

DAILY MARKET REVIEW

11 June, Tuesday

2019



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 10 June some moderately positive external background formed on the Russian market. On Friday the US indices DJIA and S&P500 closed with growth of 1.0-1.1%. The weak report on the US labour market – the number of new jobs in May was 60% below expectations – strengthened investors' confidence that the Fed will be forced to reduce the interest rate at the next meetings. After the publication of the statistics, according to the Chicago Stock Exchange, the probability of interest rate cuts at the July Fed meeting jumped to 85% – by 30 percentage points higher than a week earlier. On Monday, the composite index of the Asia-Pacific region MSCI Asia Pacific added 0.9% on Donald Trump's statement that the imposition of duties on Mexican imports is postponed for an indefinite period. In exchange, according to Donald Trump, in Mexico City they agreed to take drastic measures that would significantly reduce or even nullify the flow of illegal immigrants going through Mexico to the US. August Brent futures traded around \$63.6 per barrel, \$0.3 above our closing level on Friday, 7 June. Oil quotes were supported by information about the US refusing to impose duties on Mexican imports, and information from Baker Hughes about the reduction in the number of operating oil rigs in the US.

Most of the trading session, the MOEX Russia Index, the European Stoxx Europe 600 Index, and futures for the S&P500, were adding on average within 0.5%, playing back the news about the White House's refusal to impose duties on Mexican imports. At the same time, analysts say, the activity of buyers was restrained by the continuing uncertainty regarding a possible US-Mexico deal. Firstly, Reuters writes, there are no details on key aspects of the agreement, such as Mexico's obligations to strengthen the protection of the southern border with Guatemala, through which the main flow of migrants from Central America passes. Secondly, Donald Trump said that the 5% duty would still be introduced if the Parliament of Mexico does not approve the agreed measures to fight against illegal immigration. At the end of the day, the MOEX Russia Index, which updated the historical maximum, was supported by a percentage growth of the main American indices, which levelled the negative decline in Brent quotations to \$62.6 per barrel. During the day, the oil market was under pressure from statements of the Minister of Energy of Saudi Arabia that the extension of the OPEC+ deal was constrained by the lack of Russia's position on this issue.

The electric utilities sector index continues to show the outperformance. The main contribution to the MOEXEU outperformance in comparison with the MOEX Russia Index was made by shares of RusHydro and FGC UES.

ELECTRIC POWER INDUSTRY NEWS

Bringing dividends to 50% of profits will be gradually worked out with each state-owned company, says the Ministry of Economic Development

Almost all Russian state-owned companies are already paying dividends of 50% of net profit under IFRS, with the rest it is planned to gradually work out going to target values, Maxim Oreshkin, Minister of Economic Development, told reporters on the sidelines of the SPIEF on Friday, 7 June.

Read full text: <http://www.bigpowernews.ru/news/document88493.phtml?1&q=>

COMPANY NEWS

Belgorodenergo to allocate 295 million rubles for reconstruction of grids

This year, Rosseti Centre - Belgorodenergo will spend 295 million rubles with VAT on reconstruction of power lines. The power engineers are modernizing over 100 km of power lines and about 30 transformer substations of 0.4-10 kV in 17 locations in the region.

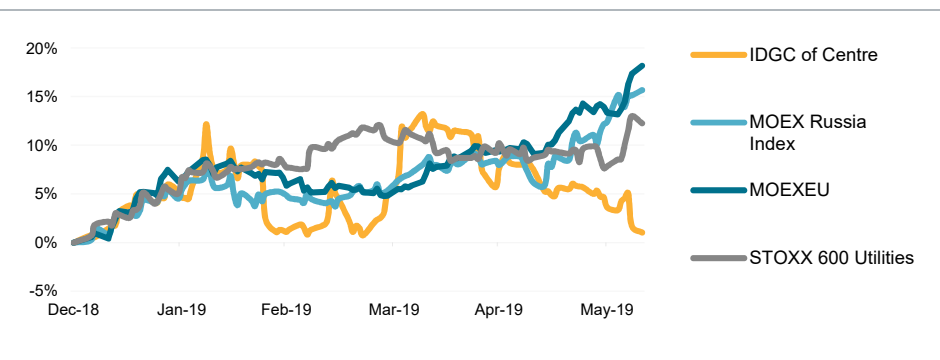
Read full text: <https://www.mrsk-1.ru/press-center/news/branches/68604/>

Assets of Lipetsk Regional Utility Company were transferred to IDGC of Centre

The production and technical complex of power supply of OGUP "Lipetsk Regional Utility Company" was transferred from the regional property to IDGC of Centre. This decision was approved by the regional administration at one of the last sessions of the regional parliament.

Read full text: <http://www.oblsovet.ru/news/21917/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 742,59	0,48%	15,75%
S&P 500	2 886,73	0,47%	15,15%
FTSE 100	7 375,54	0,59%	9,62%
DAX	12 045,38	0,00%	14,08%
DJStoxx 600	378,27	0,21%	12,03%
Nikkei	21 134,42	1,20%	5,59%
Sensex	39 784,52	0,43%	10,30%
CSI300	3 610,74	1,29%	19,93%
Bovespa	97 466,69	-0,36%	10,90%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	65,04	-0,30%	-6,38%
EURO/RUB	73,26	-0,01%	-7,80%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 327,98	0,96%	3,55%
Brent*, USD/bbl	62,29	-1,58%	15,78%

* - August futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln
IDGC of Centre	0,2890	12,20	187,59
IDGC of Centre & Volga Reg	0,296	33,36	512,90

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-0,66%	12,32%
MOEXEU Index	0,69%	18,26%
IDGC of Centre**	-0,69%	1,05%
IDGC of Centre and Volga Region**	1,40%	11,70%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-1,33%	71,64%
FGC UES	1,16%	24,55%
IDGC of Volga	-0,47%	-2,65%
MOESK	-0,07%	10,30%
IDGC of Northern Caucasus	-0,49%	103,57%
IDGC of North-West	-0,16%	11,89%
IDGC of Urals	3,30%	-1,63%
IDGC of Siberia	-0,06%	202,24%
IDGC of South	4,17%	37,74%
Lenenergo, ordinary shares	0,17%	9,26%
TRK, ordinary shares	11,34%	5,19%
Kubanenergo	0,00%	26,23%

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