

DAILY MARKET REVIEW

11 December, Monday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 8 December some moderately positive external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 increased by 0.3% due to restoration of shares in the technology sector after active sales and on expectations of a new round of stimulating the US economy. According to the US media, the president intends to publish a detailed document by 30 January, which will outline the basic principles of investing in infrastructure – during the election campaign Donald Trump announced his intention to invest \$1 trillion in infrastructure projects. On Friday the composite stock index of the Asia-Pacific region MSCI Asia Pacific added more than half a percent. Additional support for markets in the Asian session was provided by the news that the US Congress approved a bill that prolongs the government funding until 22 December, and good statistics from Japan and China. Japan's GDP growth in the third quarter, according to final data, was revised from 1.4% to 2.5%, statistics from China recorded an acceleration in the growth rate of Chinese exports in November. February Brent futures traded near \$62.2 per barrel, \$0.3 higher than the closing level on 7 December. Quotations were supported by information on an increase in oil imports by China in November by 23% compared with October.

The MOEX Russia Index spent most of the trading session in a small plus within half a percent due to the rise in Brent crude prices above \$63 per barrel and optimism at the global stock exchanges. The European Stoxx Europe 600 Index added more than half a percent on media coverage of the successful completion of the first stage of negotiations between the EU and the UK on Brexit conditions and progress in forming a coalition government in Germany – on Friday the SPD congress voted to start negotiations with the CDU/CSU bloc. The mood on the western markets improved after the release of strong statistics on the US labour market – in November the number of jobs increased by 228 thousand, surpassing the forecast of 195 thousand, unemployment remained at the lowest level for 17 years at 4.1%. At the same time, the rise of world stock markets did not impress Russian investors – the MOEX Russia and RTS Indices closed trading near zero.

During the day the MicexPWR Sector Index underperformed. The main contribution to the final MicexPWR decrease in antiphase with the MOEX Russia Index was made by shares of Inter RAO, Unipro and FGC UES. From the current news one can note Moody's upgrade of the rating of Rosseti and five subsidiaries (MOESK, Lenenergo, IDGC of Centre and Volga Region, IDGC of Urals and IDGC of Volga) from "Ba2" to sovereign "Ba1". The outlook on the ratings is "stable". The report notes that the decision to raise the rating of Rosseti "reflects the strong financial profile of the company, sufficient liquidity, its dominant position in the market." At the same time, Moody's equates the ratings of the regional subsidiaries of Rosseti to the rating of the company itself, taking into account, among other things, the involvement of Rosseti as a management company in the process of budget planning and financing of subsidiaries.

ELECTRIC POWER INDUSTRY NEWS

FAS from the beginning of 2018 can get the opportunity to approve the growth of tariffs for transmission of electricity, says the newspaper

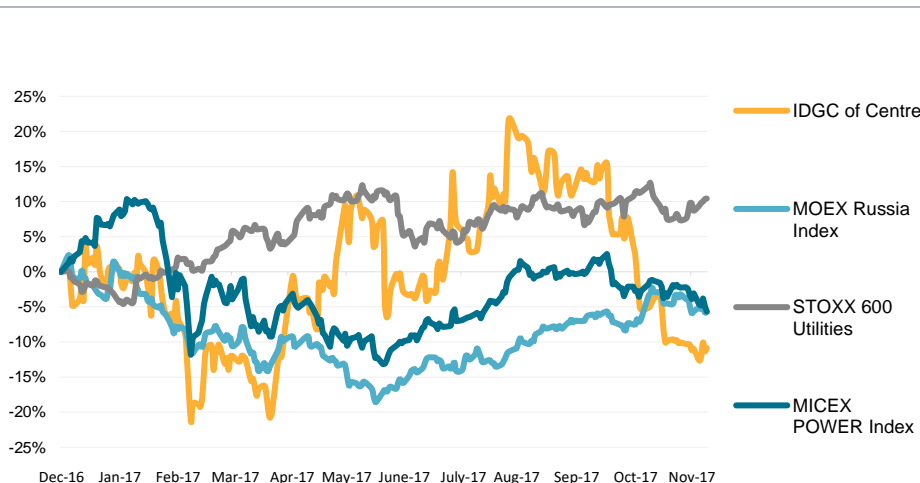
Read full text: <http://www.bigpowernews.ru/markets/document80901.phtml?1&q=>

COMPANY NEWS

Kurskenergo's employees continue work on blocking sites of advertising and selling "modified meters"

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/62580/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MOEX Russia	2 104,99	0,09%	-5,72%
S&P 500	2 651,50	0,55%	18,43%
FTSE 100	7 393,96	1,00%	3,52%
DAX	13 153,70	0,83%	14,57%
DJStoxx 600	389,25	0,73%	7,70%
Nikkei	22 811,08	1,39%	19,34%
Sensex	33 250,30	0,91%	24,88%
CSI300	4 003,38	0,81%	20,95%
Bovespa	72 731,84	0,34%	20,76%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
USD/RUB	59,29	0,62%	-2,25%
EURO/RUB	69,93	0,32%	9,59%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 248,49	0,10%	8,80%
Brent*, USD/bbl	63,40	1,93%	8,17%

* - February futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln
IDGC of Centre	0,3985	16,82	283,73
IDGC of Centre & Volga Reg	0,3089	34,81	587,11

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.16
STOXX 600 Utilities	0,07%	10,44%
MICEX POWER Index	-0,76%	-5,65%
IDGC of Centre**	0,50%	-10,85%
IDGC of Centre and Volga Region**	1,37%	105,68%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	-1,57%	-28,54%
FGC UES	-1,00%	-21,73%
IDGC of Volga	0,62%	88,84%
MOESK	-1,81%	-9,13%
IDGC of Northern Caucasus	0,29%	-22,22%
IDGC of North-West	0,00%	-1,27%
IDGC of Urals	1,19%	29,18%
IDGC of Siberia	-4,35%	31,42%
IDGC of South	-0,54%	4,96%
Lenenergo, ordinary shares	-2,25%	-5,27%
TRK, ordinary shares	0,00%	-15,97%
Kubanenergo	-1,60%	-15,29%

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