

DAILY MARKET REVIEW

26 June, Wednesday



2019

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 25 June some moderately negative external background formed on the Russian market. On Monday the major US indices closed with multidirectional changes within 0.3% – investors preferred to take a wait in anticipation of a meeting between the leaders of the US and China at the end of the week in Japan. Markets are hoping to receive from the upcoming meeting signals of a “truce” in the trade conflict, writes MarketWatch. Otherwise, experts warn, risky assets may be under pressure from sales. In particular, according to UBS, increased tensions between the US and China may lead to a fall in the global stock market by 20% by the middle of next year. On Tuesday the composite index of the Asia-Pacific region MSCI Asia Pacific lost 0.3% after a percentage decline in the Chinese CSI300. In China, the leaders of the fall were shares of banks on the information of The Washington Post about the investigation in relation to three large banks in connection with allegations of violation of the sanctions regime against North Korea. As a result, according to the newspaper, one of the banks – SPDB, the ninth largest in China, with assets over \$900 billion – could lose access to the US financial system and dollar settlements. August Brent futures traded around \$64.6 per barrel, \$0.1 above our closing level on 24 June. On the one hand, oil quotes were supported by information about the increasing sanctions pressure on Iran by the US. On the other hand, the market continues to worry about the absence of Russia’s position on the issue of the prolongation of the OPEC+ deal. In turn, Russia, as the head of the Ministry of Energy of the Russian Federation stated, proposes to wait for the results of meetings of the G20 leaders to determine the parameters of the deal.

On Tuesday, sellers dominated global stock markets as part of risk aversion to defensive assets due to the continuing uncertainty about the results of the meeting between the leaders of the US and China. Against this background, emerging markets suffered more – in the middle of the day, the loss of the MOEX Russia Index and MSCI EM Index exceeded 0.5%. According to Bloomberg, investors do not expect a breakthrough in the settlement of trade tensions from the meeting of Donald Trump and Xi Jinping – the positions of the parties differ too much. At the same time, the White House announced that China was stating that concessions on both parties were not ready for compromises. According to media reports, Washington continues to demand from Beijing to carry out structural reforms and address issues related to the change of laws and protection of intellectual property, as well as the cessation of subsidies to industry. According to experts, at best, the meeting in Japan will end with a temporary suspension of the sanctions war and a return to trade negotiations, similar to last year’s G20 summit in Argentina. At the end of the day, the MOEX Russia Index was able to reduce losses by up to a third of a percent following the rise in Brent quotes to \$65.5 per barrel on Donald Trump’s statement about readiness to give a crushing force response to any attacks from Tehran.

During the trading session, the electric utilities sector index looked much worse than the market. The main contribution to the MOEXEU underperformance compared to the MOEX Russia Index was made by shares of Inter RAO, Rosseti and FGC UES.

ELECTRIC POWER INDUSTRY NEWS

A new summer historical maximum of electric power consumption reached in the UES of Russia

On 21 June, the Unified Energy System of Russia (UES) recorded a new summer maximum level of electric power consumption (maximum power consumption during the period of extremely high temperatures), which amounted to 120,377 MW, according to the materials of JSC SO UES.

Read full text: <http://www.bigpowernews.ru/markets/document88683.phtml?1&q=>

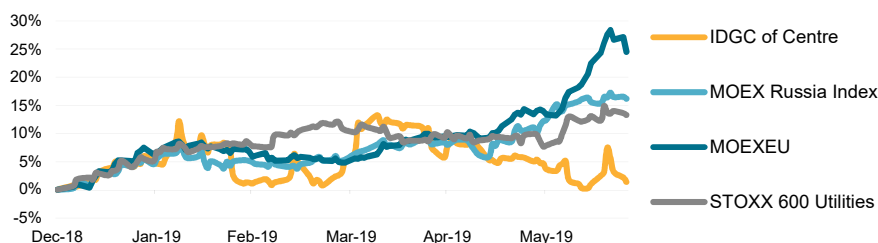
COMPANY NEWS

As part of the 2019 repair campaign Smolenskenergo’s specialists to repair 1,894 kilometres of overhead power lines

Since April, specialists of Rosseti Centre - Smolenskenergo division have started mass repair and maintenance work aimed at improving the reliability of Smolenskenergo’s power grid complex and ensuring uninterrupted power supply to consumers in the region. The readiness of the branch for the autumn-winter period of 2019-2020 and the failure-free passage of winter maximum of loads directly depends on the successful and timely implementation of repairs.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/68725/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2753,96	-0,31%	16,23%
S&P 500	2934,39	-0,37%	17,05%
FTSE 100	7422,43	0,08%	10,32%
DAX	12228,44	-0,38%	15,81%
DJStoxx 600	383,4	-0,10%	13,55%
Nikkei	21193,81	-0,43%	5,89%
Sensex	39434,94	0,80%	9,33%
CSI300	3801,31	-1,04%	26,26%
Bovespa	101235,39	-0,81%	15,19%

Source: Bloomberg, Company calculations (19:00 MSK)

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	62,9095	-0,35%	-9,44%
EURO/RUB	71,5973	0,35%	-9,90%

Source: Bloomberg, Company calculations (19:00 MSK)

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1430,6	0,77%	11,55%
Brent*, USD/bbl	65,35	0,76%	21,47%

* - August futures

Source: Bloomberg, Company calculations (19:00 MSK)

Shares	Price**, ₺	MCap**, ₺ bln	
		MCap**, \$ mln	Change
		per day	fr 31.12.18
IDGC of Centre	0,29	12,24	194,62
IDGC of Centre & Volga Reg	0,2686	30,27	481,18

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-0,27%	13,34%
MOEXEU Index	-2,07%	24,63%
IDGC of Centre**	-0,75%	1,40%
IDGC of Centre and Volga Region**	0,11%	1,36%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-5,19%	73,60%
FGC UES	-2,39%	35,03%
IDGC of Volga	-0,11%	-3,06%
MOESK	-0,89%	10,23%
IDGC of Northern Caucasus	12,16%	217,57%
IDGC of North-West	1,57%	22,52%
IDGC of Urals	-0,68%	-4,55%
IDGC of Siberia	2,90%	190,54%
IDGC of South	0,44%	25,44%
Lenenergo, ordinary shares	1,24%	8,13%
TRK, ordinary shares	0,00%	-4,22%
Kubanenergo	2,72%	39,34%

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