

DAILY MARKET REVIEW

24 May, Friday

2019



REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 23 May some moderately negative external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 closed with a decline of 0.3-0.4%, on Thursday the composite index of the Asia-Pacific region MSCI Asia Pacific lost 0.7%. The markets were pressured by increased fears of a further escalation of the US-Chinese trade conflict after the parties exchanged new tough statements. The head of the US Treasury announced that the decision to raise duties on all Chinese imports to the US will be made in 30-45 days – this time range, the media said, accounts for a possible meeting of the heads of the US and China at the G20 summit in Japan. In turn, the Minister of Commerce of China stated that the continuation of trade negotiations will be possible only after correcting the “mistakes” of Washington, which, in particular, implies an increase in tariffs for Chinese goods and the introduction of restrictions on Huawei. The Chinese market became the main “beneficiary” of the deterioration in the prospects for concluding the US-China trade deal. The CSI300 index, having lost 1.8%, fell to three-month lows after shares of the technology sector on fears that the US Department of Commerce would expand the list of companies for which a ban on working with American partners would be in effect. July Brent futures traded around \$70.4 per barrel, \$0.4 below our 22 May close. The market was pressured by a message of the US Department of Energy on the increase in oil reserves last week by 4.7 million barrels – to the maximum level since July 2007, and the resumption of oil production growth.

On Thursday, sellers dominated global stock markets on fears of increased tension in trade relations between Washington and Beijing – losses of the consolidated MSCI All Country World Index in the second half of the day exceeded a percent. According to Bloomberg, economists of a number of the world's largest investment banks are becoming increasingly pessimistic in assessing the medium-term prospects for concluding a trade deal. In particular, Goldman Sachs and JPMorgan reported that the introduction of increased US duties in the second half of the year on all Chinese imports could become their baseline scenario, Nomura assesses the likelihood of such a development of events at 65%. The MOEX Russia Index, which showed much lower losses in most of the trading session compared to the main global indices, was under pressure from active sales in the oil market at the end of the day – the rate of decline in Brent quotes was close to 5%.

During the trading session, the electric utilities sector index outperformed – sales of investors as part of a global decline in interest in risk mainly affected the first-tier securities. The main contribution to the MOEXEU outperformance in comparison with the MOEX Russia Index was made by shares of ROSSETI and Gazprom's generation companies.

ELECTRIC POWER INDUSTRY NEWS

Rostec to supply ROSSETI with digitalization equipment for 69 billion rubles until 2022

The Roselectronic holding (part of Rostec State Corporation) plans to supply equipment for ROSSETI's Group of Companies to digitize the power grid complex in the amount of 69 billion rubles until 2022, follows from the message of the holding.

Read full text: <http://www.bigpowernews.ru/news/document88232.phtml>

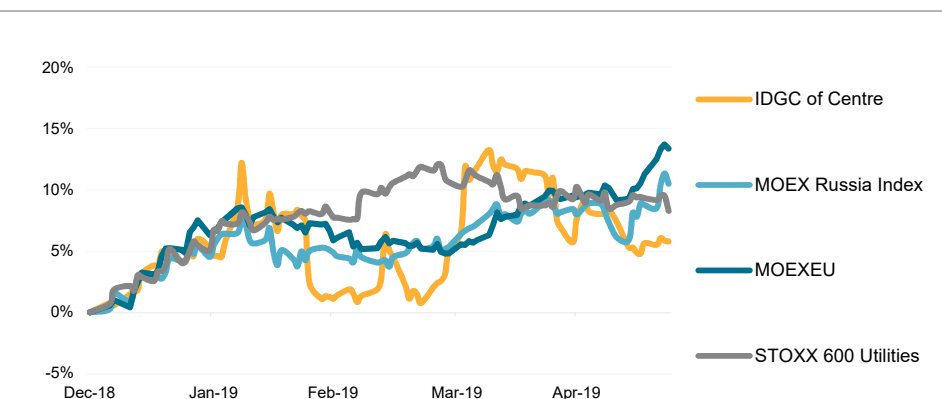
COMPANY NEWS

IDGC of Centre - the managing organization of IDGC of Centre and Volga Region continues to improve the reliability of the grid infrastructure

IDGC of Centre - the managing organization of IDGC of Centre and Volga Region summed up the investment program for the first quarter of 2019. During this period, the company put into operation 1,004 MVA of capacity and 3,300 kilometres of power lines. The funding for the program in January-March amounted to 4.76 billion rubles, including 150 million rubles allocated for digital transformation activities.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/68419/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 618,61	-0,76%	10,52%
S&P 500	2 822,24	-1,19%	12,58%
FTSE 100	7 231,04	-1,41%	7,47%
DAX	11 952,41	-1,78%	13,20%
DJStoxx 600	373,79	-1,42%	10,70%
Nikkei	21 151,14	-0,62%	5,68%
Sensex	38 811,39	-0,76%	7,61%
CSI300	3 583,96	-1,79%	19,04%
Bovespa	93 910,03	-0,48%	6,85%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	64,42	-0,19%	-7,28%
EURO/RUB	71,84	-0,17%	-9,59%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 283,45	0,79%	0,07%
Brent*, USD/bbl	67,76	-4,55%	25,95%

* - July futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln	
			fr 31.12.18	Change
IDGC of Centre	0,3026	12,78	198,32	
IDGC of Centre & Volga Reg	0,2854	32,16	499,32	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-1,12%	8,30%
MOEXEU Index	-0,31%	13,40%
IDGC of Centre**	-0,07%	5,80%
IDGC of Centre and Volga Region**	-0,17%	7,70%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	2,12%	61,15%
FGC UES	0,30%	18,82%
IDGC of Volga	0,14%	9,49%
MOESK	-0,91%	7,80%
IDGC of Northern Caucasus	-2,44%	82,71%
IDGC of North-West	0,18%	2,07%
IDGC of Urals	0,60%	-8,56%
IDGC of Siberia	-10,38%	153,46%
IDGC of South	-0,48%	32,87%
Lenenergo, ordinary shares	-0,71%	5,67%
TRK, ordinary shares	-1,90%	0,65%
Kubanenergo	-1,11%	27,66%

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