

DAILY MARKET REVIEW

11 December, Tuesday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 10 December some negative external background formed on the Russian market. On Friday the US indices DJIA and S&P500 closed with a fall of 2.2-2.3%. According to MarketWatch, negative background for investors is the lack of concrete progress in easing trade tensions between the US and China, which significantly exceeded the positive background from the report on the US labour market in November. In addition, the market was pressured by a statement of a member of the Board of Governors of the Fed Lael Brainard that the situation in the American economy favours a gradual increase in the base interest rate. On Monday the composite index of the Asia-Pacific region MSCI Asia Pacific lost 1.6%, futures on US indices – 0.7%. Traders were disappointed by weak data from Japan and China, which confirmed the slowdown of the global economy. The estimate of the decline in the Japanese economy in the third quarter was revised downward, with the rate of decline exceeding analysts' forecasts. The growth rates of Chinese imports and exports slowed sharply in November compared with October and were noticeably weaker than market forecasts amid continuing trade disputes with the US. February Brent futures traded around \$61.9 per barrel, \$1.4 below our 7 December close. Oil prices retreated from Friday's highs on investors' doubts in the implementation of the reached OPEC+ agreement. According to Goldman Sachs, the lack of a clear distribution of cuts across countries, as well as the fact that Iran, Venezuela and Libya received an exemption from the OPEC+ deal, cloud the market outlook. Analysts noted that for a steady rise in oil prices, signals are needed for a decrease in reserves, as well as confirmation that production is actually declining.

On Monday sellers dominated global stock markets as part of investors' withdrawal from risky assets. Following the mid-day fall of the US and Asian stock exchanges, the MOEX Russia Index and the index of emerging markets MSCI EM lost about 1.5%, the European Stoxx Europe 600 Index – about a percent. Uncertainty in the markets was aggravated by European issues. Firstly, in the UK, a vote on Brexit is scheduled for Tuesday in the country's parliament, and experts point out the growing risks of a British exit from the EU without an agreement. Secondly, the Bank of France significantly worsened the assessment of the growth rate of the country's economy in the fourth quarter due to a wave of protest actions. At the end of the day, selling pressure increased after the start of trading in the US with more than a percentage drop in the main indices on fears of complications in negotiations with China. According to media reports, the Chinese authorities called the American ambassador to China to demand that the US withdraw the warrant for the arrest of CFO of the Chinese company Huawei.

During the trading session the MicexPWR Sector Index looked significantly better than the market, the main sales were concentrated in the first-tier shares. Finam's analysts confirmed the assessment of IDGC of Centre with a target price of 0.40 rubles and a "buy" recommendation. "Despite the "thin spots" in the investment case, we continue to consider IDGC of Centre's shares as an interesting investment idea and, thanks to good dividend prospects, we confirm the "Buy" recommendation with a target price of 0.40 rubles and a medium-term growth potential of 38%," the review says.

ELECTRIC POWER INDUSTRY NEWS

Mr. Siluanov said it is inappropriate to transfer tariff regulation from the FAS to the Ministry of Economic Development

The transfer of tariff regulation from the FAS to the Ministry of Economic Development is inexpedient, First Deputy Prime Minister and Minister of Finance Anton Siluanov told reporters on the sidelines of the United Russia party congress on Saturday, 8 December.

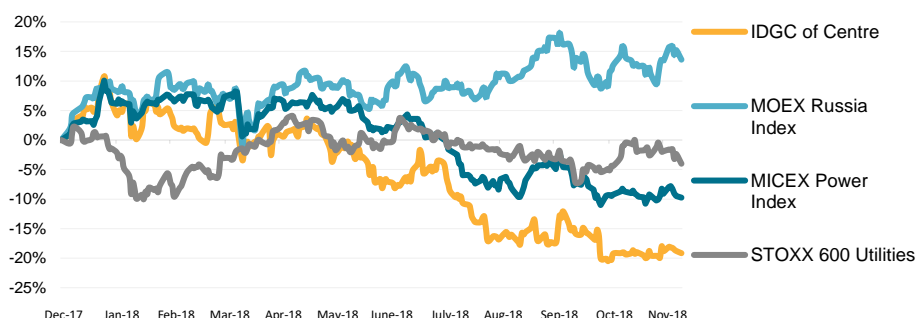
Read full text: <http://www.bigpowernews.ru/markets/document85816.phtml>

COMPANY NEWS

Head of the Lipetsk Region Igor Artamonov and General Director of IDGC of Centre Igor Makovskiy discussed the prospects for strategic cooperation in improving the quality of electricity supply and ensuring the energy security of the region

Read full text: <https://www.mrsk-1.ru/press-center/news/company/66740/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2396,84	-1,42%	13,61%
S&P 500	2595,19	-1,44%	-2,93%
FTSE 100	6739,6	-0,57%	-12,33%
DAX	10614,09	-1,61%	-17,83%
DJStoxx 600	339,56	-1,71%	-12,75%
Nikkei	21219,5	-2,12%	-6,79%
Sensex	34959,72	-2,00%	2,65%
CSI300	3144,76	-1,16%	-21,98%
Bovespa	86411,42	-1,93%	13,10%

Source: Bloomberg, Company calculations (19:00 MSK)

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	66,9227	0,28%	16,13%
EURO/RUB	76,0777	0,62%	10,60%

Source: Bloomberg, Company calculations (19:00 MSK)

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1246,23	-0,17%	-4,36%
Brent*, USD/bbl	60,97	-1,14%	-8,82%

* - February futures

Source: Bloomberg, Company calculations (19:00 MSK)

Shares	Price**, ₽	Change	
		MCap**, ₽ bln	MCap**, \$ mln
IDGC of Centre	0,2878	12,15	181,56
IDGC of Centre & Volga Reg	0,2756	31,06	464,11

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-1,70%	-4,01%
MICEX POWER Index	-0,29%	-9,77%
IDGC of Centre**	-0,48%	-19,16%
IDGC of Centre and Volga Region**	-0,14%	-8,65%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	1,06%	-8,51%
FGC UES	-1,38%	-4,97%
IDGC of Volga	0,05%	-1,56%
MOESK	-0,37%	-25,64%
IDGC of Northern Caucasus	0,00%	-26,35%
IDGC of North-West	-0,55%	4,42%
IDGC of Urals	2,32%	-15,70%
IDGC of Siberia	4,85%	-11,27%
IDGC of South	-0,95%	-4,43%
Lenenergo, ordinary shares	0,18%	18,54%
TRK, ordinary shares	0,00%	-11,05%
Kubanenergo	1,49%	-30,61%

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