

DAILY MARKET REVIEW

6 February, Wednesday

2019



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 5 February some moderately positive external background formed on the Russian market. On Monday the US indices DJIA and S&P500 rose by 0.7%, on Tuesday the composite index of the Asia-Pacific region MSCI Asia Pacific added 0.4%. Investors continue playing out a good season of corporate reporting, hopes for a trade deal at a meeting of leaders of the US and China at the end of February and expectations of a slowdown in the rate of normalization of the Fed. As the head of the Federal Reserve Bank of Minneapolis stated, the decision of the Central Bank to suspend the increase in rates will give the "fundamentally strong" American economy the opportunity to continue growing. According to him, while there are no signs of overheating, the Fed should not risk pushing short-term interest rates above long-term and creating an inverted yield curve, which could be a precursor to a recession. In turn, the head of the Federal Reserve Bank of St. Louis said that there is no need to raise rates only because the economic situation contributes to an increase in the number of jobs, since the connection between the labour market with high labour demand and inflation is now very weak. April Brent futures traded at around \$62.6 per barrel, \$0.7 above our 4 February close. The market was supported by a message from The Wall Street Journal about a sharp reduction in oil production in Venezuela due to US sanctions – the production fell below one million barrels per day, which is 10% less than in December and less than half of the figures of a year and a half ago.

On Tuesday buyers dominated the Russian market – the MOEX Russia Index rose by 0.9%, having updated the historical record. Positive background for investors was the rise in Brent quotes above \$63 per barrel and optimistic sentiment in the western markets. In the middle of the day, the European Stoxx Europe 600 Index added more than a percent on good corporate reporting and hopes for a resolution of the US-PRC trade conflict. Weak statistics, which confirmed the validity of the expectations of the preservation of the soft monetary policy by the world's leading central banks, did not have a significant impact on the changes of the markets. In the Eurozone, the business growth in January was the lowest since 2013, retail sales fell in December at the highest rate since 2011. In the US in January, the business activity index in the services sector fell to its lowest level since July last year.

During the trading session the electric utilities sector index underperformed – buyers' activity was concentrated in the first-tier securities.

ELECTRIC POWER INDUSTRY NEWS

Electricity consumption in Russia increased by 1.3% in January 2019

Electricity consumption in the Unified Energy System of Russia (UES of Russia) in January 2019 increased compared to January 2018 by 1.9% and amounted to 102.2 billion kWh. In Russia as a whole, the indicator added 1.3%, reaching 103.8 billion kWh, the press service of SO UES JSC reported.

Read full text: <http://www.bigpowernews.ru/markets/document86779.phtml?1&q=>

COMPANY NEWS

Over 14.5 billion rubles were tax deductions of IDGC of Centre in the past year

IDGC of Centre is a large and responsible taxpayer. The company faithfully fulfills its tax obligations. In 2018, its contributions to budgets of different levels amounted to 14.6 billion rubles.

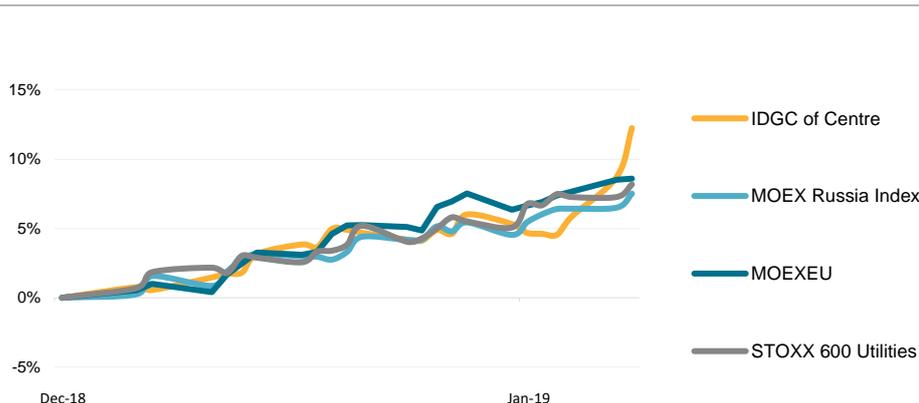
Read full text: <https://www.mrsk-1.ru/press-center/news/company/67197/>

IDGC of Centre in 2018 saved more than 600 million rubles thanks to implementation of measures to reduce grid losses

IDGC of Centre summed up the results of work in 2018 to reduce losses in electrical grids. At the end of the year, their level in the whole of the Company amounted to 10.59%, which is 0.43% lower than the figures set in the business plan. The savings amounted to 232.6 million kWh or 606.6 million rubles.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/67193/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 547,27	0,94%	7,51%
S&P 500	2 737,70	0,47%	9,21%
FTSE 100	7 177,37	2,04%	6,68%
DAX	11 367,98	1,71%	7,66%
DJStoxx 600	364,99	1,41%	8,10%
Nikkei	20 844,45	-0,19%	4,15%
Sensex	36 616,81	0,09%	1,52%
CSI300	3 247,40	0,00%	7,86%
Bovespa	98 311,20	-0,28%	11,86%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	65,59	-0,11%	-5,59%
EURO/RUB	75,06	-0,12%	-5,54%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 315,32	0,23%	2,56%
Brent*, USD/bbl	61,98	-0,85%	15,20%

* - April futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3210	13,55	206,63
IDGC of Centre & Volga Reg	0,286	32,23	491,44

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,84%	8,18%
MOEXEU Index	0,08%	8,59%
IDGC of Centre**	3,22%	12,24%
IDGC of Centre and Volga Region**	1,10%	7,92%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-0,36%	25,40%
FGC UES	-0,14%	11,91%
IDGC of Volga	0,28%	9,64%
MOESK	0,36%	5,91%
IDGC of Northern Caucasus	0,14%	3,00%
IDGC of North-West	1,40%	4,14%
IDGC of Urals	2,75%	13,54%
IDGC of Siberia	-2,25%	61,27%
IDGC of South	0,31%	19,65%
Lenenergo, ordinary shares	-0,18%	6,99%
TRK, ordinary shares	8,43%	25,32%
Kubanenergo	-5,31%	38,93%

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

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