

DAILY MARKET REVIEW

10 October, Wednesday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 9 October some neutral external background formed on the Russian market. On Monday the US indices DJIA and S&P500 closed in different directions with changes within 0.2% – the rise in financial sector shares due to seven-year maximums of ten-year US government bond yields was offset by a decrease in technology sector securities. On Tuesday the composite stock index of the Asia-Pacific region, MSCI Asia Pacific, lost 0.8%. Negative background for investors was the aggravation of the confrontation between the US and China. Firstly, the US Secretary of State declared "fundamental differences" with the Chinese foreign minister, whom he met in Beijing. Earlier, remind the media, the Chinese Foreign Minister accused the US of escalating the trade dispute with China, as well as interfering in the internal affairs of the country. Secondly, according to Bloomberg, the US Treasury may next week declare the PRC a currency manipulator due to the ongoing devaluation of the yuan. Yesterday, the People's Bank of China, following a reduction in the reserve requirements for banks, lowered the official yuan rate to a minimum since May 2017. December Brent futures traded around \$84.6 a barrel, \$1.0 above our closing level on 8 October. The quotes were supported by concerns about a decrease in oil production in the Gulf of Mexico due to the approaching hurricane Michael.

On Tuesday the main guideline for the trends of the Russian market was the changes of oil prices. In the first half of the day, the growth of the MOEX Russia Index reached a percent due to the rise in Brent quotes above \$85 a barrel. In the second half of the trading session, investors preferred to take profits against the background of the correction in oil prices – Brent quotes fell below \$84 a barrel. An additional deterrent to the Russian market was uncertain moods on global markets – the losses of the European Stoxx Europe 600 Index, the index of emerging markets MSCI EM and futures for US indices were about half a percent. The pressure was put on the markets by the continued growth of yields on US government bonds, Italy's fiscal problems and investors' concerns about the outlook for the world economy. Thus, in its October review, the IMF lowered its forecast for the global GDP growth for the first time since 2016 – the estimate for this and the following year was worsened by 0.2 p.p., to 3.7% due to the escalation of trade contradictions and tensions in emerging markets. At the end of the day, sales in our market increased, the MOEX Russia Index moved to negative territory following a slight decline in US indices at the beginning of the trading session.

At the end of the day the MicexPWR Sector Index outperformed, mainly due to growth in shares of Enel Russia.

ELECTRIC POWER INDUSTRY NEWS

The government can refuse support of renewables at the expense of the wholesale energy market - says the newspaper

Energy regulators have formed the opinion that it is not necessary to continue stimulating renewable energy sources on the same principles - at the expense of the wholesale energy market. Heads of the Ministry of Energy and "Market Council" Alexander Novak and Maxim Bystrov recently publicly offered alternative mechanisms to support the sector. According to some data, the Ministry of Economy, which proposes to develop renewable energy sources in isolated power systems, has a similar position. The decision on how to stimulate green generation will ultimately have to be taken by Deputy Prime Minister Dmitry Kozak.

Read full text: <http://www.bigpowernews.ru/markets/document84835.phtml>

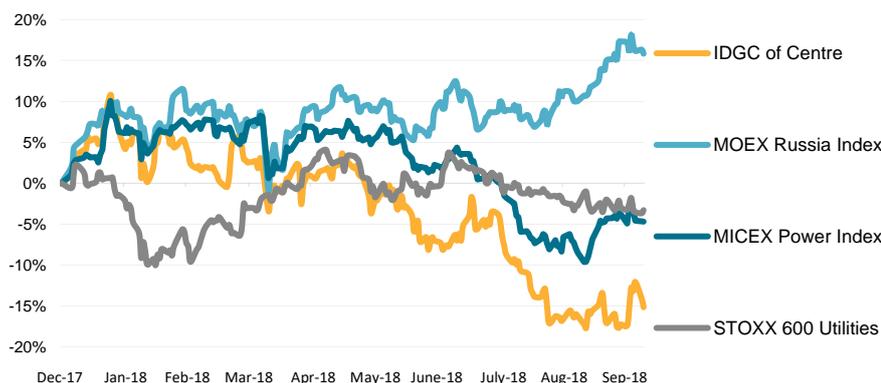
COMPANY NEWS

IDGC of Centre carries out reconstruction of a large feeding centre in Kostroma

Specialists of IDGC of Centre - Kostromaenergo division have started the reconstruction of one of the large power supply centres of Kostroma - the substation (SS) of 110/35/10 kV "Yuzhnaya". Power engineers will install new 10 kV arc suppression reactors with an automatic control system at the power facility.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/65991/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 443,83	-0,43%	15,84%
S&P 500	2 880,34	-0,14%	7,73%
FTSE 100	7 237,59	0,06%	-5,86%
DAX	11 977,22	0,25%	-7,28%
DJStoxx 600	372,93	0,19%	-4,18%
Nikkei	23 469,39	-1,32%	3,09%
Sensex	34 299,47	-0,51%	0,71%
CSI300	3 288,69	-0,07%	-18,41%
Bovespa	86 087,55	0,00%	12,68%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	66,97	0,51%	16,21%
EURO/RUB	76,99	0,43%	11,92%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 189,77	0,14%	-8,68%
Brent*, USD/bbl	85,00	1,30%	27,11%

* - December futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3020	12,75	190,39
IDGC of Centre & Volga Reg	0,2860	32,23	481,29

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	0,41%	-3,30%
MICEX POWER Index	-0,04%	-4,69%
IDGC of Centre**	-1,31%	-15,17%
IDGC of Centre and Volga Region**	0,35%	-5,20%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-2,11%	-9,92%
FGC UES	-1,09%	-2,34%
IDGC of Volga	-0,55%	-2,83%
MOESK	-0,71%	-21,91%
IDGC of Northern Caucasus	0,00%	-24,48%
IDGC of North-West	0,90%	29,23%
IDGC of Urals	0,57%	-15,51%
IDGC of Siberia	0,00%	-21,40%
IDGC of South	0,00%	26,25%
Lenenergo, ordinary shares	1,45%	30,83%
TRK, ordinary shares	0,00%	-11,05%
Kubanenergo	-1,96%	-36,22%

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