

DAILY MARKET REVIEW

10 June, Monday

2019



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 7 June some moderately positive external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 rose by 0.6-0.7%, on Friday the composite index of the Asia-Pacific region MSCI Asia Pacific added 0.2% on a report from Bloomberg that Washington could postpone the planned introduction of 5% duties on all Mexican imports. According to the agency, citing sources in the US presidential administration, Washington understands that Mexico takes the current negotiations very seriously and is trying to take measures that could alleviate Donald Trump's concerns regarding illegal immigration from Mexico. August Brent futures traded around \$62.5 per barrel, \$2.1 above our closing level on 6 June. Oil prices jumped on statements of the Minister of Energy of Saudi Arabia, who, firstly, announced his readiness to extend the OPEC+ deal for the second half of 2019, and, secondly, Riyadh's unwillingness to increase oil production because of risks of a subsequent collapse of prices, as it was in 2014-2015. Positive background for the market was also a statement of the head of the Ministry of Energy of the Russian Federation that the coordination of OPEC+ decisions would continue, and Russia and Saudi Arabia had agreed to make joint decisions.

On Friday, most of the trading session, the MOEX Russia Index and the index of emerging markets MSCI EM were sideways near zero, waiting for publication of statistics on unemployment in the US in May. At the same time, the European Stoxx Europe 600 Index and futures for the S&P500 showed a positive trend, adding on average about 0.7% on the media information about a possible US-Mexico agreement on illegal migration. At the same time, analysts believe that even in the case of the introduction of increased duties on imports from Mexico, their validity may be very short if the US and Mexico agree on an effective mechanism for restricting illegal immigration. Investors' sentiment improved after the publication of weak data on the US labour market. The growth in the number of jobs in May by 75 thousand was 60% lower than forecast, in March-April the number of new jobs after the revision was reduced by 75 thousand, with the result that the average monthly increase over the past three months amounted to 151 thousand – close to the minimum of this indicator since the autumn of 2017. Released statistics strengthened investors' confidence that the Fed will be forced to reduce the interest rate at the next meetings. In particular, according to the Chicago Stock Exchange, the likelihood of a rate cut at the July Fed meeting was close to 80% – 25 percentage points higher than a week earlier. Against this background, the pace of recovery of the composite index MSCI All Country World exceeded a percent. The MOEX Russia Index closed trading in the conditional plus, despite the growth of Brent quotes to the level of \$63.5 per barrel on the weakened dollar and the acceleration of the MSCI EM rise to 0.6%.

The electric utilities sector index for the fourth day in a row has demonstrated outperformance. On Friday, shares of RusHydro, ROSSETI and FGC UES made the main contribution to the MOEXEU outperformance in comparison with the MOEX Russia Index.

ELECTRIC POWER INDUSTRY NEWS

ROSSETI to submit to the Ministry of Energy a new dividend policy until September

The company ROSSETI plans by September 2019 to submit a new dividend policy to the Ministry of Energy for approval, the head of the company Pavel Livinsky told reporters on the sidelines of the St. Petersburg International Economic Forum on Thursday.

Read full text: <http://www.bigpowernews.ru/news/document88446.phtml>

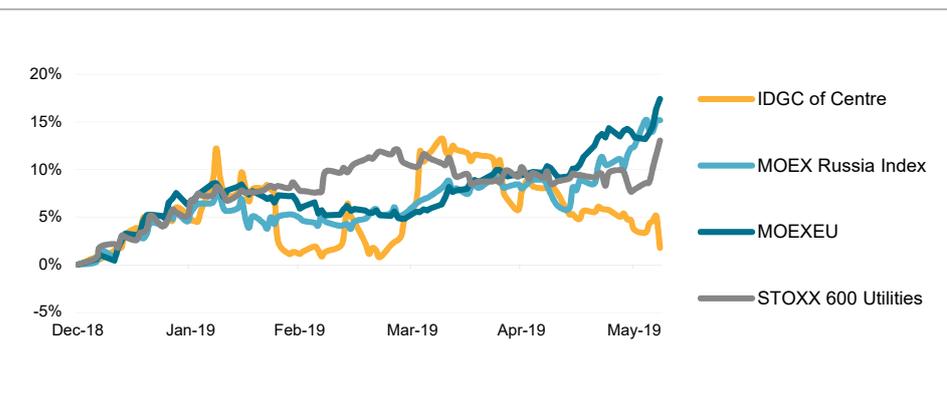
COMPANY NEWS

Voronezhenergo invests 2.3 billion rubles with VAT in the region's electric grid complex

IDGC of Centre - Voronezhenergo division has started implementation of the investment program of 2019. Power engineers plan to invest about 2.3 billion rubles, including VAT, in activities aimed at ensuring grid connection of consumers, reconstruction and construction of new substations and power lines, reduction of losses, as well as the implementation of the project of digital transformation of the regional power grid complex.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/68589/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



| World indexes | Value | Change | |
|---------------|-----------|---------|-------------|
| | | per day | fr 31.12.18 |
| MOEX Russia | 2 729,61 | 0,05% | 15,21% |
| S&P 500 | 2 873,34 | 1,05% | 14,62% |
| FTSE 100 | 7 331,94 | 0,99% | 8,97% |
| DAX | 12 045,38 | 0,77% | 14,08% |
| DJStoxx 600 | 377,48 | 0,93% | 11,80% |
| Nikkei | 20 884,71 | 0,53% | 4,35% |
| Sensex | 39 615,90 | 0,22% | 9,84% |
| CSI300 | 3 564,68 | 0,00% | 18,40% |
| Bovespa | 97 821,26 | 0,63% | 11,30% |

Source: Bloomberg, Company calculations

| Currency rates | Value | Change | |
|----------------|-------|---------|-------------|
| | | per day | fr 31.12.18 |
| USD/RUB | 65,23 | 0,17% | -6,10% |
| EURO/RUB | 73,27 | -0,13% | -7,79% |

Source: Bloomberg, Company calculations

| Raw | Value | Change | |
|-----------------|----------|---------|-------------|
| | | per day | fr 31.12.18 |
| Gold, USD/oz | 1 340,86 | 0,41% | 4,55% |
| Brent*, USD/bbl | 63,29 | 2,63% | 17,64% |

* - August futures

Source: Bloomberg, Company calculations

| Shares | Price**, P | MCap**, P bln | Change | |
|----------------------------|------------|---------------|---------|-------------|
| | | | per day | fr 31.12.18 |
| IDGC of Centre | 0,2910 | 12,29 | 188,33 | |
| IDGC of Centre & Volga Reg | 0,2919 | 32,90 | 504,28 | |

Source: Central Bank of Russia, Company calculations

| Comparison with indexes | Change | |
|-----------------------------------|---------|-------------|
| | per day | fr 31.12.18 |
| STOXX 600 Utilities | 1,30% | 13,06% |
| MOEXEU Index | 0,88% | 17,45% |
| IDGC of Centre** | -3,19% | 1,75% |
| IDGC of Centre and Volga Region** | 1,85% | 10,15% |

Source: Bloomberg, Company calculations

| Grid companies | Change** | |
|----------------------------|----------|-------------|
| | per day | fr 31.12.18 |
| Rosseti, ordinary shares | 2,98% | 73,95% |
| FGC UES | 2,29% | 23,12% |
| IDGC of Volga | -11,25% | -2,19% |
| MOESK | 0,34% | 10,38% |
| IDGC of Northern Caucasus | -2,59% | 104,57% |
| IDGC of North-West | 2,30% | 12,07% |
| IDGC of Urals | 0,11% | -4,77% |
| IDGC of Siberia | 2,11% | 202,44% |
| IDGC of South | 0,42% | 32,23% |
| Lenenergo, ordinary shares | 0,00% | 9,07% |
| TRK, ordinary shares | -1,02% | -5,52% |
| Kubanenergo | -0,65% | 26,23% |

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