

# DAILY MARKET REVIEW

19 December, Wednesday

2018



ROSSETI



IDGC OF CENTRE

## REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 18 December some negative external background formed on the Russian market. On Monday the US indices DJIA and S&P500 fell 2.1%, while the S&P500 index updated the annual minimum. As MarketWatch notes, the beginning of December is the worst for the US stock market in the last 38 years. The markets are pressured by a combination of factors, the main of which are the tightening of financial conditions and uncertainty in the trade sphere. Raising interest rates by the Fed and trade war will lead to a slowdown in the growth of profits and business investment, experts warn. In addition, fears of investors caused by media reports that the US White House and several federal agencies began preparations for a possible suspension of the government starting from 21 December due to the lack of agreement between Democrats and Republicans on the issue of financing the wall on the border with Mexico. Following the US markets, the composite index of the Asia-Pacific region MSCI Asia Pacific on Tuesday lost 1.1%. An additional negative factor for traders was the lack of new information in the speech of the PRC leader both on the issue of trade negotiations with the US and on plans to stimulate the slowing down Chinese economy. February Brent futures traded around \$58.6 per barrel, \$1.5 below our 17 December close. Oil gets cheaper on fears that an increase in shale oil production in the US, coupled with a slowdown in the global economy, can offset OPEC+ efforts. In addition, Genscape, a commodity analytics company, reported on Monday that oil reserves at the Cushing terminal, where oil traded on the NYMEX is stored, grew up more than expected last week.

On Tuesday sellers dominated the Russian market – at the daily lows, losses of the MOEX Russia Index reached 1.6% under pressure from a number of factors. Firstly, Brent quotes tested the mark of \$57.2 per barrel, having updated the minimum since October 2017, due to a general decline in investors' interest in risky assets. Secondly, geopolitical tensions increased after the special envoy of the US State Department for Ukraine expressed the conviction that the West would introduce additional sanctions against Russia in the next two months in connection with the incident in the Kerch Strait. Thirdly, uncertain moods persist in European and emerging markets on the eve of the Fed's decision on the rate on Wednesday evening – according to the Chicago Stock Exchange, the likelihood of a fourth Fed rate hike this year exceeds 71%. Against this background, the European Stoxx Europe 600 Index and the MSCI EM Index were falling within half a percent. At the end of the day, the MOEX Russia Index reduced the losses to 0.4% due to the correctional increase in American indices by more than 0.8% on strong statistics – the number of new buildings in the US unexpectedly increased in November.

At the end of the trading session changes of the MicexPWR Index as a whole corresponded to the market. The main contribution to the MicexPWR decline was made by shares of RusHydro and FGC UES. From current news one can note statements made by FGC UES's management at the Investor's Day held. Firstly, FGC UES expects net profit growth under IFRS by the end of the year by 15% y/y, to 89.3 billion rubles. Secondly, FGC UES plans to keep dividends for 2018 at the level not lower than payments for 2017.

## ELECTRIC POWER INDUSTRY NEWS

### The State Duma adopted in the 2nd reading a draft on the postponement of mandatory licensing of energy sales

The State Duma adopted in the second reading a bill on the transfer from 1 January 2019 to 1 July 2020 of the term for prohibiting energy sales without a license.

Read full text: <http://www.bigpowernews.ru/markets/document86013.phtml>

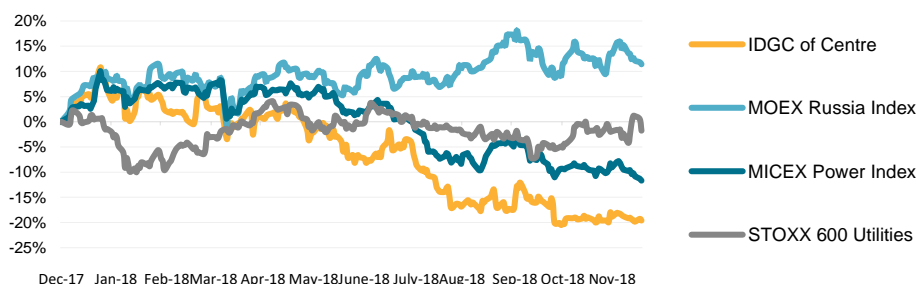
## COMPANY NEWS

### Tambovenergo saves more than 17 million rubles a year thanks to work of equipment repair shops

IDGC of Centre - Tambovenergo division has a fully functioning workshop for repair of 6-10 kV power transformers. The subdivision is organized on the site of the repair and production base of Rasskazovsky Distribution Zone and serves the entire electric grid complex of the branch.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/66837/>

## DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 350,29	-0,37%	11,40%
S&P 500	2 546,16	0,01%	-4,77%
FTSE 100	6 701,59	-1,06%	-12,83%
DAX	10 740,89	-0,29%	-16,85%
DJStoxx 600	340,46	-0,82%	-12,52%
Nikkei	21 115,45	-1,82%	-7,25%
Sensex	36 347,08	0,21%	6,72%
CSI300	3 128,43	-1,04%	-22,39%
Bovespa	86 610,49	0,24%	13,36%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	66,62	0,28%	15,60%
EURO/RUB	75,38	-0,01%	9,59%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 249,42	0,29%	-4,10%
Brent*, USD/bbl	56,26	-5,62%	-15,87%

\* - February futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	Change	
			per day	fr 31.12.17
IDGC of Centre	0,2862	12,08		181,37
IDGC of Centre & Volga Reg	0,2710	30,54		458,43

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-2,25%	-1,77%
MICEX POWER Index	-0,46%	-11,69%
IDGC of Centre**	-0,42%	-19,61%
IDGC of Centre and Volga Region**	-0,95%	-10,18%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	0,19%	-8,35%
FGC UES	-0,68%	-6,42%
IDGC of Volga	-0,35%	-3,17%
MOESK	-0,82%	-26,20%
IDGC of Northern Caucasus	2,13%	-25,00%
IDGC of North-West	-0,38%	0,77%
IDGC of Urals	-0,54%	-11,60%
IDGC of Siberia	5,24%	-12,31%
IDGC of South	-3,31%	-7,19%
Lenenergo, ordinary shares	-1,08%	14,58%
TRK, ordinary shares	0,00%	-11,05%
Kubanenergo	-5,38%	-37,24%

Source: MOEX, Company calculations

\*\* - at the price of last transaction at MOEX

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**Tickers**  
Moscow Exchange (MOEX)  
Bloomberg  
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**MRKC**  
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