

DAILY MARKET REVIEW

18 October, Wednesday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 17 October some moderately positive external background formed on the Russian market. On Monday the US indices DJIA and S&P500 increased by 0.2-0.4%, on Tuesday the main country indices of the Asian-Pacific region showed comparable changes. The growth leaders were shares of commodity companies due to the continued rise in prices for oil and metals, and shares of financial companies, which, in addition to good reporting by the US banks, were supported by the increased yield of US government bonds and the dollar strengthening on increased expectations that the new head of the Fed will support a more rigid approach to monetary policy. December Brent futures traded near the mark of \$ 57.7 per barrel, at the level of our closing on 16 October. Consolidation of oil prices at annual maximums was due to Bloomberg's information that as a result of the conflict in Iraq's Kirkuk, oil production operations totalling 275,000 barrels per day were stopped.

The MICEX Index spent the first half of the trading session in a small minus within half a percent of the overall trend of fixing profits in emerging markets – the consolidated index MSCI EM lost about 0.5% after five days of continuous growth. Pressure on the shares of emerging markets, including, was provided by the media information that one of the most real candidates for the position of the head of the Fed is an adherent to tight monetary policy, an economist John Taylor. At the same time, the activity of sellers on the Russian market was hampered by the stability of Brent quotes above \$58 per barrel and neutral sentiments on the western markets. Published during the day European and US statistics had no significant effect on the trading trends – data on inflation in the Eurozone in September and industrial production in the US in September came at the level of expectations. In the second half of the day sales in the Russian market intensified following a decrease in Brent to \$57.2 per barrel.

As a result of the trading session the MicexPWR Sector Index looked significantly worse than the market. The main contribution to the MicexPWR underperformance in comparison with the MICEX Index was made by shares of electric grid companies led by Rosseti's shares. Pressure on these papers was made by the statement of the head of Rosseti that the company wants to ask the government to release it from paying dividends. "The dividend scheme for us, probably, would be good, but the tariff menu does not involve the payment of dividends. It would be wrong for a socially responsible company to pay dividends from the infrastructure," Interfax quotes Pavel Livinsky.

ELECTRIC POWER INDUSTRY NEWS

Rosseti asks to be released from paying dividends

Rosseti believes that the holding company should be freed from paying dividends, which will allow the company to exclude additional surcharges from tariffs for consumers. This was announced at the conference on tariff regulation by the head of the company Pavel Livinsky.

Read full text: http://www.bigpowernews.ru/markets/document80137_phtml

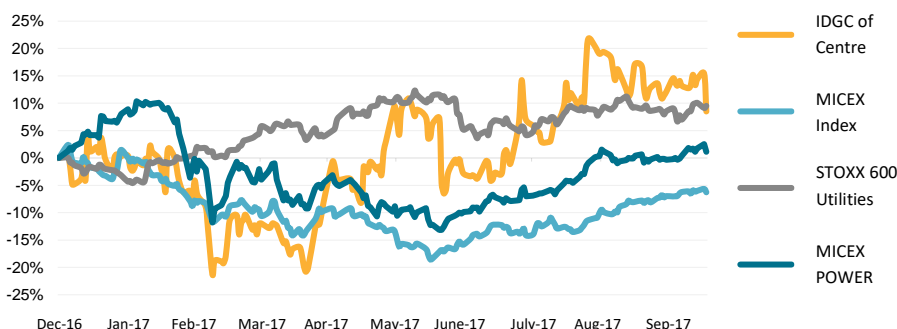
COMPANY NEWS

IDGC of Centre for eight months exceeded the plan for productive supply of electricity more than 900 million kWh

IDGC of Centre summed up the results of production activity for 8 months of 2017. During this period, the company exceeded the plan for a number of key indicators. The volume of common pot productive supply of electricity to the grid amounted to 35.669 billion kWh (taking into account the volume of electricity transmission services in the territory of the "pick up" of the functions of the supplier of last resort in the Tver region from 01.12.2016), which is 904 million kWh above the parameters of the business plan. Revenues from electricity transmission services amounted to 57.122 billion rubles and also exceeded planned targets (by 2.222 billion rubles).

Read full text: <https://www.mrsk-1.ru/press-center/news/company/62141/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	2 092,57	-0,66%	-6,28%
S&P 500	2 559,36	0,07%	14,32%
FTSE 100	7 516,17	-0,14%	5,23%
DAX	12 995,06	-0,07%	13,19%
DJStoxx 600	390,44	-0,25%	8,03%
STOXX Utilities	303,12	0,34%	9,52%
Nikkei	21 336,12	0,38%	11,62%
Sensex	32 609,16	-0,08%	22,47%
CSI300	3 913,07	-0,01%	18,22%
Bovespa	76 201,25	-0,90%	26,52%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,17	-0,54%	11,69%
USD/RUB	57,09	-0,93%	-5,89%
Euro/RUB	67,30	-1,24%	5,47%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 285,12	-0,82%	11,99%
Brent*, USD/bbl	57,88	0,10%	-1,45%

* - December futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,4850
Capitalisation**, billion RUB	20,48
Capitalisation**, million USD	358,68

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	-1,38%	1,12%
Shares of IDGC of Centre**	-6,01%	8,50%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	-4,65%	-10,48%
FGC UES	-1,13%	-16,17%
IDGC of Volga	-5,17%	99,64%
MOESK	-0,90%	-2,34%
IDGC of Northern Caucasus	-4,45%	-7,48%
IDGC of Centre and Volga Reg	-4,62%	123,11%
IDGC of North-West	-3,24%	14,00%
IDGC of Urals	-1,56%	15,20%
IDGC of Siberia	-6,92%	52,69%
IDGC of South	-1,57%	-16,22%
Lenenergo, ordinary shares	-2,66%	-3,63%
TRK, ordinary shares	0,00%	-13,03%
Kubanenergo	-1,32%	-5,75%

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