

DAILY MARKET REVIEW

18 May, Friday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 17 May some moderately positive external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 increased by 0.3-0.4% due to shares of retailers on good corporate reporting and strong statistics. The volume of industrial production in the US in April was better than economists' forecasts, while the data for March were revised upwards. According to analysts, the good trends of the real sector gives chances that in the second quarter the economic growth rate in the US will increase, providing an opportunity for a more stringent monetary and credit policy. As a result, the yield of American ten-year government bonds continued to grow and exceeded 3.11% – the highest since July 2011, having a restraining influence on risky assets. On Thursday the composite index of the Asia-Pacific region MSCI Asia Pacific traded near zero with mixed changes of the main country indices. July Brent futures traded around \$79.4 per barrel, \$1.2 above the closing level on 16 May. Oil quotations were supported by a message from the US Department of Energy about a fall in oil and gasoline reserves in the country last week.

The MOEX Russia Index spent most of the trading session flat near zero. The rise in oil prices above \$80 a barrel for the first time since November 2014 and some moderately positive sentiment on European markets were offset by a decline in emerging markets and a threat of augmenting the Russian Federation's sanction war with the West. The index of emerging markets MSCI EM in the middle of the day lost about 0.5% due to tightening of financial conditions due to increased yields of US government bonds and strengthening of the dollar. Donald Trump instructed the Secretary of the State Department to develop a plan to introduce additional sanctions against Russia for non-compliance with the treaty on the elimination of missiles. In turn, the State Duma adopted in the second reading a bill on counter-sanctions against the US and a number of countries. At the end of the day the domestic market was pressured by increased sales on stock exchanges of emerging markets.

During the trading session, the MicexPWR Index looked significantly better than the market. The main contribution to the MicexPWR increase in antiphase with the MOEX Russia Index for the second day in a row has been made by shares of FGC UES. The securities were supported by Kommersant's message that Inter RAO could buy back its shares not only from RusHydro, but also from FGC UES. According to the sources of the publication, FGC UES is ready to sell its stake (18.72%) in the capital of the generating company at a discount to the market price (76.6 billion rubles) and in two stages, the potential closing date of the transaction is by the end of June – the beginning of July. Industry analysts positively characterized this piece of news, noting that FGC UES will get rid of a non-core asset and raise funds.

ELECTRIC POWER INDUSTRY NEWS

Ministry of Energy of the Russian Federation considers it expedient to implement "smart" meters from 2020

The Ministry of Energy of the Russian Federation considers it expedient to implement "smart" electricity meters gradually, starting from 2020, since for this it is necessary to prepare a legislative base. At the same time, the responsibility for energy metering should be on energy companies that will install meters.

Read full text: <http://www.bigpowernews.ru/news/document82976.phtml?1&q=>

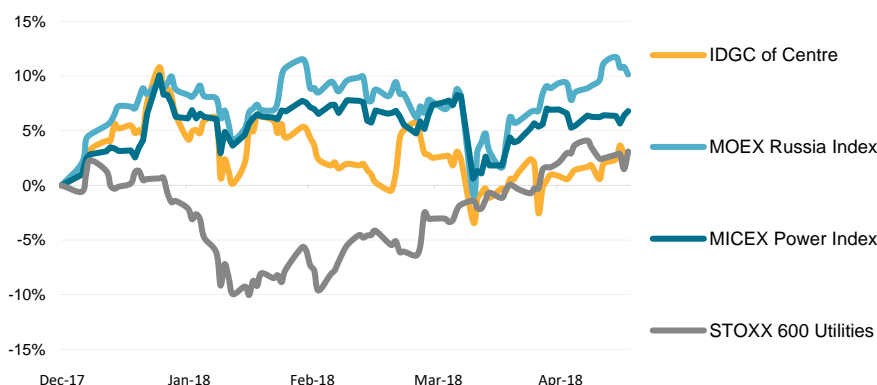
COMPANY NEWS

IDGC of Centre in the first quarter transferred over 3.5 billion rubles to budgets of various levels

IDGC of Centre is a large and responsible taxpayer. The company conscientiously fulfills its tax obligations. In the first quarter of 2018, the allocations of IDGC of Centre to budgets of different levels amounted to 3.712 billion rubles.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/63995/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 323,51	-0,64%	10,13%
S&P 500	2 720,13	-0,09%	1,74%
FTSE 100	7 787,97	0,70%	1,30%
DAX	13 114,61	0,91%	1,52%
DJStoxx 600	395,79	0,66%	1,70%
Nikkei	22 838,37	0,53%	0,32%
Sensex	35 149,12	-0,67%	3,21%
CSI300	3 864,05	-0,74%	-4,14%
Bovespa	83 621,95	-3,37%	9,45%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	62,30	0,62%	8,11%
EURO/RUB	73,78	-0,11%	7,26%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 290,79	0,00%	-0,92%
Brent*, USD/bbl	79,30	0,03%	21,11%

* - July futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3670	15,49	248,69
IDGC of Centre & Volga Reg	0,3550	40,01	642,14

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	1,59%	3,09%
MICEX POWER Index	0,37%	6,79%
IDGC of Centre**	0,27%	3,09%
IDGC of Centre and Volga Region**	0,00%	17,67%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	0,24%	0,74%
FGC UES	2,23%	12,93%
IDGC of Volga	-0,08%	25,09%
MOESK	0,00%	-18,13%
IDGC of Northern Caucasus	0,61%	-14,58%
IDGC of North-West	-1,54%	10,58%
IDGC of Urals	-0,66%	7,64%
IDGC of Siberia	-0,95%	-8,73%
IDGC of South	1,21%	11,87%
Lenenergo, ordinary shares	-1,10%	21,35%
TRK, ordinary shares	0,90%	-9,70%
Kubanenergo	-1,16%	-12,88%

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