

DAILY MARKET REVIEW

22 March, Thursday

2018



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 21 March some moderately positive external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 closed with a rise of 0.1-0.5%. The growth in shares in the energy sector following the rise in oil prices offset the decline in the technology sector due to fears of tightening regulation in the sphere of personal data after the scandal with Facebook. In addition, market participants reacted positively to the final communiqué of the financial G20, in which the heads of central banks and the finance ministers of the G20 announced the need for further dialogue and joint action in the area of international trade. Representatives of a number of the G20 states called on the US to use a multilateral rather than one-sided approach in dealing with trade issues. On Wednesday the composite index of the Asia-Pacific region, MSCI Asia Pacific, added 0.1% with multidirectional changes of major indices. The Japanese exchanges are closed due to the celebration of the Vernal Equinox Day. May Brent futures traded near \$67.6 per barrel, at the closing level on 20 March. Oil quotes got fixed near the monthly maximum after the report of the American Petroleum Institute on a weekly reduction in oil reserves.

On Wednesday the Russian market was dominated by buyers, on daily highs, the growth of the MOEX Russia Index exceeded a percent. Positive background for the domestic market was the reduction of geopolitical risks and the rise in oil prices. According to media reports, at the upcoming EU summit on 22-23 March, new sanctions against Russia will not be discussed in connection with the "Skripal case". In addition, investors positively assessed the information of the media that, following a telephone conversation between the US and Russian presidents, the leaders of the two countries gave instructions to start preparing the Russian-American Summit organization at the highest level. Against this background, shares of Sberbank - proxy-securities of the domestic market for western investors, which suffered the most during the period of strengthening of sanction risks due to the "Skripal case", acted as the driver of the MOEX Russia Index's rise. Additional support for the shares of Sberbank, which added about 5%, was given by dividend expectations - at a meeting with the president of the Russian Federation the head of the bank reported on the planned "very serious" dividend payments by the end of 2017. Brent quotes exceeded \$69 per barrel after the publication of statistics of the US Department of Energy, which, contrary to forecasts, recorded a reduction in oil reserves in the country. At the same time, the growth of the Russian market was constrained by inexpressive changes of the western markets, where traders took a wait-and-see position ahead of the announcement of the results of the Fed's meeting. Experts believe that the Fed may take a more aggressive stance in the normalization of monetary policy - the forecast of the Fed's leaders may change in favour of four rate increases in 2018 from the announced in December three, which may lead to a correction in the stock market.

As a result of the trading session the MicexPWR Sector Index underperformed. The main contribution to the MicexPWR underperformance in comparison with the MOEX Russia Index was made by shares of RusHydro and Inter RAO.

ELECTRIC POWER INDUSTRY NEWS

Ministry of Energy of the Russian Federation hopes for approval by the Cabinet of the energy modernization program in the 1st half of the year

The Government of the Russian Federation can make a final decision on the adoption of a new program for modernization of power capacity, developed by the Cabinet, in the next 2-3 months. This was reported to journalists by Deputy Minister of Energy Vyacheslav Kravchenko on the sidelines of the annual conference "Vedomosti" "Russian Energy".

Read full text: <http://www.bigpowernews.ru/markets/document82171.phtml>

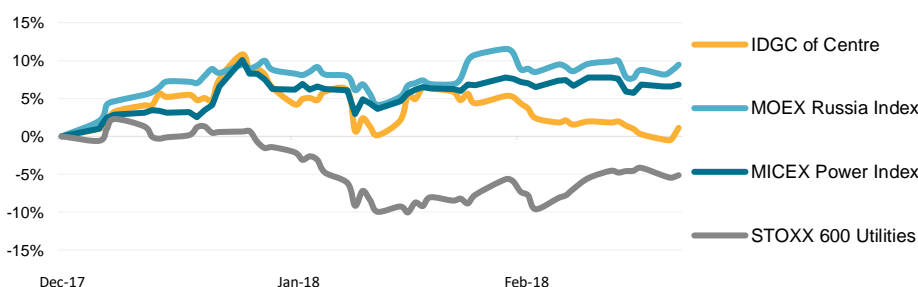
COMPANY NEWS

In 2018 IDGC of Centre to put into operation more than three thousand kilometres of power lines and about 500 MVA of capacity

IDGC of Centre has started implementation of the approved investment program for 2018. In the specified period the company plans to put into operation 454 MVA of capacity and 3,198 km of power lines. The funding of the program will be 13.5 billion rubles.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/63419/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2309,36	0,79%	9,46%
S&P 500	2724,59	0,28%	1,91%
FTSE 100	7037,38	-0,34%	-8,46%
DAX	12303,88	-0,03%	-4,75%
DJStoxx 600	374,75	-0,22%	-3,71%
Nikkei	21380,97	0,00%	-6,08%
Sensex	33136,18	0,42%	-2,70%
CSI300	4061,05	-0,41%	0,75%
Bovespa	84608,16	0,53%	10,74%

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

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	57,7033	0,26%	0,13%
EURO/RUB	71,2347	0,89%	3,56%

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

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1324,77	1,03%	1,67%
Brent*, USD/bbl	69,22	2,67%	3,51%

* - May futures

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

Shares	Price**, P	MCap**, P bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,3365	37,92	657,20

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	0,36%	-5,13%
MICEX POWER Index	0,19%	6,81%
IDGC of Centre**	1,55%	1,12%
IDGC of Centre and Volga Region**	0,45%	11,53%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-0,57%	-0,41%
FGC UES	0,60%	9,23%
IDGC of Volga	0,44%	21,87%
MOESK	-0,25%	-11,35%
IDGC of Northern Caucasus	-0,28%	-8,85%
IDGC of North-West	1,26%	-6,92%
IDGC of Urals	-0,66%	8,35%
IDGC of Siberia	1,72%	3,49%
IDGC of South	-0,17%	-1,17%
Lenenergo, ordinary shares	0,27%	17,92%
TRK, ordinary shares	0,00%	-4,58%
Kubanenergo	0,70%	-7,65%

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