

DAILY MARKET REVIEW

8 November, Wednesday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 07 November some positive external background formed on the Russian market. On Monday the US indices DJIA and S&P500, updating historical records, added up to 0.15%. On Tuesday the composite index of the Asia-Pacific region MSCI Asia Pacific added about a percent, the Japanese Nikkei 225 updated the maximum since 1992, the Australian S&P/ASX 200 rose to the highest level since the beginning of 2008. The leaders of the rise were commodity companies due to higher prices for oil and metals. January Brent futures traded near the mark of \$64.25 per barrel, \$3.4 higher than our closing on Friday, 3 November. Quotes on Monday added 3.5% due to increased geopolitical risks in the Middle East. In Saudi Arabia, several members of the royal family, a number of former ministers and businessmen, and several influential leaders of the National Guard and the Navy were arrested on corruption charges. According to political scientists, King Salman thus clears the path to the throne for his 32-year-old son Mohammed. In addition, relations between Saudi Arabia and Iran have become more acute – the kingdom said they consider the launching of a missile from Yemen to Riyadh as an act of aggression on the part of Iran, which in the future can be regarded as an act of war. An additional positive factor for oil prices was the message of the oil service company Baker Hughes about reduction in operating drilling rigs in the US.

On Tuesday the Russian market was dominated by buyers with a rally in the oil market. Having opened with a percentage gap, in the middle of the day the growth rate of the MICEX Index reached 3.5% – the most significant recovery since February 2015. The ruble turnover on Moscow Exchange was the highest since 15 June and was 76 billion rubles – 2.5 times higher than the average for the last month. At the same time, Russian investors ignored uncertain changes of European markets, due, including, to their own ambiguous statistics – the September growth in retail sales in the Eurozone was the maximum for 11 months, while industrial production in Germany in September declined at the highest rate since the beginning of the year. The MICEX Index closed trading on the daily highs, despite profit taking in the oil market – Brent prices fell below \$64 after the release of the annual OPEC forecast World Oil Outlook, which noted risks of significantly more active than previously expected production of shale oil in the US, including, due to price recovery.

During the trading session the MicexPWR Sector Index looked significantly worse than the broad market – the activity of buyers was concentrated in shares of the first tier.

ELECTRIC POWER INDUSTRY NEWS

"Rosseti" reaches the Pacific Ocean

As found by Kommersant, the plans of the new head of Rosseti Pavel Livinsky on consolidation of assets were not limited to "System Operator": he proposes to take Far Eastern Distribution Company (DRSK) from RusHydro. Rosseti believes that this will help DRSK, which depends on subsidies, achieve stable efficiency, but does not explain how. But the Ministry of Energy is against the transfer of DRSK, and experts believe that, due to weak payment discipline in the Far East, the company may be of interest to Rosseti only from the point of view of strategic development.

Read full text:

<https://www.kommersant.ru/doc/3459835?query=%D1%80%D0%BE%D1%81%D1%81%D0%B5%D1%82%D0%B8>

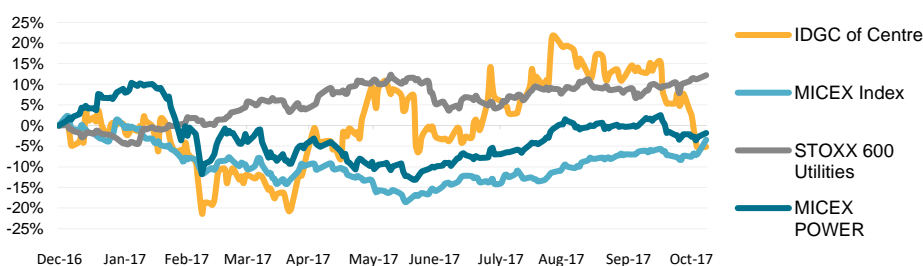
COMPANY NEWS

IDGC of Centre for nine months invested half a billion rubles in development of electric grids in the Smolensk region

Based on the results of 9 months of 2017, capital investments of the Smolensk branch of IDGC of Centre in the development of the power grid complex of the Smolensk region amounted to 540.163 million rubles. Of this amount, 221.887 million rubles were spent to improve the reliability of grids through technical re-equipment and reconstruction. 318.3 million rubles were allocated for new construction and expansion.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/62292/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	2 155,55	3,57%	-3,46%
S&P 500	2 590,64	0,11%	15,71%
FTSE 100	7 513,11	-0,62%	5,18%
DAX	13 379,27	-0,74%	16,53%
DJStoxx 600	394,65	-0,36%	9,19%
STOXX Utilities	310,57	0,79%	12,21%
Nikkei	22 937,60	1,77%	20,00%
Sensex	33 370,76	-0,93%	25,33%
CSI300	4 054,25	1,54%	22,48%
Bovespa	72 414,88	-2,03%	20,24%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,16	-0,22%	10,14%
USD/RUB	58,43	0,59%	-3,67%
Euro/RUB	68,08	0,60%	6,69%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 275,30	0,42%	11,14%
Brent*, USD/bbl	63,69	2,61%	8,56%

* - January futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,4240
Capitalisation**, billion RUB	17,90
Capitalisation**, million USD	306,36

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	0,96%	-1,80%
Shares of IDGC of Centre**	0,24%	-5,15%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	0,01%	-18,47%
FGC UES	0,18%	-19,93%
IDGC of Volga	2,22%	93,57%
MOESK	0,60%	-6,35%
IDGC of Northern Caucasus	0,00%	-15,65%
IDGC of Centre and Volga Reg	-0,54%	110,54%
IDGC of North-West	-2,44%	1,82%
IDGC of Urals	-0,26%	16,41%
IDGC of Siberia	-3,05%	51,73%
IDGC of South	1,86%	4,39%
Lenenergo, ordinary shares	3,86%	-2,18%
TRK, ordinary shares	2,48%	-13,03%
Kubanenergo	-0,88%	-9,20%

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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