

DAILY MARKET REVIEW

8 February, Thursday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 7 February some moderately positive external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 rose by 1.7-2.3% within the correction after the collapse the day before. At the same time, traders drew attention to the increased volatility, which, according to some experts, could become a new norm for the US market. At the same time, the US Treasury Secretary said he was not worried about financial stability in the country due to the recent fall in the indices. According to him, this is a usual correction, and there are no problems in terms of liquidity and other factors. On Wednesday the composite index of the Asia-Pacific region MSCI Asia Pacific added about 0.2% with multidirectional changes of the main country indices, futures for US indices were 0.8% down. The Chinese CSI300 was worse than the others in the Asian session, which lost 2.4% on fears that the state's efforts to reduce the lending of the economy will negatively affect corporate profits. April Brent futures traded near \$67.5 per barrel, \$0.3 higher than the closing level on 6 February. Restoration of quotations after sales of recent days was due to the information of the American Petroleum Institute on the reduction of oil reserves in the country last week by 1 million barrels. A deterrent for a more active rise in prices was the increase by the US Department of Energy of the country's production forecast to 10.59 million barrels per day in 2018, and to 11.18 million in 2019.

On Wednesday the Russian and European markets recovered from active sales the day before due to the return of investors' demand for risky assets. As experts say, traders preferred buying cheaper securities in the conditions of growth of the world economy and acceleration of profit increase of companies. An additional positive factor for investors was the improvement in the forecast for the Eurozone's GDP this year from 1.4% to 1.5% by the European Commission and the German media reports that the CDU/CSU alliance led by the German Chancellor had reached a compromise with Social Democrats to form a coalition government. Against this background the growth of the European Stoxx Europe 600 Index exceeded 1.5%, the MOEX Russia Index added more than a percent. At the end of the day the pace of recovery of the Russian market slowed down after the reduction of Brent quotations to around \$66.3 per barrel, provoked by the report of the US Department of Energy on the growth of oil and gas reserves by 1.9 and 3.4 million barrels, respectively, and an increase in oil production immediately by 332 thousand barrels per day (b/s), to 10.25 million b/s – a new record for weekly data.

During the trading session the MicexPWR Sector Index outperformed. The main contribution to the final MicexPWR outperformance in comparison with the MOEX Russia Index was made by shares of Inter RAO and RusHydro.

ELECTRIC POWER INDUSTRY NEWS

Mr. Dvorkovich: electricity tariffs for farmers cannot be reduced

Tariffs for electricity for farmers cannot be reduced, since in this case, tariffs for the population will increase, Deputy Prime Minister Arkady Dvorkovich said in the framework of the Soyuzmoloko congress.

Read full text: <http://tass.ru/ekonomika/4933193>

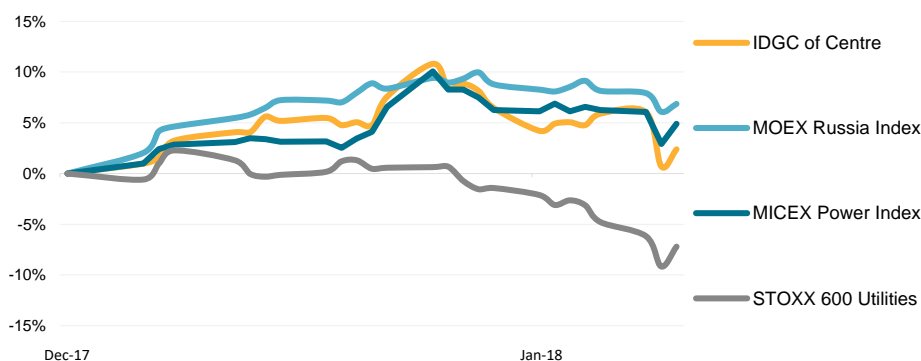
COMPANY NEWS

In 2017 IDGC of Centre exceeded the plan to reduce losses in grids, saved more than half a billion rubles

IDGC of Centre summed up the results of work in 2017 to reduce losses in electrical grids. At the end of the year, their level as a whole for the Company was 9.86%, which is 0.35% lower than the figures set in the business plan. Savings amounted to 209 million kWh or 505 million rubles. Compared to 2016, the losses in distribution grids of 6(10)-0.4 kV decreased by 0.92% (204 million kWh).

Read full text: <https://www.mrsk-1.ru/press-center/news/company/63066/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 254,64	0,73%	6,87%
S&P 500	2 681,66	-0,50%	0,30%
FTSE 100	7 279,42	1,93%	-5,31%
DAX	12 590,43	1,60%	-2,53%
DJStoxx 600	380,13	1,97%	-2,33%
Nikkei	21 645,37	0,16%	-4,92%
Sensex	34 082,71	-0,33%	0,08%
CSI300	4 050,50	-2,37%	0,49%
Bovespa	82 766,73	-1,34%	8,33%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	57,22	1,05%	-0,71%
EURO/RUB	70,93	0,61%	3,12%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 318,39	-0,44%	1,20%
Brent*, USD/bbl	65,51	-2,02%	-1,40%

* - April futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,3140	35,39	618,44

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	2,16%	-7,20%
MICEX POWER Index	1,91%	4,90%
IDGC of Centre**	1,67%	2,39%
IDGC of Centre and Volga Region**	1,29%	4,08%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	1,74%	10,46%
FGC UES	1,10%	4,75%
IDGC of Volga	1,47%	4,48%
MOESK	1,23%	-8,79%
IDGC of Northern Caucasus	1,47%	-9,90%
IDGC of North-West	1,77%	-0,58%
IDGC of Urals	2,91%	9,55%
IDGC of Siberia	4,49%	11,79%
IDGC of South	5,11%	6,69%
Lenenergo, ordinary shares	0,99%	6,67%
TRK, ordinary shares	0,00%	0,27%
Kubanenergo	-0,14%	-6,89%

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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