

DAILY MARKET REVIEW

2 November, Thursday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 01 November some moderately positive external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 added 0.1% due to good reporting of a number of large companies and strong statistics. The US consumer confidence index rose to a maximum in 17 years in October, the increase in labour costs in July-September amounted to 2.5% in annual terms – the indicator growth became the highest since 2008, which is one of the signals of increasing inflation in the country. At the same time, buyers' activity was constrained by expectations of the Fed meeting, which will end on Wednesday evening. On Wednesday the composite index of the Asia-Pacific region MSCI Asia Pacific added about a percent following almost 2% increase in the Japanese Nikkei225 on the yen weakening and news of the re-election of S. Abe as prime minister. January Brent futures traded near the mark of \$61.2 per barrel, \$0.7 higher than our closing on 31 October. Oil prices rose to their highs since July 2015 on the data of American Petroleum Institute, which recorded a sharp drop in oil and gasoline reserves in the country – by 5.1 and 7.7 million barrels, respectively.

On Wednesday the Russian market was dominated by buyers, in the afternoon the growth rate of the MICEX Index exceeded a percent. Support to investors was provided by the rise in prices for oil and metals and the persistence of optimistic sentiments on global markets – the European Stoxx Europe 600 Index, futures for US indices and the indicator of emerging markets MSCI EM added on average about half a percent. The markets, including, were supported by good statistics from the US: according to ADP, the number of employed in the private sector jumped to 235 thousand against the forecast of 200 thousand, the index of manufacturing activity ISM Manufacturing in October, although it fell more than forecasts to 58.7, nevertheless, it remained substantially above the threshold of 50 points. At the end of the day, the growth rate of the MICEX Index slowed to less than a percentage point after the reduction of Brent quotations to \$60.5 per barrel on ambiguous data from the US Department of Energy: oil and gasoline stocks last week fell more than expected, while stocks in Cushing, where oil traded on NYMEX is stored, and mining in the country.

During the trading session the MicexPWR Sector Index looked worse than the broad market, mainly due to a decrease in shares of RusHydro and Inter RAO.

ELECTRIC POWER INDUSTRY NEWS

Commissioning of new power generation in the Russian Federation may be required from 2025

The Ministry of Energy reminded that in the long term, according to the general plan for the location of electric power facilities approved by the decree of the government of the Russian Federation in June 2017, the volume of decommissioned capacity up to 2025 inclusive in the Unified Energy System (UES) of Russia could reach 32.9 GW. Another 90 GW will require modernization in connection with the depletion of the resource of operation.

Read full text: <http://www.bigpowernews.ru/markets/document80388.phtml>

COMPANY NEWS

IDGC of Centre for nine months put into operation more than 2,000 kilometres of power lines and more than 240 MVA of capacity

IDGC of Centre summed up the results of the investment program implementation for 9 months of 2017. During this period the company commissioned 242 MVA of capacity, which is 102 MVA higher than the planned value, and 2,219 km of power lines, exceeding the plan by 449 kilometres. The volume of the program financing amounted to 8.9 billion rubles (including VAT), which is 103% of the planned volume. In particular, 4.3 billion rubles was allocated for technical re-equipment and reconstruction, 4.6 billion rubles for construction of new and expansion of existing facilities, which also corresponds to the planned indicators.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/62252/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	2 082,73	0,89%	-6,72%
S&P 500	2 579,36	0,16%	15,21%
FTSE 100	7 487,96	-0,07%	4,83%
DAX	13 465,51	1,78%	17,28%
DJStoxx 600	396,77	0,39%	9,78%
STOXX Utilities	308,59	0,13%	11,50%
Nikkei	22 420,08	1,86%	17,29%
Sensex	33 600,27	1,17%	26,19%
CSI300	3 996,62	-0,25%	20,74%
Bovespa	73 823,74	-0,65%	22,58%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,16	-0,17%	10,55%
USD/RUB	58,12	0,43%	-4,19%
Euro/RUB	67,64	0,63%	6,01%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 274,66	0,25%	11,08%
Brent*, USD/bbl	60,49	-0,74%	3,10%

* - December futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,4430
Capitalisation**, billion RUB	18,70
Capitalisation**, million USD	321,80

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	0,07%	-2,69%
Shares of IDGC of Centre**	-3,28%	-0,89%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	0,04%	-17,17%
FGC UES	2,18%	-20,55%
IDGC of Volga	-0,92%	92,50%
MOESK	-0,84%	-7,80%
IDGC of Northern Caucasus	-1,87%	-16,55%
IDGC of Centre and Volga Reg	-0,35%	114,46%
IDGC of North-West	-0,36%	2,00%
IDGC of Urals	2,89%	18,84%
IDGC of Siberia	-1,56%	58,30%
IDGC of South	-2,72%	-4,39%
Lenenergo, ordinary shares	-0,48%	-5,18%
TRK, ordinary shares	1,00%	-15,13%
Kubanenergo	-1,53%	-11,26%

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
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