

DAILY MARKET REVIEW

14 January, Monday

2019



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 11 January some moderately positive external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 rose by 0.5% and left the correction zone, adding more than 10% from the December's low. In general, according to media reports, the beginning of the year on the US stock market was the best in 13 years – for the first seven sessions of 2019, the indices showed the strongest growth since 2006. Progress in the US-PRC trade negotiations and mitigation of the Fed's management's rhetoric continue to support markets. The head of the US Treasury said that at the end of January the Vice-Premier of the State Council of China would visit Washington to continue the negotiations on trade issues at a higher level. In turn, the chairman of the Federal Reserve emphasized that the regulator has the opportunity to be patient in terms of further increasing the cost of borrowing after four rate hikes last year. According to Jerome Powell, if the growth of the world economy slows down even more, the Fed will be able to "flexibly and quickly change policy." Following the US markets, the composite index of the Asia-Pacific region MSCI Asia Pacific added 0.4% on Friday. Brent March futures traded around \$61.6 per barrel, \$0.4 above our 10 January close. Oil prices have been rising for the second week in a row in the face of expectations that OPEC+ will reduce production and reduce oversupply, and trade disputes between the US and China will be removed. The nine-day rally of Brent quotes, writes Market Watch, was the longest since September 2007.

The MOEX Russia Index, the European Stoxx Europe 600 Index and the index of emerging markets MSCI EM spent most Friday in a small plus within half a percent, playing out the positive market sentiment after the rise in the US and Asia. The reduction in the intensity of the US-PRC confrontation and the easing of the Fed's attitude towards the monetary policy led to a weaker dollar and lower yields on US government bonds, which favourably affects risky assets. Additional support to our market was provided by the growth of Brent quotes above \$62 per barrel. The MOEX Russia Index was able to close trading with a 0.4% increase, despite a half-percent decline in the main European and American indices as part of profit-taking after the rally in recent weeks.

During the trading session the MicexPWR Sector Index outperformed. The main contribution to the final MicexPWR outperformance compared to the MOEX Russia Index was made by shares of RusHydro.

RusHydro was supported by Interfax's information about some of the details of the meeting between the head of the company and the President of the Russian Federation. In particular, the head of RusHydro said that the company plans to increase dividends by 35% y/y in 2018 and pay shareholders 50% of its net profit under IFRS, which is expected to reach 30 billion rubles. According to BCS's estimates, the current dividends of RusHydro's shares in this case will be 7.1%. In addition, Interfax writes, Nikolay Shulginov addressed the President with a request to support the modernization of the company's capacities in the Far East with a yield of 14% and payment for the program by consumers in the wholesale market.

ELECTRIC POWER INDUSTRY NEWS

Moscow hosted a meeting of chief engineers of ROSSETI

In Moscow, under the leadership of Deputy Director General - Chief Engineer of ROSSETI Andrei Mayorov, a meeting was held on topical issues related to organization of operation of the electric grid complex.

Read full text: http://www.rosseti.ru/press/news/index.php?ELEMENT_ID=34521

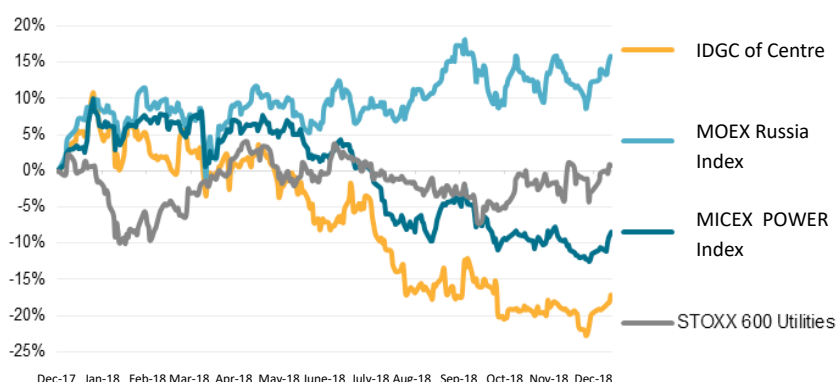
COMPANY NEWS

Head of Udmurtia Alexander Brechalov and General Director of IDGC of Centre - the managing organization of IDGC of Centre and Volga Region Igor Makovskiy held a working meeting

The parties discussed issues of ensuring reliable power supply to consumers of the Udmurt Republic, consolidation of grid assets, and prospects for the development of the regional economy.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/67010/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 444,45	0,42%	3,17%
S&P 500	2 596,26	-0,01%	3,57%
FTSE 100	6 918,18	-0,36%	2,82%
DAX	10 887,46	-0,31%	3,11%
DJStoxx 600	349,2	0,09%	3,42%
Nikkei	20 359,70	0,97%	1,72%
Sensex	36 009,84	-0,27%	-0,16%
CSI300	3 094,78	0,72%	2,79%
Bovespa	93 658,31	-0,16%	6,57%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	66,86	-0,33%	-3,76%
EURO/RUB	77,21	0,40%	-2,83%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 290,25	0,28%	0,61%
Brent*, USD/bbl	60,48	-1,95%	12,42%

* - February futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,2950	12,45	186,27
IDGC of Centre & Volga Reg	0,27	30,43	455,10

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-0,14%	2,89%
MICEX POWER Index	0,76%	3,27%
IDGC of Centre**	1,30%	3,15%
IDGC of Centre and Volga Region**	0,71%	1,89%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	0,05%	3,21%
FGC UES	0,43%	3,69%
IDGC of Volga	0,75%	3,01%
MOESK	0,67%	2,65%
IDGC of Northern Caucasus	0,43%	1,00%
IDGC of North-West	1,43%	2,34%
IDGC of Urals	1,61%	2,28%
IDGC of Siberia	-0,29%	-0,10%
IDGC of South	0,53%	4,22%
Lenenergo, ordinary shares	0,00%	5,10%
TRK, ordinary shares	0,00%	10,39%
Kubanenergo	9,31%	10,66%

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