

DAILY MARKET REVIEW

15 November, Thursday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 14 November some moderately negative external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 closed with a decrease of 0.1-0.4%. The optimism of investors, caused by Donald Trump's economic advisor's statement about the resumption of the US trade dialogue with China at all levels, was offset by the fall in commodity stocks after the sale on the oil market. On Wednesday the composite stock index of the Asia-Pacific region, MSCI Asia Pacific, lost 0.2% on weak statistics from Japan and the PRC. Japan's GDP in the third quarter decreased by 1.2% y/y, in China in October the rise in retail sales slowed down to a minimum of five months, and the growth of sales of new buildings to a minimum of six months. January Brent futures traded around \$65.4 per barrel, \$1.9 below our 13 November close. Brent quotes on Tuesday fell 7% and entered the bearish phase, losing 24% from October highs. Active sales were provoked by a dramatic change in traders' expectations – from fears of a shortage of supplies due to Iranian sanctions to an overabundance of raw materials with the demand starting to fall. The reasons for the revision of the forecasts were the US easing for the main buyers of Iranian oil after the introduction of sanctions against Iran, the simultaneous increase in production in the US, Saudi Arabia and Russia, and the deterioration of the forecast of global demand for fuel from OPEC experts.

The MOEX Russia Index spent most of the day in the red within a percent, playing off the collapse in oil prices on Tuesday and negative sentiment on European markets. The European Stoxx Europe 600 Index lost more than a percent in the middle of the day due to weak statistics and the refusal of the Italian government to revise the budget for 2019, despite the demands of Brussels. In the third quarter the GDP of Germany fell for the first time since the beginning of 2015 due to falling exports, the Eurozone's GDP growth was minimal in four years. At the end of the day, the MOEX Russia Index was able to move into positive territory following the recovery in oil prices and the improvement of sentiment in the western markets. Brent quotes rose to \$67.5 per barrel on a Reuters report that OPEC+ countries are discussing a decline in oil production in 2019 to 1.4 million barrels per day. In turn, support for Western investors was provided by the media that the EU and the United Kingdom at the expert level agreed on the text of the Brexit agreement.

During the trading session the MicexPWR Sector Index underperformed. The main contribution to the final MicexPWR decline in antiphase with the MOEX Russia Index was made by shares of RusHydro. These papers were pressured by their expulsion from the MSCI Russia Index as a result of a semi-annual review. According to experts of VTB Capital, this could lead to an outflow of passive money in the amount of \$73 million.

ELECTRIC POWER INDUSTRY NEWS

The FAS bill on state regulation of tariffs again harshly criticized by the ministries, says the newspaper

The work on the reduction and conceptual revision of the document at a conciliation meeting in the Ministry of Economy with the participation of all interested departments was recognized as "formal", and all its participants, except the FAS and the Ministry of Finance, stated that the document should be completely rewritten - or abandoned. Earlier, Deputy Prime Minister Dmitry Kozak demanded that the new statute be submitted to the State Duma by the end of the year, but yesterday in his office they made it clear that the future of the draft law is unclear.

Read full text: <http://www.bigpowernews.ru/markets/document85338.phtml>

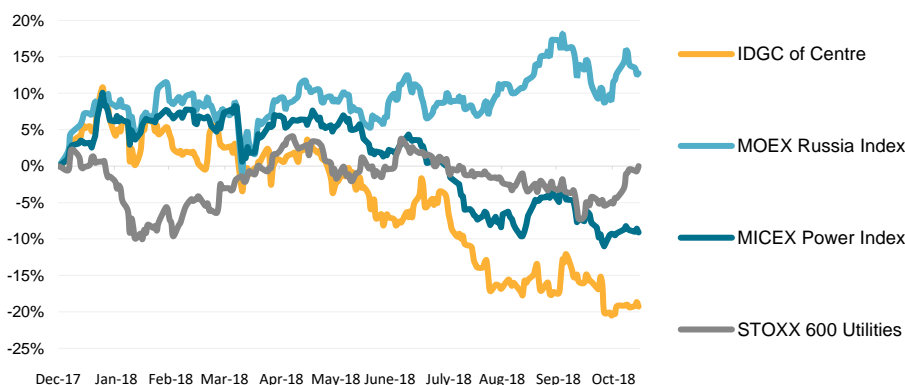
COMPANY NEWS

Belgorodenergo completes reconstruction of the 110 kV substation "Konshino"

IDGC of Centre - Belgorodenergo division is completing the reconstruction of the 110 kV substation "Konshino". The feeding centre with its installed capacity of 3.2 MVA provides power supply to 13 villages and farms of Gubkinsky district. 19.4 million rubles were allocated for the project implementation with VAT included.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/66460/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 378,59	0,15%	12,74%
S&P 500	2 701,58	-0,76%	1,05%
FTSE 100	7 033,79	-0,28%	-8,51%
DAX	11 412,53	-0,52%	-11,65%
DJStoxx 600	362,27	-0,60%	-6,91%
Nikkei	21 846,48	0,16%	-4,03%
Sensex	35 141,99	-0,01%	3,19%
CSI300	3 204,94	-1,00%	-20,49%
Bovespa	85 973,06	1,25%	12,53%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	67,68	0,23%	17,44%
EURO/RUB	76,07	-0,02%	10,59%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 210,88	0,72%	-7,06%
Brent*, USD/bbl	66,12	0,99%	-1,12%

* - January futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	Change	
			per day	fr 31.12.17
IDGC of Centre	0,2874	12,13	179,27	
IDGC of Centre & Volga Reg	0,2636	29,71	438,93	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	0,72%	0,01%
MICEX POWER Index	-0,57%	-9,08%
IDGC of Centre**	-0,76%	-19,27%
IDGC of Centre and Volga Region**	-0,72%	-12,63%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	0,84%	-12,24%
FGC UES	0,55%	-5,28%
IDGC of Volga	0,20%	-3,41%
MOESK	-0,80%	-23,92%
IDGC of Northern Caucasus	1,00%	-26,04%
IDGC of North-West	-1,84%	12,88%
IDGC of Urals	1,41%	-17,71%
IDGC of Siberia	0,49%	-28,82%
IDGC of South	-0,48%	4,10%
Lenenergo, ordinary shares	0,00%	20,83%
TRK, ordinary shares	0,00%	-8,36%
Kubanenergo	2,61%	-29,85%

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