

# DAILY MARKET REVIEW

8 May, Wednesday

2019



ROSSETI



IDGC OF CENTRE

## REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 7 May some neutral external background formed on the Russian market. Major US indices closed trading on Monday with a decline of 0.3-0.5% due to Donald Trump's statements about a possible increase in duties on Chinese imports, which threatened the course of trade negotiations between Washington and Beijing. Already after the closure of the US stock exchanges, US Trade Representative Robert Lighthizer confirmed that American duties on Chinese goods worth \$200 billion will be raised on Friday, 10 May, from 00:01 Washington time (07:01 Moscow time). He noted that the increase in the duties was caused by China's attempts to revise a practically ready trade agreement. In turn, the head of the US Treasury Department reported that negotiations with China were completed by 90%, but in recent days there has been a "significant retreat" in them. On Tuesday the composite index of the Asia-Pacific region MSCI Asia Pacific added 0.3%. Positive background for the markets was the official confirmation of the participation of Vice-Premier Liu He in the next round of trade negotiations in Washington. According to experts, this step demonstrates the readiness of the Chinese side to compromise in order to prevent the introduction of the duties. July Brent futures traded around \$71.2 per barrel, \$0.2 above our 6 May close. Oil prices continue to be supported by the risks of a shortage of global supplies due to the US sanctions pressure on Iran and Venezuela.

Global stock markets remain under pressure from fears of disrupting a USA-China trade deal. In the second half of the trading session, the rate of decline of the MOEX Russia Index exceeded 0.5%, the European Stoxx Europe 600 Index and futures for the S&P500 lost more than a percent. However, experts say, the markets are not yet inclined to dramatize the situation too much, believing that the tough statements of the US president were intended only to speed up the negotiation process. In particular, Goldman Sachs believes that the probability of introducing new tariffs on Chinese imports in the near future is only 10%. According to analysts, the formal settlement of this issue will take several months, during which the parties will still be able to reach a compromise on the most acute problems. The MOEX Russia Index was able to close the trading session with a decline of 0.6%, despite the accelerated pace of decrease of the major American and European indices up to 1.5%. The activity of sellers in our market, including, was limited by the stability of Brent quotes above \$70 per barrel.

During the trading session, the electric utilities sector index outperformed. The main contribution to the final MOEXEU growth in antiphase with the MOEX Russia Index was made by shares of Gazprom's generation companies and shares of ROSSETI.

## ELECTRIC POWER INDUSTRY NEWS

### Access to readings

Access to data on electricity consumption in the system of intellectual (or "smart") metering, which is expected to work in Russia in 2021, needs to be opened for third parties - various independent institutions, so that they carry out a deep analysis of the state of grids and resource consumption. The Analytical Centre (AC) under the Russian Government is sure of the need to expand access. Lawyers believe that it is not difficult to implement this, as well as to protect the data themselves. Market participants propose making the Ministry of Energy the main collection point for information.

Read full text: <https://rg.ru/2019/05/07/dostup-k-umnym-priboram-ucheta-predlagaiut-rasshirit.html>

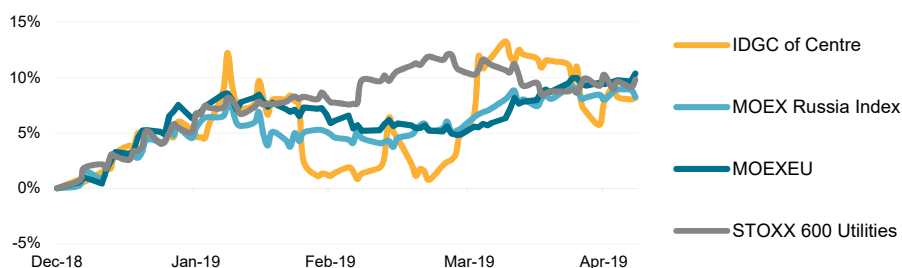
## COMPANY NEWS

### General Director of IDGC of Centre - the managing organization of IDGC of Centre and Volga Region Igor Makovskiy discussed priorities with the team of the branch "Voronezhenergo"

General Director of IDGC of Centre - the managing organization of IDGC of Centre and Volga Region Igor Makovskiy, during his working visit to the Voronezh region, met with staff of the branch "Voronezhenergo". At the meeting with employees, Igor Makovskiy gave an assessment of production activities of Voronezhenergo in 2018 and the first quarter of 2019. The head of the company, in particular, noted that, according to the results of the past quarter, the branch ranked fifth among the 20 branches of the Company in terms of key indicators.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/68285/>

## DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 565,10	-0,57%	8,26%
S&P 500	2 884,05	-1,65%	15,05%
FTSE 100	7 260,47	-1,63%	7,91%
DAX	12 092,74	-1,58%	14,53%
DJStoxx 600	381,64	-1,37%	13,03%
Nikkei	21 923,72	-1,51%	9,54%
Sensex	38 276,63	-0,84%	6,12%
CSI300	3 720,67	0,98%	23,58%
Bovespa	94 388,73	-0,65%	7,40%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	65,34	1,09%	-5,95%
EURO/RUB	73,11	1,11%	-7,99%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 284,43	0,26%	0,15%
Brent*, USD/bbl	69,88	-1,91%	29,89%

\* - July futures

Source: Bloomberg, Company calculations

Shares	Price**, P	MCap**, P bln	MCap**, \$ mln	
			per day	fr 31.12.18
IDGC of Centre	0,3094	13,06	199,93	
IDGC of Centre & Volga Reg	0,2852	32,14	491,95	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,61%	9,81%
MOEXEU Index	0,67%	10,38%
IDGC of Centre**	0,13%	8,18%
IDGC of Centre and Volga Region**	0,11%	7,62%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	1,31%	41,10%
FGC UES	0,30%	12,56%
IDGC of Volga	-0,05%	7,70%
MOESK	0,07%	6,82%
IDGC of Northern Caucasus	4,78%	78,43%
IDGC of North-West	1,16%	2,25%
IDGC of Urals	0,00%	-4,55%
IDGC of Siberia	5,39%	119,22%
IDGC of South	4,09%	33,33%
Lenenergo, ordinary shares	-1,56%	7,56%
TRK, ordinary shares	0,00%	9,74%
Kubanenergo	-0,87%	39,75%

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