

DAILY MARKET REVIEW

19 September, Wednesday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 18 September some neutral external background formed on the Russian market. On Monday the US indices DJIA and S&P500 closed with a decrease of 0.4-0.6% on expectations of the introduction of the US duties on Chinese goods worth \$200 billion. After the closure of the US stock exchanges, Donald Trump announced the phased introduction of duties: they will enter into force 24 September and will be 10% by the end of the year, and from January 2019 they will grow to 25%. At the same time, the US president warned that if China responds to the American actions, Washington will start the third stage of imposing duties – on imports worth another \$267 billion. On Tuesday the composite index of the Asia-Pacific region, MSCI Asia Pacific, increased by 0.8%. According to experts, the announced measures of the US have already been laid in quotations, and the fact that the US went to a phased introduction of duties, and the PRC did not abandon the talks this month, still leaves hopes for constructive resolution of trade disputes. Additional support for the Chinese CSI300, which gained 2%, was provided by media reports that the Chinese government can take measures to compensate for the negative effect on the country's economy from the trade conflict with the US – in particular, it is about reducing reserve requirements for banks and increasing costs for infrastructure. November Brent futures traded near \$77.8 per barrel, \$0.3 lower than our closing on 17 September.

On Tuesday the Russian market was dominated by buyers – on the daily highs the MOEX Russia Index added more than a percent due to higher oil prices and lower geopolitical risks associated with Syria. Brent quotes exceeded \$79.5 per barrel on the weakening of the dollar in the world foreign exchange market and Saudi Arabia's statements that it is satisfied with the price of a barrel of Brent at more than \$80. Previously, Reuters reported that Riyadh needs oil prices in the range of \$70-80 per barrel to maximize profits, without affecting US interests. As for Syria, experts believe that the risks of aggravation of Russia's relations with the US and the possible introduction of new anti-Russian sanctions have significantly decreased after the Presidents of Russia and Turkey agreed that a large-scale military operation in Idlib Governorate will not be conducted. Declared by the Ministry of Finance of the People's Republic of China retaliatory duties for goods of US exports of \$60 billion a year from 24 September did not have a significant impact on the trends of global markets. At the end of the day, the MOEX Russia Index accelerated its recovery and closed at its historic high, following a half-percentage increase in US indices at the beginning of trading.

As a result of the trading session the MicexPWR Sector Index underperformed mainly due to more than a percentage drop in shares of RusHydro and FGC UES. The main contribution to the final MicexPWR growth was made by shares of Inter RAO and Rosseti. Rosseti's shares were supported, including, by Kommersant's report that the Russian Prime Minister approved the proposals of the Ministry of Energy and Rosseti on the revision of unprofitable discounted grid connection for electric grid companies and the transfer to payment for unused power reserve.

ELECTRIC POWER INDUSTRY NEWS

Industrial consumers opposed the government's proposed reform of electricity tariffs - says the newspaper

The government's intention to reform the electricity grid system through the differentiation of the tariff of FGC UES and the introduction of payment for unused capacity for consumers caused the expected dissatisfaction with the industry.

Read full text: <http://www.bigpowernews.ru/markets/document84575.phtml>

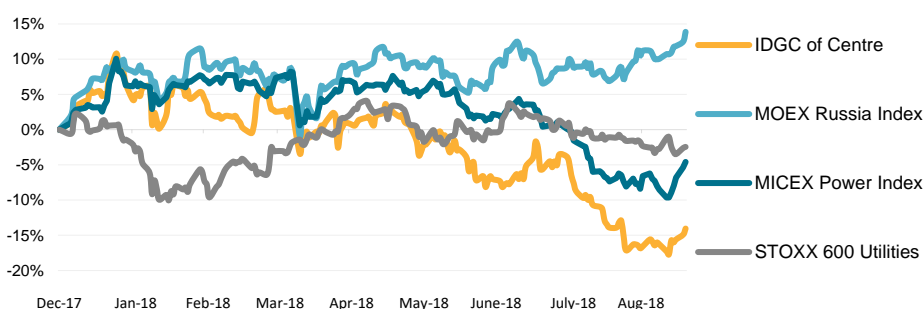
COMPANY NEWS

Orelenergo for 7 months of 2018 saved about 2 million kWh of energy

IDGC of Centre - Orelenergo division summed up the results of the implementation of the energy saving and energy efficiency improvement program for 7 months of 2018. The total effect from the implementation of energy-saving measures amounted to 1.947 million kWh of energy, which exceeded the target figures by 10.1%.

Read full text: <http://www.energostrana.ru/news/powerindustry/27213.html>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2402,58	1,21%	13,88%
S&P 500	2906,45	0,61%	8,71%
FTSE 100	7300,23	-0,03%	-5,04%
DAX	12157,67	0,51%	-5,88%
DJStoxx 600	378,73	0,11%	-2,69%
Nikkei	23420,54	1,41%	2,88%
Sensex	37290,67	-0,78%	9,50%
CSI300	3269,43	2,01%	-18,89%
Bovespa	78135,49	1,75%	2,27%

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

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	68,1958	-0,13%	18,34%
EURO/RUB	79,3595	-0,74%	15,37%

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

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1199,05	-0,20%	-7,98%
Brent*, USD/bbl	78,95	1,15%	18,06%

* - November futures

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

Shares	Price**, ₽	MCap**, ₽ bln		MCap**, \$ mln
		per day	fr 31.12.17	
IDGC of Centre	0,306	12,92	189,44	
IDGC of Centre & Volga Reg	0,291	32,80	480,90	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	0,15%	-2,45%
MICEX POWER Index	0,78%	-4,60%
IDGC of Centre**	0,99%	-14,04%
IDGC of Centre and Volga Region**	0,69%	-3,55%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	3,11%	-11,80%
FGC UES	-1,26%	1,67%
IDGC of Volga	2,02%	-3,90%
MOESK	0,00%	-22,14%
IDGC of Northern Caucasus	0,34%	-22,40%
IDGC of North-West	-0,92%	23,65%
IDGC of Urals	0,00%	-17,90%
IDGC of Siberia	3,13%	-13,54%
IDGC of South	-1,29%	14,88%
Lenenergo, ordinary shares	-0,96%	29,06%
TRK, ordinary shares	0,00%	-11,05%
Kubanenergo	-1,11%	-31,63%

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