

# DAILY MARKET REVIEW

16 August, Thursday

2018



ROSSETI



IDGC OF CENTRE

## REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 15 August some moderately negative external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 rose by 0.4-0.6% due to the stabilization of the Turkish lira exchange rate in the currency market and strong statistics – the optimism index in the small business of the USA rose in July to the highest level since 1983. On Wednesday the composite index of the Asia-Pacific region, MSCI Asia Pacific, lost a percent mainly because of the decline in the value of Chinese securities. The CSI300 index fell 2.4% on fears of escalating trade contradictions with the US. According to media reports, in the US defense budget adopted, the state institutions of the country are prohibited from using the products of a number of Chinese companies, including the telecommunications giants ZTE and Huawei. In these circumstances, experts do not rule out that the People's Bank of China will not restrain the weakening of the yuan, which continues to update the annual lows against the dollar. October Brent futures traded near \$72.4 per barrel, \$0.3 lower than our closing on 14 August. The quotations were pressured by a report of the American Petroleum Institute on the growth of oil reserves in the country and Bloomberg's information on the increase in oil production in Libya to more than 1 million barrels per day, which is 40-50% higher than in July.

On Wednesday, the Russian market, as well as world markets in general, was dominated by sellers on fears of a slowdown in the global economy due to growing protectionism and the spread of the Turkish crisis to emerging markets. In the middle of the day, the MOEX Russia Index and the European Stoxx Europe 600 Index lost more than a percent, the index of emerging markets MSCI EM – about 1.5% minus, futures for US indices – about 0.5% minus. In response to the increase in tariffs by Donald Trump for imports from Turkey of steel and aluminum, the Turkish authorities announced a sharp increase in import duties on 22 types of goods from the US. In turn, the US, according to media reports, announced its readiness to increase economic pressure on Turkey. Under these conditions, investors returned to active purchases of defensive assets, including the yen, the US government bonds and the dollar – the DXY index updated its high since June 2017. At the end of the day, the rate of decline in the MOEX Russia Index slowed to 0.7% despite the acceleration of negative trends of European markets and the beginning of trading in the US with more than a percent drop in major indices.

As a result of the trading session the MicexPWR Sector Index looked somewhat better than the market mainly due to a 1.5% growth in shares of Inter RAO on strong IFRS financials for the first half of the year. From the news of companies in the grid sector, one can note Kommersant's report that a new conflict may arise between Rosseti and FGC UES. According to the newspaper, Rosseti offered to limit the independence of decision-making in the subsidiary structure, excluding it from the list of state companies operating under government directives. In this case, Kommersant writes, the adoption of all managerial decisions in high-yield FGC UES, as in other SDCs, will be taken on the basis of internal orders for Rosseti.

## ELECTRIC POWER INDUSTRY NEWS

### "Rosseti" wants to take control over FGC UES from the government, says Kommersant

The government may, at the initiative of Rosseti, review the mechanism for the adoption of key corporate decisions within Federal Grid Company, which is part of the state holding. As sources in the energy market told Kommersant, now this issue is being discussed at the level of Deputy Prime Minister Dmitry Kozak (in charge of the fuel and energy complex). This was confirmed in the office of the official, stressing that the final decision has not yet been taken.

Read full text: <http://www.bigpowernews.ru/news/document84193.phtml>

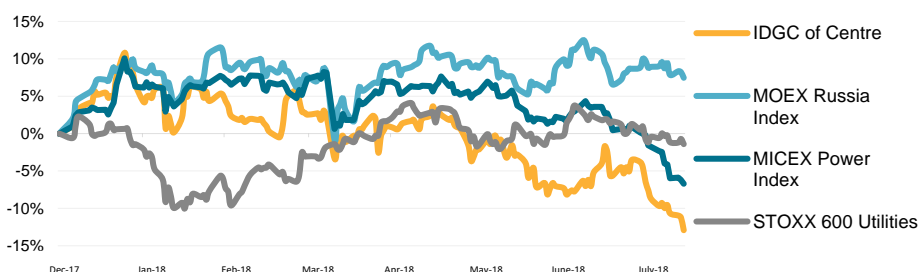
## COMPANY NEWS

### IDGC of Centre for half a year spent about 200 million rubles on the program of reducing risks of injuries to third parties

IDGC of Centre continue systemic work to reduce risks of injuries to third parties at power grid facilities. In the first half of the year of 2018, 199.2 million rubles were allocated for the program to reduce risks of injuries to third parties, which includes a set of organizational, technical and information-explanatory measures of IDGC of Centre.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/65364/>

## DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2267,13	-0,69%	7,46%
S&P 500	2810,46	-1,04%	5,12%
FTSE 100	7497,87	-1,49%	-2,47%
DAX	12163,01	-1,58%	-5,84%
DJStoxx 600	379,7	-1,36%	-2,44%
Nikkei	22204,22	-0,68%	-2,46%
Sensex	37852	0,00%	11,14%
CSI300	3291,98	-2,40%	-18,33%
Bovespa	77299,25	-1,66%	1,17%

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

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	66,7535	-2,15%	15,83%
EURO/RUB	76,2325	-1,83%	10,83%

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

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1176,24	-1,50%	-9,73%
Brent*, USD/bbl	70,66	-2,48%	5,67%

\* - October futures

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

Shares	Price**, ₽	MCap**, \$ mln	
		₽ bln	\$ mln
IDGC of Centre	0,31	13,09	196,06
IDGC of Centre & Volga Reg	0,28	31,56	472,72

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-0,71%	-1,41%
MICEX POWER Index	-0,57%	-6,71%
IDGC of Centre**	-1,90%	-12,92%
IDGC of Centre and Volga Region**	-1,41%	-7,19%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-2,52%	-15,16%
FGC UES	-1,85%	-4,97%
IDGC of Volga	-1,65%	-7,21%
MOESK	-0,43%	-22,47%
IDGC of Northern Caucasus	0,32%	-19,53%
IDGC of North-West	1,63%	31,92%
IDGC of Urals	-0,27%	-11,69%
IDGC of Siberia	-4,66%	-19,65%
IDGC of South	-0,41%	22,74%
Lenenergo, ordinary shares	-0,09%	20,83%
TRK, ordinary shares	0,00%	-13,75%
Kubanenergo	-0,34%	-25,51%

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  
<http://mrsk-1.com/en/investors/>

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

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

**MRKC**  
**MRKC:RM**  
**MRKC:MM**