

# DAILY MARKET REVIEW

6 December, Thursday

2018



ROSSETI



IDGC OF CENTRE

## REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 5 December some negative external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 collapsed by 3.1-3.2% led by the banking and industrial sectors because of renewed investors' concern about trade wars and the outlook for the American economy. Donald Trump said the day before that "either we will have a real deal with China, or no one at all – in this case we will introduce significant duties on Chinese products supplied to the US." In the US treasury market, the yield spread of 10-year and two-year bonds dropped to its lowest level in more than 10 years. According to analysts, the inversion of the yield curve – a situation in which the yield of two-year bonds becomes higher than the yield of 10-year bonds – preceded all recessions in the American economy over the past 50 years. On Wednesday the composite stock index of the Asia-Pacific region MSCI Asia Pacific lost 1.0%, futures for US indices added 0.4%. A certain improvement in market sentiment was promoted by the statement of the Chinese Ministry of Commerce that China will try to implement concrete measures in a short time, which it agreed with the US. In particular, according to Bloomberg, China is preparing to resume purchases of US soybeans and LNG. February Brent futures traded around \$61.2 per barrel, \$1.3 below our closing level on December 4th. Quotes were pressured by a message from the American Petroleum Institute about the country's oil reserves growth to impressive 5.36 million barrels and a statement by Saudi Arabia that it is premature to say whether OPEC+ will reduce production at meetings in Vienna this week.

On Wednesday sellers dominated the Russian market, as well as on the global markets as a whole – at the daily lows the losses of the MOEX Russia Index, the European Stoxx Europe 600 Index and the index of emerging markets MSCI EM exceeded a percent. Doubts about the impact of the US-PRC trade negotiations, as well as a new batch of statistics, reinforced the opinion of economists that the peak of the global economy has already passed. Since Australia's GDP growth in the third quarter was twice as bad as the forecasts, the pace of economic recovery in South Korea slowed to a minimum in nine years. In the second half of the day the MOEX Russia Index was able to play back all the losses and close in a small plus due to the growth of Brent quotes to \$63 per barrel – analysts said that investors still hope that OPEC+ countries will eventually support a reduction in production. Activity on world markets was reduced due to the US stock exchanges were closed due to the mourning for the death of the 41st US President George Bush Sr.

At the end of the trading session the MicexPWR Sector Index underperformed. The main contribution to the MicexPWR decline in antiphase with the MOEX Russia Index was made by shares of Inter RAO.

## ELECTRIC POWER INDUSTRY NEWS

**Consumers to be obliged to pay for unused grid capacity until 1 January 2020 5% of unused reserve, until 2023 – 60%**

The Government of the Russian Federation is developing a resolution that will optimize the use of the already existing grid infrastructure, said Deputy Minister of Energy of the Russian Federation Andrey Cherezov at an expanded meeting of the Committee of the Federation Council of the Federal Assembly of the Russian Federation on Federal Structure, Regional Policy, Local Self-Government and Affairs of the North on the topic "On the effective use of reserves of grid capacity", as quoted by the press service of the Ministry of Energy.

Read full text: <http://www.bigpowernews.ru/markets/document85750.phtml>

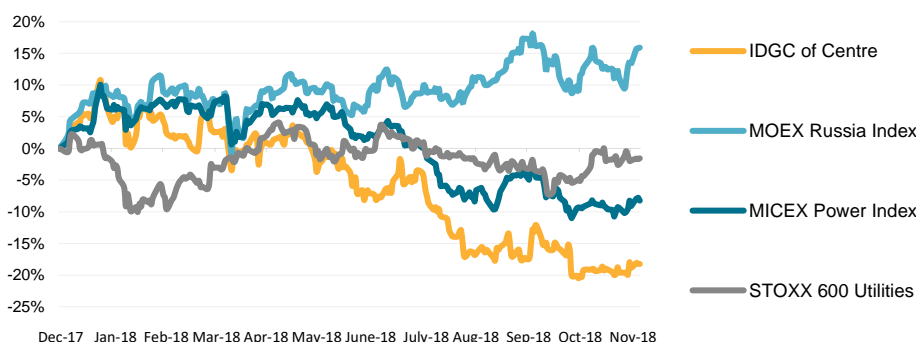
## COMPANY NEWS

**Lipetskenergo began to test a drone**

Lipetsk power engineers have a drone, which has no analogues in the world. This is a whole system, each element of which is innovative. The unique aircraft for work does not need a man. It takes off, inspects a high-voltage line, analyzes data and transmits them to the operator.

Read full text: <https://most.tv/news/104911.html>

## DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 445,55	0,09%	15,92%
S&P 500	2 700,06	0,00%	0,99%
FTSE 100	6 921,84	-1,44%	-9,96%
DAX	11 200,24	-1,19%	-13,29%
DJStoxx 600	354,27	-1,16%	-8,97%
Nikkei	21 919,33	-0,53%	-3,71%
Sensex	35 884,41	-0,69%	5,37%
CSI300	3 252,00	-0,48%	-19,32%
Bovespa	89 039,79	0,47%	16,54%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	66,45	0,23%	15,30%
EURO/RUB	75,66	0,36%	9,99%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 237,29	-0,10%	-5,03%
Brent*, USD/bbl	61,56	-0,84%	-7,94%

\* - February futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln
IDGC of Centre	0,2910	12,29	184,89
IDGC of Centre & Volga Reg	0,2750	30,99	466,42

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	0,13%	-1,57%
MICEX POWER Index	-0,50%	-8,24%
IDGC of Centre**	-0,07%	-18,26%
IDGC of Centre and Volga Region**	-0,43%	-8,85%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	1,08%	-8,79%
FGC UES	-0,64%	-2,18%
IDGC of Volga	-0,44%	-1,90%
MOESK	-1,03%	-25,08%
IDGC of Northern Caucasus	-0,70%	-26,04%
IDGC of North-West	-0,18%	5,58%
IDGC of Urals	-0,35%	-18,76%
IDGC of Siberia	0,79%	-11,00%
IDGC of South	-0,76%	-1,42%
Lenenergo, ordinary shares	1,05%	20,00%
TRK, ordinary shares	0,00%	-10,51%
Kubanenergo	0,00%	-30,87%

Source: MOEX, Company calculations

\*\* - at the price of last transaction at MOEX

**IDGC of Centre, PJSC**  
127018, Moscow, 2nd Yamskaya, 4  
+7 (495) 747 92 92  
<http://mrsk-1.com/en/investors/>

**IR Division**  
+7 (495) 747 92 92, ext. 33-34  
[ir@mrsk-1.ru](mailto:ir@mrsk-1.ru)

**Tickers**  
Moscow Exchange (MOEX)  
Bloomberg  
Reuters

**MRKC**  
**MRKC:RM**  
**MRKC:MM**