

DAILY MARKET REVIEW

1 February, Friday

2019



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 31 January some positive external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 closed with a rise of 1.6-1.8%, on Thursday the composite index of the Asia-Pacific region MSCI Asia Pacific added 1.1%. The markets were supported by a significant softening of the Fed's rhetoric regarding monetary policy following the last meeting. Firstly, the US Central Bank expectedly kept the key rate at the level of 2.0-2.25%. As the head of the Fed explained, keeping the rates is not due to changes in the prospects for the development of the US economy, but to slowing down of the growth of large countries, including China and the EU, as well as risks associated with trade wars and Brexit. Secondly, the words about further gradual increase in rates disappeared from the accompanying statement, while the Fed stressed the need to be patient. Thirdly, the Fed unexpectedly issued a separate statement in which it stated that "The Committee is prepared to adjust any of the details for completing balance sheet normalization in light of economic and financial developments." At the same time, Jerome Powell promised that the plan for assets on the balance sheet would be finalized at the next meetings. Unexpectedly soft statements by the Federal Reserve, which a number of analysts called the reversal of the Central Bank rate, contributed to the weakening of the dollar, lower yields on US government bonds and a drop in the probability of one rate increase in the current year, according to the Chicago Stock Exchange, below 8%. March Brent futures traded around \$62.2 per barrel, at the level of our close on 30 January. The optimism of traders after the results of the Fed meeting was levelled by weak statistics from China – the weakening of business activity in the manufacturing sector of the country in January continued for the second month in a row.

On Thursday buyers dominated the Russian market due to investors' demand for emerging markets assets. At daily highs, the MOEX Russia Index added 1%, the index of emerging markets MSCI EM – about 1.5%. In the second half of the trading session, the MOEX Russia Index reduced the rise to 0.4% due to profit taking on the Western markets. The reason for the correction was the weak European statistics, which returned fears of a slowdown in the global economy. The growth rate of the Eurozone's GDP in the fourth quarter of 2018 was the lowest in four years, and the growth of the economy for the whole year was the slowest since 2014. Italy's economy – the third largest in the Eurozone – entered a recession, recording a decline in the GDP following the second quarter in a row. In addition, the German government significantly worsened the forecast for the GDP growth in 2019 – down to 1% from 1.8%, citing the US-PRC trade tension and hard Brexit risks.

During the day changes of the electric utilities sector index in general corresponded to the market. The main contribution to the final MOEXEU growth was made by shares of FGC UES and RusHydro.

ELECTRIC POWER INDUSTRY NEWS

ROSSETI may decide on low power data transfer networks by 2020

ROSSETI may decide on the implementation of low power data transfer networks (LoRaWAN) at its power facilities following a pilot testing of technology at IDGC of Urals, TASS was told at ROSSETI.

Read full text: <https://tass.ru/ekonomika/6057554>

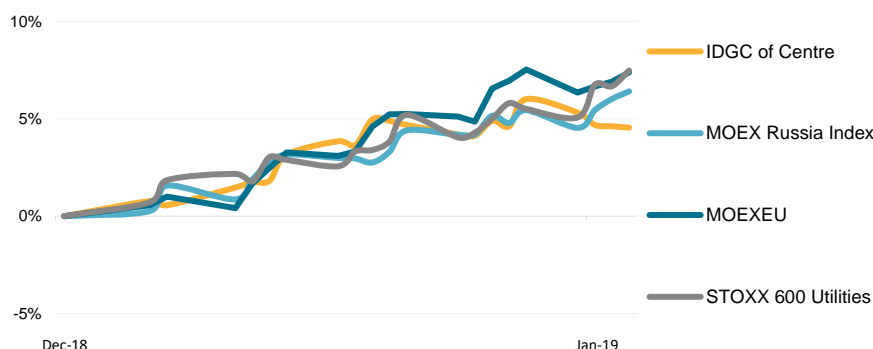
COMPANY NEWS

IDGC of Centre in 2018 increased the volume of net electricity supply to 47.1 billion kilowatt-hours

IDGC of Centre summed up the production activities for 2018. The company in a number of key parameters exceeded the figures of the previous year. The volume of joint operation net electricity supply at IDGC of Centre in 2018 was 47.1 billion kWh, which is 0.2 billion kWh higher than a year earlier (in comparable conditions, excluding the "last mile" volumes in January-June 2017, the cancellation of which was provided for by the legislation of the Russian Federation from 01.07.2017).

Read full text: <https://www.mrsk-1.ru/press-center/news/company/67155/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 521,10	0,37%	6,41%
S&P 500	2 704,10	0,86%	7,87%
FTSE 100	6 968,85	0,39%	3,58%
DAX	11 173,10	-0,08%	5,82%
DJStoxx 600	358,67	0,04%	6,23%
Nikkei	20 773,49	1,06%	3,79%
Sensex	36 256,69	1,87%	0,52%
CSI300	3 201,63	1,05%	6,34%
Bovespa	97 393,74	0,41%	10,82%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	66,10	-0,37%	-4,85%
EURO/RUB	75,57	-0,41%	-4,90%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 321,25	0,10%	3,02%
Brent*, USD/bbl	61,89	0,39%	15,04%

* - March futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	Change	
			per day	fr 31.12.18
IDGC of Centre	0,2990	12,62		190,97
IDGC of Centre & Volga Reg	0,2722	30,68		464,10

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,75%	7,48%
MOEXEU Index	0,44%	7,39%
IDGC of Centre**	-0,07%	4,55%
IDGC of Centre and Volga Region**	1,04%	2,72%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	0,17%	26,59%
FGC UES	2,52%	12,19%
IDGC of Volga	1,01%	7,40%
MOESK	0,14%	6,06%
IDGC of Northern Caucasus	-0,42%	1,14%
IDGC of North-West	1,56%	5,77%
IDGC of Urals	0,69%	9,97%
IDGC of Siberia	0,06%	61,07%
IDGC of South	0,78%	19,28%
Lenenergo, ordinary shares	0,00%	9,07%
TRK, ordinary shares	0,00%	16,88%
Kubanenergo	3,13%	35,25%

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