

DAILY MARKET REVIEW

19 February, Tuesday

2019



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 18 February some positive external background formed on the Russian market. On Friday the US indices DJIA and S&P500 closed with a rise of 1.1-1.7%, on Monday the composite index of the Asia-Pacific region MSCI Asia Pacific added 1.2%. The markets were supported by news about the progress in the US-PRC trade negotiations and the resolution of the shutdown problem. Firstly, The Wall Street Journal reports, the US and China intend to sign a general agreement in the form of a letter of intent. Subsequently, The WSJ writes, this document will form the basis of a trade deal, which will be discussed during a personal meeting of the US President and Chairman of the PRC. Secondly, the US President signed a bill on the financing of the federal government until October 2019, in order to avoid resuming the partial closure of state institutions. In addition, a positive factor for the markets was the statement by a member of the Board of Governors of the Fed Lael Brainard that the process of normalizing the balance of the Fed should be completed later this year. April Brent futures traded at around \$66.6 per barrel, \$1.1 above our close on Friday, 15 February. Investors' optimism for the US-China trade deal and information about a possible reduction in production at the Saudi Safaniyah field, which produces about 1.2-1.5 million barrels of oil per day, due to equipment malfunction, continue to support the oil market.

The MOEX Russia Index spent most of the trading session in a percent minus, despite the stability of Brent quotes above \$66 per barrel and a more than half-percent rise in the index of emerging markets MSCI EM. According to some analysts, the negative background for the Russian market was the information about the arrest of the founder of the Baring Vostok investment fund, a US citizen. Experts note the concern of investors as a possible deterioration of the investment climate, and the potential tightening of sanctions rhetoric from Washington. Against this background, traditionally, the most liquid and capitalized shares of the Russian Federation with a larger share of non-residents in the authorized capital – shares of Sberbank and Gazprom – came under pressure. At the same time, Interfax writes, in the Kremlin, they expressed the hope that this story would not have a negative effect on the investment climate in Russia. At the same time, according to the press secretary of the President of the Russian Federation, the state of relations between the Russian Federation and the United States does not affect the activities of foreign investors in Russia. Against this background, the MOEX Russia Index at the end of the day was able to reduce losses to 0.7%.

At the end of the trading session the electric utilities sector index outperformed mainly due to a 6% rise of OGC-2's shares. This paper was supported by Gazprom Energoholding's message that in 2018 OGC-2's net profit could increase to 11 billion rubles – significantly higher than Bloomberg's consensus-forecast.

ELECTRIC POWER INDUSTRY NEWS

ROSSETI counts on a five-fold increase in capitalization by 2025–2030

Director General Pavel Livinskiy said that the company may submit proposals for changing the dividend policy of ROSSETI to the Ministry of Energy of the Russian Federation until April 2019.

Read full text: <https://tass.ru/ekonomika/6116779>

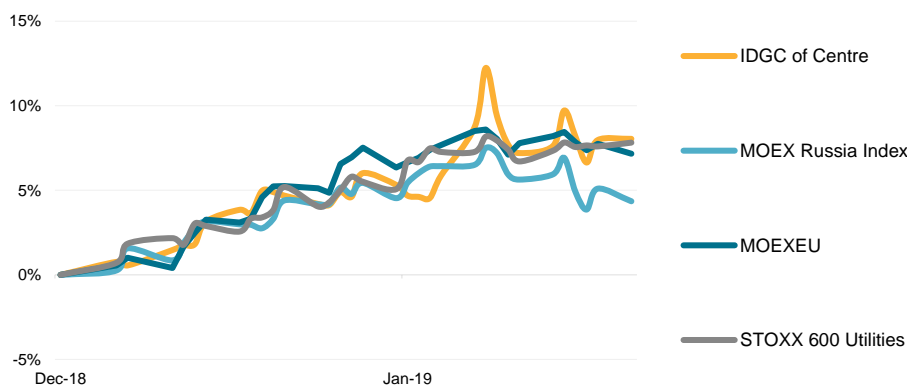
COMPANY NEWS

Specialists of IDGC of Centre in 2018 received more than 930 thousand customer requests

IDGC of Centre summed up the results of work with customers in 2018. During this period, the specialists of the unit of interaction with customers of the company received more than 930 thousand customer requests. More than 270 thousand requests were submitted personally, when visiting customer service offices, the rest were sent via the Internet and the contact centre of the company.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/67307/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 472,41	-0,71%	4,35%
S&P 500	2 775,60	0,00%	10,72%
FTSE 100	7 219,47	-0,24%	7,30%
DAX	11 299,20	-0,01%	7,01%
DJStoxx 600	369,78	0,23%	9,52%
Nikkei	21 281,85	1,82%	6,33%
Sensex	35 498,44	-0,87%	-1,58%
CSI300	3 445,74	3,21%	14,45%
Bovespa	96 509,89	-1,04%	9,81%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	66,70	0,24%	-3,98%
EURO/RUB	75,25	0,27%	-5,30%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 326,89	0,33%	3,46%
Brent*, USD/bbl	66,5	0,38%	23,61%

* - April futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	Change	
			per day	fr 31.12.18
IDGC of Centre	0,3090	13,05	195,57	
IDGC of Centre & Volga Reg	0,2893	32,60	488,78	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,21%	7,82%
MOEXEU Index	-0,54%	7,16%
IDGC of Centre**	0,06%	8,04%
IDGC of Centre and Volga Region**	-0,07%	9,17%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	0,05%	27,72%
FGC UES	0,27%	11,69%
IDGC of Volga	-1,01%	10,05%
MOESK	-0,28%	6,06%
IDGC of Northern Caucasus	0,56%	2,86%
IDGC of North-West	3,58%	-0,90%
IDGC of Urals	-2,76%	10,62%
IDGC of Siberia	0,06%	61,17%
IDGC of South	-4,06%	12,86%
Lenenergo, ordinary shares	-0,87%	7,75%
TRK, ordinary shares	-9,28%	14,29%
Kubanenergo	-1,27%	27,87%

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