

DAILY MARKET REVIEW

4 December, Tuesday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 3 December some positive external background formed on the Russian market. On Friday the US indices DJIA and S&P500 closed with an increase of 0.8% on expectations of de-escalation of the US-Chinese trade conflict. On Monday the composite index of the Asia-Pacific region MSCI Asia Pacific and futures for US indices added 1.8%. Over the weekend, at the G20 summit, the leaders of the US and China agreed to temporarily suspend the introduction and increase of new duties, which means that the 10% tariff on imports from China in the amount of \$200 billion will not be increased from 1 January to 25%. The Chinese side, in turn, reported to the media, promised to significantly increase purchases of American products and has already agreed to reduce duties on cars imported from the US. Further negotiations on trade issues, which, according to media reports, may begin in mid-December in Washington, are given 90 days. In case of failure of the negotiations, the US can increase both the existing duties and impose them on the remaining \$250 billion of Chinese imports. February Brent futures traded around \$62.2 per barrel, \$3.3 above our 30 November close. Oil prices jumped by 5.6% on the statement by the President of the Russian Federation that Russia and Saudi Arabia agreed to extend the OPEC+ agreement on reducing oil production. Additional support for the quotes was provided by the information that the largest oil-producing Canadian province of Alberta announced a reduction in production by 325 thousand barrels per day starting from January 2019.

On Monday buyers dominated global stock markets thanks to a truce in the trade war between the two largest economies in the world. In the middle of the day, the MOEX Russia Index, the European Stoxx Europe 600 Index and the index of emerging markets MSCI EM added more than 2%. It should be noted that experts cautiously comment on the current changes of the markets, warning that the euphoria may not last long, since the trade war is far from over – tough negotiations will take place in the coming months, taking into account significant differences between the parties about how fair-trade relations between the US and PRC should be built. An additional positive factor for the Russian market was high oil prices. According to a Bloomberg survey, 86% of analysts expect an agreement to cut production by an average of 1.1 million barrels per day at the next OPEC+ meeting, which will be held 6-7 December.

During the trading session the MicexPWR Sector Index underperformed, the main purchases were concentrated in the first-tier shares. The main contribution to the MicexPWR rise was made by shares of Mosenergo and ROSSETI.

ELECTRIC POWER INDUSTRY NEWS

The Ministry of Economic Development on behalf of Mr. Siluanov rewrote the FAS bill on tariff regulation, it was greatly reduced and includes several new ideas, says the newspaper

The Ministry of Economy proceeds from the fact that tariffs should ensure only the operational activities of state infrastructure monopolies, infrastructure support, socially significant investments and asset profitability at the level of 1-5%. Commercial projects should compensate grid companies for the cost of their connection, and if they have social significance, they should receive state support, but not increase the burden on all consumers.

Read full text: <http://www.bigpowernews.ru/markets/document85687.phtml>

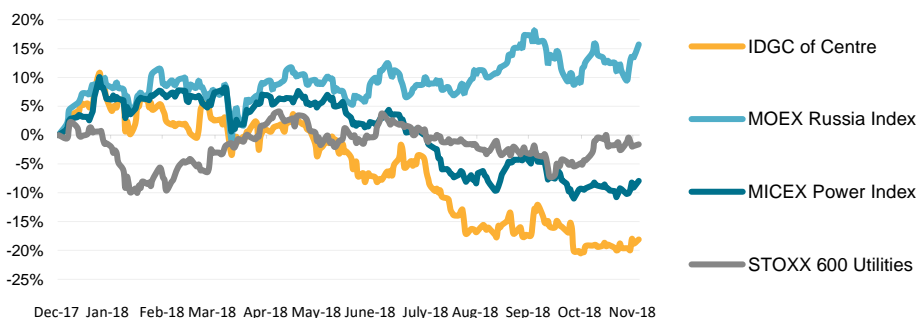
COMPANY NEWS

From modernization to digitalization: power engineers improve the regional grid complex

Lipetskenergo retrofitted control stations in districts of the region. Four dispatch points were upgraded by IDGC of Centre - Lipetskenergo division in 2018. Modern operational information hardware and software was installed in Usmansky, Dobrovsky, Khlevensky and Izmalkovsky districts. Dispatchers online monitor the operation of equipment at substations. Thus, today already 10 out of 18 dispatch points of Distribution Zones are equipped with modern operational information systems, the rest are controlled by telemetric radio systems.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/66667/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 441,19	2,04%	15,71%
S&P 500	2 790,37	1,09%	4,37%
FTSE 100	7 062,41	1,18%	-8,13%
DAX	11 465,46	1,85%	-11,24%
DJStoxx 600	361,18	1,03%	-7,19%
Nikkei	22 574,76	1,00%	-0,84%
Sensex	36 241,00	0,13%	6,41%
CSI300	3 260,95	2,78%	-19,10%
Bovespa	89 820,09	0,35%	17,56%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	66,53	-0,15%	15,45%
EURO/RUB	75,75	-0,19%	10,12%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 230,67	0,83%	-5,54%
Brent*, USD/bbl	61,69	5,08%	-7,75%

* - February futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,2771	31,23	469,37

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	0,29%	-1,61%
MICEX POWER Index	1,24%	-7,96%
IDGC of Centre**	0,90%	-18,09%
IDGC of Centre and Volga Region**	0,43%	-8,15%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	3,40%	-8,00%
FGC UES	1,12%	-3,17%
IDGC of Volga	1,20%	-1,51%
MOESK	0,81%	-24,25%
IDGC of Northern Caucasus	0,00%	-24,17%
IDGC of North-West	1,45%	7,69%
IDGC of Urals	1,18%	-18,09%
IDGC of Siberia	-0,68%	-10,13%
IDGC of South	0,42%	0,50%
Lenenergo, ordinary shares	0,53%	19,58%
TRK, ordinary shares	-1,73%	-8,36%
Kubanenergo	-2,87%	-30,87%

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