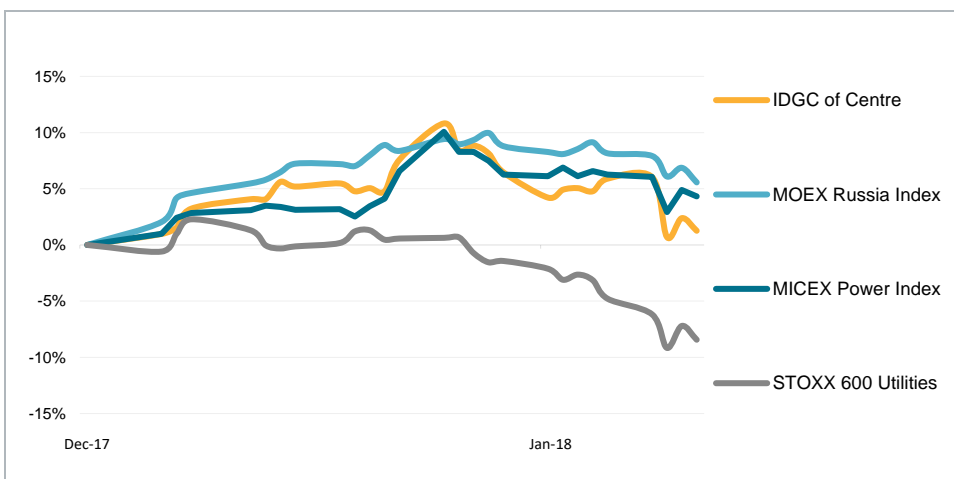
Read full text: <http://www.bigpowernews.ru/markets/document81656.phtml>

COMPANY NEWS

IDGC of Centre in the Tambov region provided power supply for a new large agricultural facility

Read full text: <https://www.mrsk-1.ru/press-center/news/company/63084/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 227,24	-1,22%	5,57%
S&P 500	2 581,00	-3,75%	-3,46%
FTSE 100	7 170,69	-1,49%	-6,73%
DAX	12 260,29	-2,62%	-5,09%
DJStoxx 600	374,03	-1,60%	-3,89%
Nikkei	21 890,86	1,13%	-3,84%
Sensex	34 413,16	0,97%	1,05%
CSI300	4 012,05	-0,95%	-0,47%
Bovespa	81 532,53	-1,49%	6,72%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	56,95	-0,47%	-1,17%
EURO/RUB	70,53	-0,56%	2,54%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 318,76	0,03%	1,23%
Brent*, USD/bbl	64,81	-1,07%	-2,45%

* - April futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3605	15,22	267,23
IDGC of Centre & Volga Reg	0,3147	35,47	622,72

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-1,33%	-8,43%
MICEX POWER Index	-0,54%	4,33%
IDGC of Centre**	-1,10%	1,26%
IDGC of Centre and Volga Region**	0,22%	4,31%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-1,70%	8,58%
FGC UES	0,09%	4,84%
IDGC of Volga	-0,09%	4,38%
MOESK	0,00%	-8,79%
IDGC of Northern Caucasus	0,29%	-9,64%
IDGC of North-West	-1,16%	-1,73%
IDGC of Urals	-0,22%	9,31%
IDGC of Siberia	-0,78%	10,92%
IDGC of South	-0,78%	5,85%
Lenenergo, ordinary shares	-0,39%	6,25%
TRK, ordinary shares	0,00%	0,27%
Kubanenergo	0,82%	-6,12%

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