

DAILY MARKET REVIEW

17 June, Monday

2019



REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 14 June some neutral external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 rose by 0.4%, including due to the increase in share prices of oil companies amid the continuing rise in fuel prices because of the escalation of tensions in the Middle East. On Friday the composite stock index in the Asia-Pacific region MSCI Asia Pacific lost 0.1% with multidirectional changes of the main country indices, the S&P500 futures were 0.2% down. The market participants in the Asian session, Reuters reported, preferred to exercise caution in anticipation of the publication of Chinese statistics on industrial production, investment and retail sales. According to analysts, these data can give an additional idea of the degree of influence of the US-Chinese trade conflict on the second world economy. August Brent futures traded around \$61.5 per barrel, at the level of our closure on 13 June. Brent quotes consolidated after rising on Thursday due to increased tensions in the Middle East, provoked by attacks on tankers in the Strait of Hormuz.

The MOEX Russia Index, having updated the historical maximum at the beginning of the day, moved to negative territory in the middle of the trading session following the deterioration of sentiment in world markets. The reason for this was the weak statistics from China, where in May the growth rates of industrial production and investments were worse than expectations. At the same time, an increase in industrial production by 5% y/y was previously the lowest in 17 years. Weak statistical data, experts said, are another evidence of a slowdown in the rise of the Chinese economy, which adversely affects the world markets as a whole. The decision of the Bank of Russia to reduce the key interest rate by 0.25 p.p. to 7.5% per annum, was expected by investors, and did not have a significant impact on the changes of the Russian stock market. However, analysts drew attention to further mitigating the rhetoric of the regulator – the Central Bank announced the possibility of reducing the key rate at one of the next meetings and the transition to a neutral monetary policy (the range of 6-7%) until mid-2020. At the end of the day, the decline in the MOEX Russia Index accelerated following the increase in the negative trends of the MSCI EM index of developing countries.

During the trading session, the electric utilities sector index looked significantly better than the market. The main contribution to the final MOEXEU growth in antiphase with the MOEX Russia Index was made by shares of Rosseti and RusHydro. RusHydro was supported by, in particular, information from Kommersant that the government is discussing the exchange of energy assets of the Far East with SUEK. "Transferring some of the troubled Far Eastern assets to other market players may reduce the "social burden" on RusHydro," commented on the news at Sberbank.

ELECTRIC POWER INDUSTRY NEWS

Rosseti expects to increase until the end of 2019 the fee for preferential grid connection by 10 times - up to 5 thousand rubles per 1 kW

Rosseti's Group plans to reduce the cost of preferential connection from 2020, said Pavel Livinsky, the head of Rosseti, during a meeting of shareholders of Moscow United Electric Grid Company (MOESK, a member of Rosseti's Group), answering questions from shareholders.

Read full text: <http://www.bigpowernews.ru/news/document88556.phtml>

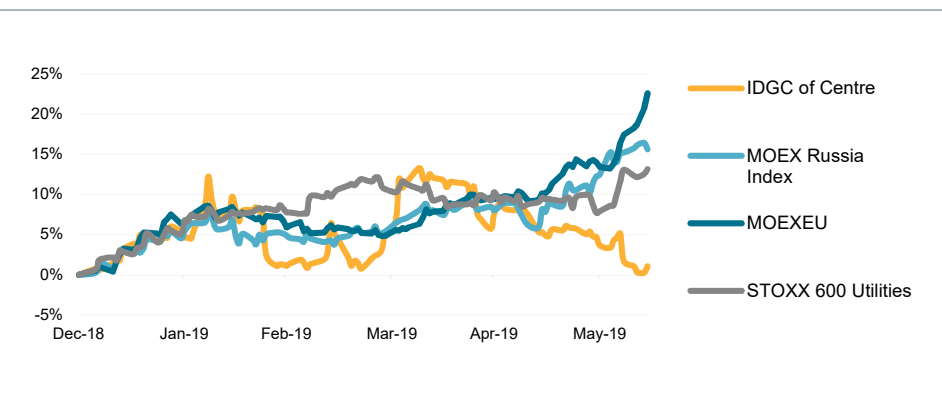
COMPANY NEWS

Smolenskenergo actively fights non-payers for electricity transmission services

Rosseti Centre - Smolenskenergo division continues its systematic work aimed at repaying receivables for services rendered for electricity transmission services. Regarding consumers of the services of the electric grid company who do not fulfill their contractual obligations, a systematic claim-related activity is conducted jointly with the Federal Bailiff Service. For 4 months, lawyers of Smolenskenergo filed 92 claims with a total amount of 36.24 million rubles to the court. In favour of the company, decisions were made in 19 cases in the amount of 11.64 million rubles.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/68630/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2739,28	-0,69%	15,61%
S&P 500	2883,69	-0,27%	15,03%
FTSE 100	7345,78	-0,31%	9,18%
DAX	12096,4	-0,60%	14,56%
DJStoxx 600	378,81	-0,40%	12,19%
Nikkei	21116,89	0,40%	5,51%
Sensex	39452,07	-0,73%	9,38%
CSI300	3654,88	-0,83%	21,40%
Bovespa	98522,18	-0,25%	12,10%

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

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	64,6314	0,18%	-6,97%
EURO/RUB	73,0141	-0,04%	-8,11%

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

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1348,43	0,46%	5,14%
Brent*, USD/bbl	62,08	1,26%	15,39%

* - August futures

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

Shares	Price**, ₺	MCap**, ₺ bln	
		MCap**, \$ mln	MCap**, \$ mln
IDGC of Centre	0,289	12,20	188,78
IDGC of Centre & Volga Reg	0,2984	33,63	520,32

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,52%	13,14%
MOEXEU Index	1,60%	22,58%
IDGC of Centre**	0,77%	1,05%
IDGC of Centre and Volga Region**	0,88%	12,60%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	5,15%	84,32%
FGC UES	0,79%	27,03%
IDGC of Volga	0,11%	-3,32%
MOESK	2,09%	18,18%
IDGC of Northern Caucasus	-6,07%	116,71%
IDGC of North-West	7,02%	22,25%
IDGC of Urals	0,89%	-1,95%
IDGC of Siberia	-1,55%	197,27%
IDGC of South	0,00%	42,33%
Lenenergo, ordinary shares	0,52%	9,26%
TRK, ordinary shares	2,38%	-2,27%
Kubanenergo	2,10%	29,71%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

IDGC of Centre, PJSC
127018, Moscow, 2nd Yamskaya, 4
+7 (495) 747 92 92
www.mrsk-1.ru/en/investors/

IR Division
+7 (495) 747 92 92, ext. 33-34
ir@mrsk-1.ru

Tickers
Moscow Exchange (MOEX)
Bloomberg
Reuters

MRKC
MRKC:RM
MRKC:MM