

DAILY MARKET REVIEW

22 May, Wednesday

2019



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 21 May some neutral external background formed on the Russian market. On Monday the US indices DJIA and S&P500 decreased by 0.3-0.7%, the Nasdaq Composite fell 1.5%. The decline in the market was led by shares of technology companies on the information that the sanctions imposed by the US on the Chinese technology giant Huawei, forced a number of US companies, including Google, Intel and Qualcomm, to suspend the supply of their products and services to this company. Huawei, media reminds, buys from American suppliers various components for equipment worth \$11 billion a year. On Tuesday the composite index of the Asia-Pacific region MSCI Asia Pacific declined by 0.2%, futures on the S&P500 index added 0.4%, the Chinese CSI300 rose by 1.4%. Investors' sentiment improved after media reports that Washington was ready to provide Huawei with a temporary permit for a period of 90 days to purchase services and components in the US that were needed to produce telecommunications equipment and ensure the operation of smartphones. July Brent futures traded around \$72.3 per barrel, \$0.1 below our 20 May close. The escalation of the US-Chinese trade conflict, experts say, is the main deterrent to oil quotes in the face of growing risks of world supply cuts, high probability of the OPEC+ deal prolongation until the end of the year, and continuing tensions in the Middle East.

On Tuesday, global stock markets were dominated by buyers on expectations of postponement of the US ban on Huawei – in the second half of the trading session, the consolidated MSCI All Country World Index added more than 0.5%. Firstly, the issuance of a temporary license to the Chinese company to work with US suppliers reduced investors' concerns about waiting for an immediate response from the Chinese authorities. Secondly, analysts believe that this decision leaves the possibility of a dialogue between Washington and Beijing with a return to the continuation of trade negotiations. According to Bloomberg, the situation around Huawei and the need to extend the license after 90 days can be used by the US as a trump card in further negotiations with China. The MOEX Russia Index updated the historical maximum, Gazprom's shares became the driving force behind the growth of the Russian market, according to information that the board of directors approved a record dividend of 16.61 rubles.

During the trading session, the electric utilities sector index underperformed – buyers' activity was mainly concentrated in the first-tier shares. The main contribution to the MOEXEU growth was made by shares of Inter RAO.

ELECTRIC POWER INDUSTRY NEWS

The State Duma raised fines for repeated unauthorized connection to electricity and heat

The State Duma of the Russian Federation at its meeting on Tuesday adopted a law on toughening administrative responsibility for the repeated unauthorized connection to the electric and heat networks in the third and final reading. For citizens, it is proposed to establish administrative responsibility for the repeated unauthorized connection to the networks in the form of a fine of 15 to 30 thousand rubles. The sanction for officials will be from 80 to 200 thousand rubles or disqualification for a period of two to three years, for legal entities – from 200 to 300 thousand rubles.

Read full text: <https://reality.interfax.ru/ru/news/articles/105463>

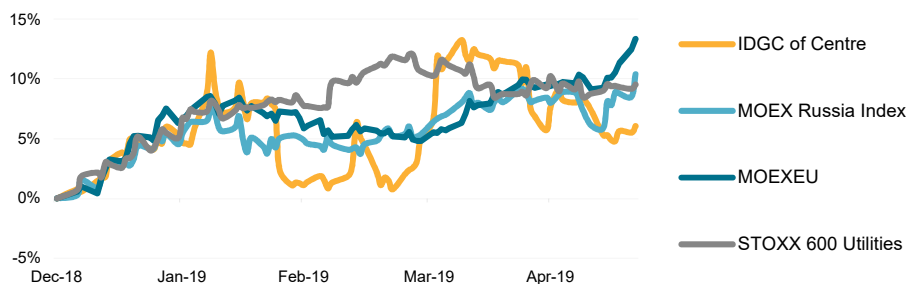
COMPANY NEWS

Representatives of IDGC of Centre - the managing organization of IDGC of Centre and Volga Region and regional universities discussed prospects for cooperation in the framework of the implementation of the concept of digital transformation

A working meeting was held at IDGC of Centre - the managing organization of IDGC of Centre and Volga Region, which was attended by representatives of the Company's management and universities working in the regions of its service area (20 constituent entities of the Russian Federation).

Read full text: <https://www.mrsk-1.ru/press-center/news/company/68390/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2616,53	1,75%	10,43%
S&P 500	2860,81	0,72%	14,12%
FTSE 100	7328,92	0,25%	8,93%
DAX	12143,47	0,85%	15,01%
DJStoxx 600	379,5	0,54%	12,39%
Nikkei	21272,45	-0,14%	6,28%
Sensex	38969,8	-0,97%	8,04%
CSI300	3666,78	1,35%	21,79%
Bovespa	93707,98	1,92%	6,62%

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

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	64,4888	-0,22%	-7,17%
EURO/RUB	71,9631	-0,39%	-9,44%

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

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1273,46	0,34%	-0,70%
Brent*, USD/bbl	71,73	-0,33%	33,33%

* - July futures

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

Shares	Price**, ₽	MCap**, \$ mln	
		₽ bln	\$ mln
IDGC of Centre	0,3034	12,81	198,62
IDGC of Centre & Volga Reg	0,2832	31,92	494,91

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,33%	9,56%
MOEXEU Index	0,76%	13,38%
IDGC of Centre**	0,53%	6,08%
IDGC of Centre and Volga Region**	-0,32%	6,87%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-0,32%	61,19%
FGC UES	0,07%	16,72%
IDGC of Volga	-0,51%	9,44%
MOESK	0,07%	8,41%
IDGC of Northern Caucasus	2,81%	77,43%
IDGC of North-West	1,36%	0,90%
IDGC of Urals	1,09%	-9,64%
IDGC of Siberia	10,86%	164,98%
IDGC of South	-1,56%	33,43%
Lenenergo, ordinary shares	-0,88%	6,99%
TRK, ordinary shares	-0,94%	2,92%
Kubanenergo	0,77%	33,81%

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