

DAILY MARKET REVIEW

7 February, Thursday

2019



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 6 February some neutral external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 closed with an increase of 0.5-0.7%. The US markets rose for the fifth session in a row, rising to two-month highs, including thanks to good corporate reporting. On Wednesday the composite stock index of the Asia-Pacific region MSCI Asia Pacific was near zero. Some pressure on the markets was put by ambiguous statements of Donald Trump, who spoke with the traditional annual address to the Congress. According to media reports, business expectations regarding additional incentives did not materialize, but investors breathed a sigh of relief because the US president did not use this speech to impose a state of emergency on the border with Mexico. In addition, Donald Trump reiterated the need to conclude a new trade agreement with China. At the same time, he said, the bargain "should include real structural changes and the end of unfair trade, reducing our chronic trade deficit and protecting American jobs." Activity at Asian exchanges remains low due to New Year celebrations – the stock exchanges of China and South Korea are still closed. April Brent futures traded around \$61.9 per barrel, \$0.8 below our 5 February close. Negative background for the market was the message of the American Petroleum Institute on the growth of oil reserves in the country last week.

The Russian market, as well as the global markets in general, spent the trading session on Wednesday flat near zero. The markets, analysts say, took a pause after a steady growth in the last trading days, taking into account the controversial news background. On the one hand, the activity of buyers was restrained by weak reporting of a number of large European companies and statistics from Germany. The orders of German industrial enterprises unexpectedly fell in December, heightening concerns about a slowdown in the largest EU economy. Deutsche Bank experts warn that the German economy is on the verge of a technical recession – according to their forecasts, Germany's GDP will decline in the first quarter. On the other hand, the markets continue to support hopes for progress in the US-PRC trade negotiations. According to media reports, a new round of talks between the countries with the participation of the head of the US Treasury may take place as early as next week. At the end of the day, the MOEX Russia Index fixed in negative territory after a moderately negative start of the US trading.

During the trading session the electric utilities sector index underperformed. The main contribution to the MOEXEU underperformance in comparison with the MOEX Russia Index was made by shares of Enel Russia, which fell 5% at record volumes. These papers were pressured by the management's deterioration of profit forecasts for 2019-2020 and the statement of the head of the company about the possible redistribution of capital between investments and dividends in the context of the upcoming growth of capital expenditures.

ELECTRIC POWER INDUSTRY NEWS

The State Duma adopted in the 1st reading a draft bill on production of electricity at microgeneration facilities

The State Duma adopted in the first reading a bill regulating the production of electricity at microgeneration facilities. The document was initiated by the government of the Russian Federation. The draft law proposes to introduce into legislation on the electric power industry the concept and criteria of a microgeneration facility and establish criteria for classifying generation facilities in this category.

Read full text: <http://www.bigpowernews.ru/markets/document86805.phtml>

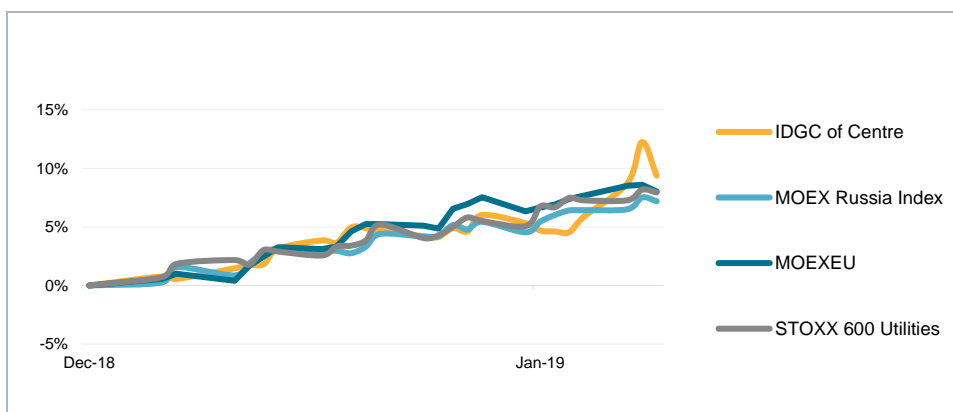
COMPANY NEWS

Tambovenergo launched the implementation of the concept of digital transformation of the regional electric grid complex

IDGC of Centre - Tambovenergo division launched a project to create a unified grid control centre (UGCC) within the framework of IDGC of Centre's strategy on digital transformation of the electric grid complex in accordance with the unified concept of the development of ROSSETI.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/67207/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 539,73	-0,30%	7,19%
S&P 500	2 731,61	-0,22%	8,97%
FTSE 100	7 173,09	-0,06%	6,61%
DAX	11 324,72	-0,38%	7,25%
DJStoxx 600	365,52	0,15%	8,25%
Nikkei	20 874,06	0,14%	4,29%
Sensex	36 975,23	0,98%	2,51%
CSI300	3 247,40	0,00%	7,86%
Bovespa	94 635,57	-3,74%	7,68%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	65,57	-0,03%	-5,62%
EURO/RUB	74,91	-0,19%	-5,72%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 306,60	-0,66%	1,88%
Brent*, USD/bbl	62,69	1,15%	16,52%

* - April futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3128	13,21	201,40
IDGC of Centre & Volga Reg	0,2849	32,11	489,68

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-0,22%	7,94%
MOEXEU Index	-0,52%	8,03%
IDGC of Centre**	-2,55%	9,37%
IDGC of Centre and Volga Region**	-0,38%	7,51%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	0,26%	25,73%
FGC UES	-0,10%	11,80%
IDGC of Volga	0,14%	9,80%
MOESK	0,14%	6,06%
IDGC of Northern Caucasus	-0,55%	2,43%
IDGC of North-West	-0,87%	3,24%
IDGC of Urals	0,29%	13,87%
IDGC of Siberia	-1,33%	59,12%
IDGC of South	-1,07%	18,37%
Lenenergo, ordinary shares	0,71%	7,75%
TRK, ordinary shares	-4,15%	20,13%
Kubanenergo	0,88%	40,16%

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