

DAILY MARKET REVIEW

7 November, Wednesday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 6 November some moderately positive external background formed on the Russian market. On Monday the US indices DJIA and S&P500 closed with an increase of 0.6-0.8%. Shares of financial companies outperformed due to an increase in yields of the US government bonds in anticipation of the Fed's meeting and the announcement of the decision on the rate on Thursday evening. In particular, the yield of ten-year securities was fixed above the level of 3.20%. On Tuesday the composite stock index of the Asia-Pacific region, MSCI Asia Pacific, added 0.6% with multidirectional changes of the main country indices. January Brent futures traded around \$72.7 a barrel, \$ 0.3 below our closing level on Friday, 2 November. The quotes were pressure by information that the US made an exception for eight countries, allowing them to continue to import oil from Iran in terms of sanctions, which entered into force on Monday, 5 November. So, all the largest buyers of Iranian oil, including China, India and South Korea, received temporary indulgences. According to Donald Trump, the US wants a "slightly slower" deployment of sanctions against Iran, in order not to increase the rise in oil prices. According to analysts, the White House has moved to implement these measures in order to reduce the price of gasoline and, accordingly, strengthen the position of Republicans in the elections to the Congress.

On Tuesday buyers dominated the Russian market – the MOEX Russia Index closed at the daily high, adding 1.4%. The growth was driven by shares of oil and gas companies due to strong reporting by Rosneft and Bashneft under IFRS for nine months and the return of Brent quotes above \$73 a barrel. Also, in our market, securities of the financial sector were in demand of buyers, including, on the strengthening of the ruble. Uncertain moods in European and American markets kept from a greater upturn in the domestic market. Investors took a wait-and-see attitude in anticipation of the outcome of congressional elections, which took place in the US on Tuesday. As Bloomberg writes, it is expected in the US that the Democratic Party will gain control of the House of Representatives of the Congress, but the Republicans will most likely retain a majority in the Senate. On the one hand, in the case of the implementation of such a scenario, many legislative initiatives by President Donald Trump can meet serious resistance, experts say. On the other hand, according to analysts at Bank of America Merrill Lynch and Nomura, if the elections are held without surprises, this will probably increase investors' demand for risky assets. An additional positive factor for the Russian market was the information in the media that the US intelligence services have not yet found attempts of other countries to interfere with the elections.

During the trading session the MicexPWR Sector Index underperformed – the main purchases were concentrated in the first-tier liquid securities.

ELECTRIC POWER INDUSTRY NEWS

The Ministry of Energy insists on payments for a reserve of excess power grid capacity, says the newspaper

The Ministry rejected all offers of large consumers who asked to reduce future additional expenses, and had already sent a draft resolution on the payment for a reserve of grids to the government without significant changes. The industrial lobby, in particular, offered at least not to introduce a reserve fee for owners of their own generation. This easing, according to Rusal, could save consumers 3.5 billion rubles.

Read full text: <http://www.bigpowernews.ru/markets/document85175.phtml>

COMPANY NEWS

General Director of IDGC of Centre Igor Makovskiy checked the operation of the company's grid facilities in the Smolensk region

General Director of IDGC of Centre - the managing organization of IDGC of Centre and Volga Region Igor Makovskiy continues his working trips to the regions of the company's responsibility. During his visit to the Smolensk region, Igor Makovskiy checked the operation of the electric grid complex of the branch "Smolenskenergo". The head of the company examined Smolensky, Smolensk City and Yartsevsky Distribution Zones, as well as the 110 kV feeding centre "Yartsevo - 1".

Read full text: <https://www.mrsk-1.ru/press-center/news/company/66391/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 412,31	1,44%	14,34%
S&P 500	2 755,45	1,19%	3,06%
FTSE 100	7 040,68	-0,75%	-8,42%
DAX	11 484,34	-0,30%	-11,10%
DJStoxx 600	362,55	-0,42%	-6,84%
Nikkei	22 147,75	-0,43%	-2,71%
Sensex	34 991,91	-0,06%	2,75%
CSI300	3 243,15	-1,43%	-19,54%
Bovespa	88 668,92	0,28%	16,06%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	65,58	-0,11%	13,80%
EURO/RUB	74,99	0,55%	9,02%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 227,19	-0,46%	-5,80%
Brent*, USD/bbl	72,13	-0,96%	7,87%

* - January futures

Source: Bloomberg, Company calculations

Shares	Price**, ₹	Change	
		₹ bln	MCap**, \$ mln
IDGC of Centre	0,2878	12,15	185,28
IDGC of Centre & Volga Reg	0,2660	29,98	457,12

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	1,49%	-2,95%
MICEX POWER Index	0,54%	-8,70%
IDGC of Centre**	0,07%	-19,16%
IDGC of Centre and Volga Region**	0,57%	-11,83%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	3,69%	-14,43%
FGC UES	1,38%	-4,54%
IDGC of Volga	-0,30%	-2,83%
MOESK	-0,50%	-22,69%
IDGC of Northern Caucasus	-0,28%	-25,73%
IDGC of North-West	-0,66%	15,58%
IDGC of Urals	-0,94%	-19,24%
IDGC of Siberia	-0,84%	-28,21%
IDGC of South	-1,58%	9,45%
Lenenergo, ordinary shares	2,24%	23,54%
TRK, ordinary shares	0,59%	-8,36%
Kubanenergo	0,79%	-34,95%

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