

DAILY MARKET REVIEW

7 February, Wednesday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 6 February some sharply negative external background formed on the Russian market. On Monday the US indices DJIA and S&P500 collapsed by the record since 2011 4.1-4.6%, while about half of the losses were in the last hour of trading. As analysts say, a long period of growth in stock markets and low volatility was interrupted by a panic sale of risky assets on fears of accelerating inflation and normalization of monetary policy by the world's leading central banks, tightening of lending under conditions of increased debt burden and an early end to the era of cheap liquidity. In addition, a number of experts conducted an analogy with the flash-crash on the US market on 6 May 2010 – then, the work of high-frequency trading systems was considered as the main reason for the collapse of stock indices. On Tuesday the composite index of the Asia-Pacific region MSCI Asia Pacific lost about 3.5%. April Brent futures traded near \$66.9 per barrel, \$1.3 lower than the closing level on 5 February. Oil prices fell due to global withdrawal of investors from the risk and the dollar strengthening.

On Tuesday the Russian and European markets were dominated by sellers in the conditions of persistence of uncertainty of investors after sales in the US and Asia. The MOEX Russia Index, the emerging markets index MSCI EM and the European Stoxx Europe 600 Index lost more than two percent in the middle of the day. Among the reasons for the long overdue correction on world markets, economists call the lengthy rally of 2017, which continued in January, low volatility, low interest rates, excessive optimism and complacency of investors, excessive crediting. Over the past year, according to Bloomberg, the main US indices rose by 25-33%, leading European indices – by 20-30%, Asian – rose by 25-40%. In general, experts note that what is happening looks more like a healthy correction than the beginning of a large-scale reassessment of the prospects for corporate profits. Until the end of the day, there was very high volatility in the stock markets, the main driver of which was uncertain investors' sentiment in the US, where the swing of major stock indices was more than 2% at the beginning of trading, the VIX volatility index rose to 45 points for the first time since March of the post-crisis 2009.

During the trading session the MicexPWR Sector Index underperformed. The main contribution to the final MicexPWR underperformance in comparison with the MOEX Russia Index was made by shares of FGC UES and RusHydro.

ELECTRIC POWER INDUSTRY NEWS

The RF Ministry of Economic Development wants to economically stimulate a consensus on the price of modernization

The Ministry of Economic Development of the Russian Federation offers producers and consumers of electricity to agree on the cost of modernization of power plants. They will be stimulated to this economically: uncompromising consumers will pay more, and producers will receive less money than they could if they agreed on a price that suited them.

Read full text: <http://www.bigpowernews.ru/markets/document81638.phtml>

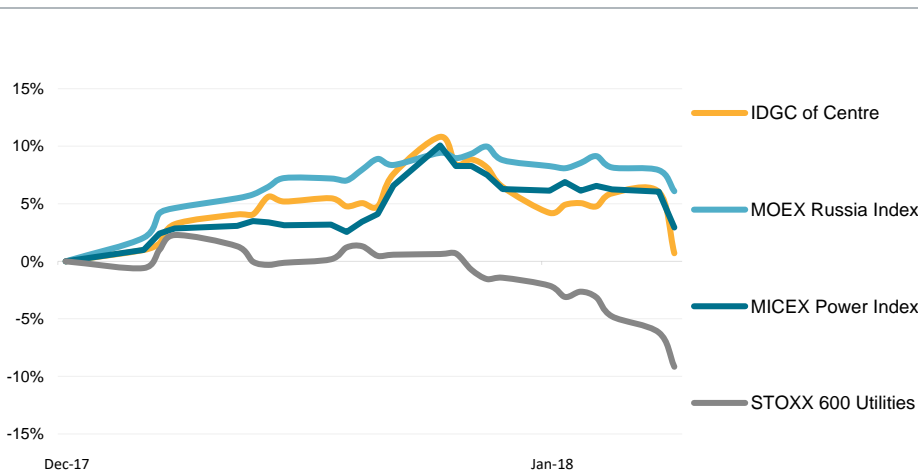
COMPANY NEWS

In 2017 IDGC of Centre commissioned about 4 thousand kilometres of power lines and over 500 MVA of capacity

IDGC of Centre summed up the results of the implementation of the investment program of 2017. During this period, the company commissioned 544 MVA of capacity, which is 64 MVA higher than the planned value, and 3,845 km of power lines, exceeding the plan by 374 kilometres.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/63035/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 238,24	-1,70%	6,09%
S&P 500	2 695,14	1,74%	0,81%
FTSE 100	7 141,40	-2,64%	-7,11%
DAX	12 392,66	-2,32%	-4,06%
DJStoxx 600	372,79	-2,41%	-4,21%
Nikkei	21 610,24	-4,73%	-5,07%
Sensex	34 195,94	-1,61%	0,41%
CSI300	4 148,89	-2,93%	2,93%
Bovespa	83 894,04	2,48%	9,81%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	56,63	1,05%	-1,74%
EURO/RUB	70,50	0,57%	2,49%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 324,16	-1,16%	1,64%
Brent*, USD/bbl	66,86	-1,12%	0,63%

* - April futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3585	15,14	267,27
IDGC of Centre & Volga Reg	0,3100	34,94	616,95

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-3,18%	-9,16%
MICEX POWER Index	-2,95%	2,93%
IDGC of Centre**	-5,03%	0,70%
IDGC of Centre and Volga Region**	-2,45%	2,75%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-3,73%	8,57%
FGC UES	-4,55%	3,61%
IDGC of Volga	-3,16%	2,97%
MOESK	-2,76%	-9,90%
IDGC of Northern Caucasus	-3,94%	-11,20%
IDGC of North-West	-4,69%	-2,31%
IDGC of Urals	-4,70%	6,44%
IDGC of Siberia	-4,30%	6,99%
IDGC of South	-3,34%	1,51%
Lenenergo, ordinary shares	-1,07%	5,63%
TRK, ordinary shares	0,00%	0,27%
Kubanenergo	-0,27%	-6,76%

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