

DAILY MARKET REVIEW

19 October, Friday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 18 October some moderately negative external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 fell within 0.4%, on Thursday the composite index of the Asia-Pacific region, MSCI Asia Pacific, lost 0.8%. The markets were pressured by the publication of minutes of the September meeting of the Fed, which confirmed the determination of the Fed to tighten monetary policy. Thus, during the meeting, most central bankers supported the possibility of temporarily exceeding the key rate of a level that they consider neutral for the economy in the long term – about 3%, reminds Bloomberg. The result of this publication was the strengthening of the dollar, the increase in yields of US 10-year government bonds to 3.21% and a corresponding decrease in the attractiveness of risky assets. An additional negative factor for the Chinese CSI300, which lost 2.3% and dropped to a minimum since March 2016, was the risk of exacerbation of the US-PRC confrontation. According to experts, although the US Treasury in the semi-annual report on the monetary policy of the partner countries refrained from announcing China as a currency manipulator, nevertheless, the hawkish tone of the report on the PRC and the new minimum of the yuan from January 2017 do not allow to expect a quick resolution of trade contradictions of the two countries. December Brent futures traded around \$79.9 a barrel, \$0.2 below our closing level on 17 October. The drop in quotations below \$80 per barrel was due to the US Department of Energy's report on the country's increased oil reserves by 6.5 million barrels – two and a half times higher than the forecast.

On Thursday the Russian market was dominated by sellers, at daily lows, the loss of the MOEX Russia Index was close to 1.5%. The market was pressured by falling oil prices and a decline in investors' interest in risky assets due to the renewed growth in yields on US government bonds. Brent quotes fell to \$78.7 on signals that the conflict between the US and Saudi Arabia around the missing journalist is fading away, reducing the likelihood of sanctions against the kingdom and Riyadh's response to the oil market. In particular, Bloomberg writes, Donald Trump's latest statements show that he is not going to abandon his friendship with Saudi Arabia, his long-time partner in the Middle East. An additional negative factor for our market was statements of the special representative of the US State Department for Ukraine that the US would continue to tighten sanctions against Russia "every month or two" because of the situation in Ukraine. The MOEX Russia Index closed trading at the daily lows – the recovery of oil prices was levelled by a percentage drop in major US indices at the beginning of the trading session.

During the trading session the MicexPWR Sector Index looked significantly better than the market - the main sales were concentrated in liquid securities of the first tier.

ELECTRIC POWER INDUSTRY NEWS

The two largest legislative initiatives of the FAS - the law on state regulation of tariffs and the amendments eliminating the law on "natural monopolies" - can become one bill - says the newspaper

The tariff bill has already been submitted to the government, but the authorities and the markets still have major remarks to it. Both departments and market participants agree that the law should become exclusively framework - and not claim to be inclusive, which, according to observers, impairs the regulation of specific industries. The FAS says that the government will remove these contradictions.

Read full text: <http://www.bigpowernews.ru/markets/document84959.phtml>

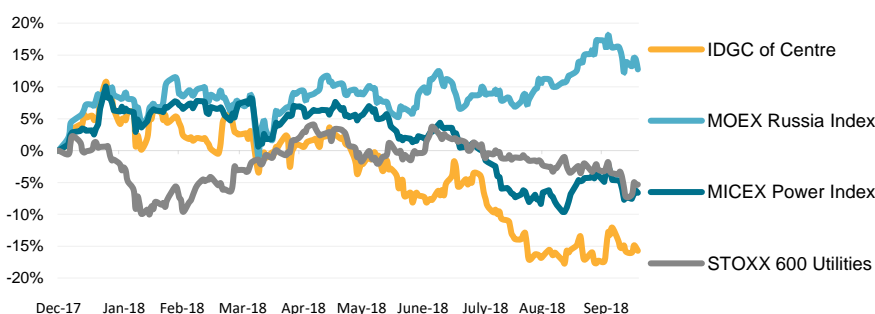
COMPANY NEWS

IDGC of Centre to provide power to the first large mushroom cultivation facility in the Voronezh region

Specialists of the Voronezh branch of IDGC of Centre will provide electricity for a new greenhouse for compost production and mushroom cultivation in the village of Rogachevka of Novosmanskoy district in the Voronezh region. This is the first large-scale project of this kind implemented in the region.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/66157/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 378,62	-1,36%	12,74%
S&P 500	2 768,78	-1,44%	3,56%
FTSE 100	7 026,99	-0,39%	-8,60%
DAX	11 589,21	-1,07%	-10,28%
DJStoxx 600	361,67	-0,51%	-7,07%
Nikkei	22 658,16	-0,80%	-0,47%
Sensex	34 779,58	0,00%	2,12%
CSI300	3 044,39	-2,37%	-24,47%
Bovespa	83 847,12	-2,24%	9,74%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	65,40	-0,20%	13,49%
EURO/RUB	75,65	-0,36%	9,98%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 225,81	0,29%	-5,91%
Brent*, USD/bbl	79,29	-0,95%	18,57%

* - December futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln	
			per day	fr 31.12.17
IDGC of Centre	0,3000	12,67	193,65	
IDGC of Centre & Volga Reg	0,2870	32,34	494,54	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	0,06%	-5,33%
MICEX POWER Index	-0,37%	-6,64%
IDGC of Centre**	-0,66%	-15,73%
IDGC of Centre and Volga Region**	2,14%	-4,87%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	0,92%	-12,01%
FGC UES	-0,97%	-5,28%
IDGC of Volga	0,44%	0,88%
MOESK	-0,29%	-22,58%
IDGC of Northern Caucasus	0,35%	-25,26%
IDGC of North-West	0,75%	28,65%
IDGC of Urals	0,58%	-16,71%
IDGC of Siberia	-0,57%	-23,58%
IDGC of South	-0,13%	28,26%
Lenenergo, ordinary shares	0,33%	27,19%
TRK, ordinary shares	0,00%	-15,90%
Kubanenergo	-1,54%	-34,95%

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