

DAILY MARKET REVIEW

20 December, Wednesday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 19 December some moderately positive external background formed on the Russian market. On Monday the US indices DJIA and S&P500, once again having updated their historical records, increased by 0.5-0.6%, on Tuesday the composite index of the Asia-Pacific region MSCI Asia Pacific added 0.2%. Investors are supported by the confidence in the imminent entry into force of the tax reform in the US. On Monday the senator from Maine reported on the support of the bill, and now experts are almost sure of the success of the voting, which was scheduled for Tuesday evening. As analysts say, the agreed bill provides, in particular, for the reduction of the profit tax to 21% (previously assumed to be 20%) from the current 35%, which will support the American economy. According to economists, a reduction in the tax rate can significantly increase profits of American companies (by about 10%) and have a positive impact on consumer demand. February Brent futures traded near \$63.6 per barrel, slightly above the closing level on 18 December. The positive factor from the reduction in oil supplies from the North Sea due to the failed Forties pipeline for several weeks was offset by an updated forecast from the US Department of Energy, which once again increased the estimate of shale production next month – in January 6.41 million barrels per day are expected.

On Tuesday the Russian market was dominated by sellers, in the middle of the trading session the MOEX Russia Index lost a percent, despite neutral moods in the oil market and western markets. The domestic market is still pressured by geopolitical risks. On 18 December the US president announced the content of the new US national security strategy, where Russia was named one of Washington's top geopolitical rivals. Against this background, analysts say, concerns about the introduction of new US sanctions against Russia in mid-January are growing. The European Stoxx Europe 600 Index and futures for US indices showed around zero changes during the day, pending a decisive vote in the US Congress on tax reform. Published statistics were ambiguous and did not impress investors. In Europe the data of the Ifo Institute recorded a decline in the December index of confidence in the German economy, in the US the number of new buildings in November unexpectedly grew despite the forecast.

During the trading session the MicexPWR Sector Index looked significantly worse than the market mainly due to continuing sales in securities of RusHydro. Shares of the company lost 5.6% on disappointment of the Investors' Day – RusHydro reported that there are no plans to increase dividends and a new additional issue by 13-14 billion rubles.

ELECTRIC POWER INDUSTRY NEWS

The list of directions for concluding special investment contracts extended to the agro-industrial complex and energy

The corresponding document was signed by Prime Minister of the Russian Federation Dmitry Medvedev. Also, a new version of the rules for concluding such contracts and their standard forms have been approved.

Read full text:

<https://www.kommersant.ru/doc/3501296?query=%D1%8D%D0%BB%D0%B5%D0%BA%D1%82%D1%80%D0%BE%D1%8D%D0%BD%D0%B5%D1%80%D0%B3%D0%B5%D1%82%D0%B8%D0%BA%D0%B0>

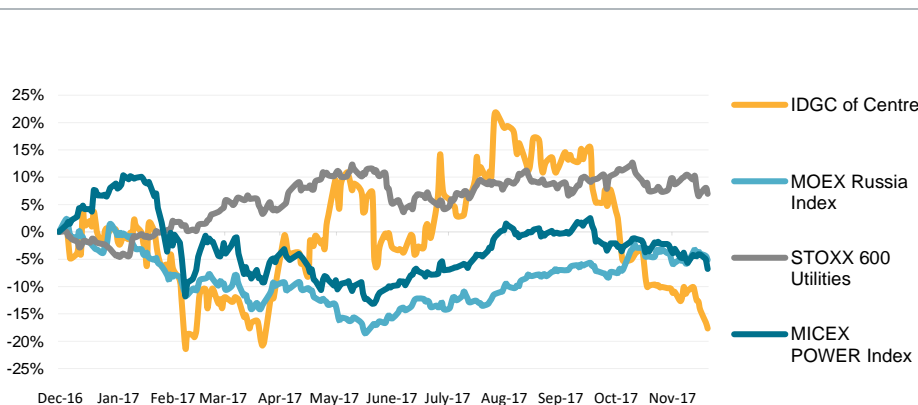
COMPANY NEWS

Kurskenergo for 11 months transmitted 4 billion kWh of electricity to customers

IDGC of Centre - Kurskenergo division summed up the results of the activity on electric power transmission for 11 months of the current year. In this period, customers consumed 4 billion kWh of electricity, which is 58.8 million kWh more than the same period last year. The growth in productive supply is associated with an increase in consumption from enterprises of the agrarian sector and individuals.

Read full text: <http://energo-news.ru/archives/144506>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MOEX Russia	2 118,16	-0,77%	-5,13%
S&P 500	2 681,47	-0,32%	19,77%
FTSE 100	7 544,09	0,09%	5,62%
DAX	13 215,79	-0,72%	15,11%
DJStoxx 600	391,02	-0,42%	8,19%
Nikkei	22 868,00	-0,15%	19,64%
Sensex	33 836,74	0,70%	27,08%
CSI300	4 035,33	1,26%	21,91%
Bovespa	72 680,37	-0,60%	20,68%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
USD/RUB	58,69	-0,35%	-3,24%
EURO/RUB	69,09	-0,48%	8,28%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 261,70	-0,04%	9,95%
Brent*, USD/bbl	63,80	0,62%	8,86%

* - February futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,3089	34,81	593,12

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.16
STOXX 600 Utilities	-1,03%	6,96%
MICEX POWER Index	-1,93%	-6,80%
IDGC of Centre**	-1,34%	-17,67%
IDGC of Centre and Volga Region**	-2,12%	102,84%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	-2,92%	-25,78%
FGC UES	-0,31%	-21,01%
IDGC of Volga	-1,34%	83,48%
MOESK	-1,68%	-9,02%
IDGC of Northern Caucasus	-4,05%	-19,50%
IDGC of North-West	-1,11%	-2,91%
IDGC of Urals	-0,48%	27,05%
IDGC of Siberia	0,00%	38,59%
IDGC of South	-1,70%	10,11%
Lenenergo, ordinary shares	-2,60%	-8,27%
TRK, ordinary shares	-2,70%	-24,37%
Kubanenergo	-2,02%	-16,21%

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