

DAILY MARKET REVIEW

13 November, Tuesday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 12 November some moderately positive external background formed on the Russian market. On Friday the US indices DJIA and S&P500 closed with a decline of 0.8-0.9%. The leaders of the correction were volatile securities of technology companies on weak statements of a number of representatives of the sector and stocks of commodity companies following the fall in prices for oil and metals. According to media reports, at the end of last week, the WTI quotations went into the "bearish" phase after they completed in the red ten trading sessions in a row, which has not happened since 1984. At the same time, both brands (Brent and WTI) dropped by the end of the fifth week in a row, which is a record in almost four years. On Monday major stock indices of the Asia-Pacific region traded in a slight plus as part of the correction after Friday's fall, futures for US indices added 0.4%. January Brent futures traded around \$71.4 per barrel, \$1.3 above our closing level on Friday, 9 November. The quotes were supported by statements of the Minister of Energy of Saudi Arabia about the need to reduce oil supplies by OPEC+ countries by 1 million barrels per day from the October's level. According to media reports, the kingdom calls on allies to focus on the risks of increasing oil reserves and forecasts of large-scale supply growth from competitors, including the US shale oil, next year.

The MOEX Russia Index spent most of the day on average in half a percent plus due to the rise in oil prices. Nevertheless, at the end of the trading session the MOEX Russia Index moved to negative territory following the deterioration of sentiment on world markets due to European problems. Firstly, the deadline is today by which Italy, at the request of the European Commission, shall submit a revised budget for 2019. According to media reports, if Italy refuses to change the parameters of the budget plan, the regulator may resort to financial sanctions against Rome in 2019. In turn, the Italian authorities said that they would not only revise the draft budget but could also resort to blocking budget decisions in the European Union if the EU country partners continue to show disrespect for it. Secondly, the media reported on the government crisis in the UK because of the disagreement of a number of ministers with the plans of the prime minister regarding Brexit and, accordingly, a high probability of disrupting the special EU summit to sign an agreement with the UK. Against this background, at the end of the day, the losses of the European Stoxx Europe 600 Index, the index of emerging markets MSCI EM and the major US indices were approaching a percent on average.

At the end of the trading session the MicexPWR Sector Index looked slightly better than the market, mainly due to growth of in shares of Unipro, Enel Russia and ROSSETI.

ELECTRIC POWER INDUSTRY NEWS

The Government Commission of the Russian Federation approved a draft to ban new regions from leaving the electricity market

The Government Commission of the Russian Federation on legislative activity approved a draft amendment to the law "On Electric Power Industry", which will prohibit the transition of new regions of the Russian Federation from market prices to regulated electricity tariffs for consumers other than the population, the Cabinet of Ministers said in a statement.

Read full text: https://1prime.ru/state_regulation/20181112/829430170.html

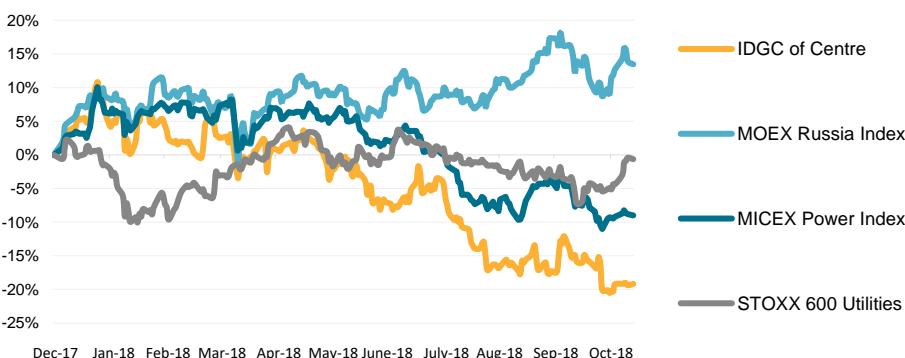
COMPANY NEWS

Belgorodenergo's repair shop for power transformers increased its production capacity

In 2018, the repair shop for power transformers of IDGC of Centre - Belgorodenergo division increased its production capacity to 302 units of power equipment of 6-10 kV per year. At the same time, the average cost of repairing a single transformer, as compared with the same period last year, decreased by 15%.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/66445/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 393,81	-0,40%	13,46%
S&P 500	2 726,22	-1,97%	1,97%
FTSE 100	7 053,08	-0,74%	-8,26%
DAX	11 325,44	-1,77%	-12,33%
DJStoxx 600	362,03	-1,01%	-6,98%
Nikkei	22 269,88	0,09%	-2,17%
Sensex	34 812,99	-0,98%	2,22%
CSI300	3 205,14	1,19%	-20,48%
Bovespa	85 524,70	-0,14%	11,94%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	66,85	0,96%	16,00%
EURO/RUB	75,81	0,18%	10,21%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 200,37	-0,77%	-7,86%
Brent*, USD/bbl	70,12	-0,09%	4,86%

* - January futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	Change	
			per day	fr 31.12.17
IDGC of Centre	0,2878	12,15		181,76
IDGC of Centre & Volga Reg	0,2678	30,18		451,47

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-0,22%	-0,64%
MICEX POWER Index	-0,23%	-9,01%
IDGC of Centre**	0,28%	-19,16%
IDGC of Centre and Volga Region**	0,11%	-11,24%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	1,04%	-12,68%
FGC UES	-0,39%	-5,93%
IDGC of Volga	0,55%	-2,92%
MOESK	0,80%	-23,36%
IDGC of Northern Caucasus	0,28%	-25,52%
IDGC of North-West	-1,15%	15,38%
IDGC of Urals	0,12%	-19,14%
IDGC of Siberia	1,87%	-28,47%
IDGC of South	-0,40%	4,01%
Lenenergo, ordinary shares	2,79%	22,71%
TRK, ordinary shares	0,00%	-8,36%
Kubanenergo	-1,15%	-34,44%

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