

DAILY MARKET REVIEW

31 January, Wednesday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 30 January some moderately negative external background formed on the Russian market. On Monday the US indices DJIA and S&P500 closed with the highest this year fall of 0.7%, on Tuesday the composite index of the Asia-Pacific region MSCI Asia Pacific lost a percent. The reasons for the rapid correction after a rally at the beginning of the year were the decline in prices of oil and metals, the growth yield of the US 10-year government bonds to the highest level since April 2014 and the strengthening of the dollar. March Brent futures traded near \$69 per barrel, \$0.5 lower than the closing level on 29 January. The quotations were pressured by the growing dollar and forecasts of the first increase in commercial stocks of raw materials in the US for eleven weeks.

More than a half-point reduction of the MOEX Russia Index in the first hour of trading under the pressure of negative closing of US markets and a drop in oil prices was replaced by a comparable increase in easing concerns about the new US sanctions. The published "Kremlin Report" of the US Treasury turned out to be formal – the agency included in the list businessmen owing \$1 billion (based on public sources), heads of all major state-owned companies and banks, and the government as a whole. At the same time, the report with an analysis of consequences of the introduction of restrictions on operations with Russian bonds was postponed until Friday. As analysts note, the breadth of the list and the absence of concrete evidence that the US is not yet ready for a sharp deterioration of relations with Russia without any serious new reasons which, in turn, makes a very likely scenario that the new US sanctions will not affect the Russian debt market. Against this backdrop, Russian assets, including stocks, bonds and the ruble had strong demand from investors. Nevertheless, at the end of the day, the MOEX Russia Index returned to the negative area, losing 0.2% at the end of the trading session. Sales in the Russian market were provoked by more than a percentage drop in the major US indices at the beginning of the day, following the growth of the Wall Street "fear index" – the VIX volatility index – to its highs since August last year, and higher yields on government bonds of developed countries, which increase the cost of lending.

During the trading session the MicexPWR Sector Index outperformed. The main contribution to the MicexPWR growth in antiphase with the MOEX Russia Index was made by shares of FGC UES and Rosseti. From the news of the sector, one can note the improvement in the ratings of electricity companies from Moody's, following the increase in the outlook on the sovereign rating. In particular, the rating of Inter RAO was transferred to the investment grade "Baa3" with "stable" outlook, the ratings of FGC UES and RusHydro were kept at "Ba1" (a step below the investment grade) with improved outlook from "stable" to "positive".

ELECTRIC POWER INDUSTRY NEWS

Consumption of electric power in the power system of the Belgorod region reached a new historical maximum

According to the operative data of the regional branch of JSC "SO UES" "Regional Dispatch Administration of Kursk, Orel and Belgorod Regions" (Kursk Transmission Control Centre), 26 January 2018 the highest indicator of electric power consumption for the entire history of its existence was recorded in the power system of the Belgorod region.

Read full text: <http://www.bigpowernews.ru/press/document81526.phtml>

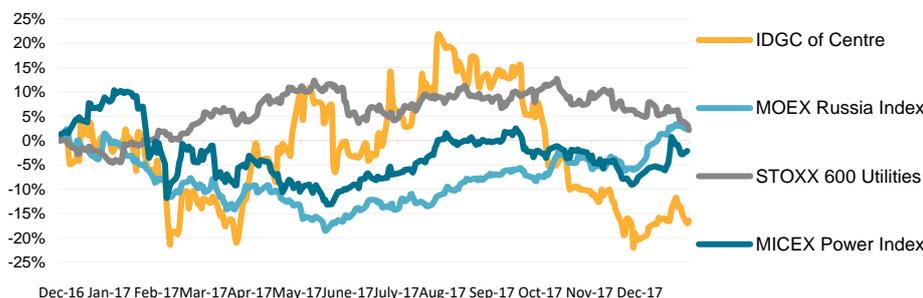
COMPANY NEWS

Specialists of the technical unit of Kurskenergo upgrade their qualifications

IDGC of Centre - Kurskenergo division pays great attention to training of personnel. Power engineers raise their qualifications on the basis of educational institutions, corresponding programs are implemented directly in the enterprise. In January, in the Training Centre of operating personnel of Kurskenergo, a training seminar was held for chief engineers of Distribution Zones and engineers of the production safety and industrial control office of the branch. More than 60 people took part in it.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/62972/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 280,36	-0,17%	8,09%
S&P 500	2 822,43	-1,09%	5,57%
FTSE 100	7 587,98	-1,09%	-1,30%
DAX	13 197,71	-0,95%	2,17%
DJStoxx 600	396,12	-0,92%	1,78%
Nikkei	23 291,97	-1,43%	2,32%
Sensex	36 033,73	-0,69%	5,80%
CSI300	4 256,10	-1,07%	5,59%
Bovespa	84 482,46	-0,25%	10,58%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	56,29	0,83%	-2,32%
EURO/RUB	69,85	0,35%	1,55%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 338,59	-0,13%	2,75%
Brent*, USD/bbl	69,02	-0,63%	3,22%

* - March futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3735	15,77	280,12
IDGC of Centre & Volga Reg	0,3089	34,81	618,44

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-1,00%	2,22%
MICEX POWER Index	0,70%	6,88%
IDGC of Centre**	0,67%	4,92%
IDGC of Centre and Volga Region**	-0,07%	1,43%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	2,12%	11,75%
FGC UES	1,95%	9,75%
IDGC of Volga	1,42%	4,72%
MOESK	0,23%	-4,56%
IDGC of Northern Caucasus	-1,90%	-5,73%
IDGC of North-West	1,15%	1,92%
IDGC of Urals	1,93%	13,37%
IDGC of Siberia	7,41%	13,97%
IDGC of South	3,92%	6,35%
Lenenergo, ordinary shares	0,29%	8,23%
TRK, ordinary shares	0,00%	3,50%
Kubanenergo	-1,86%	-5,61%

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