

# Russian Equities Weekly

## March 4 – 8, 2019

	Week	YTD
<b>RTS Total return (TR) in USD</b>	-0.7%	10.7%
<b>MOEX index TR in RUB</b>		
Composite	-0.1%	4.8%
Blue chip	-0.1%	5.6%
Small and mid-cap	-0.7%	3.4%
<b>MOEX sector indices TR in RUB</b>		
Financial Services	0.8%	8.4%
Metals & Mining	-0.3%	3.4%
Oil & Gas	-0.3%	0.6%
Consumer Goods	-0.6%	2.5%
Power Utilities	-0.9%	5.2%
<b>FX</b>		
RUB/USD	-0.7%	4.3%
RUB/EUR	0.8%	6.3%

Data as of March 8<sup>th</sup>, 2019

TKB Investment Partners (JSC) calculations; Bloomberg

## Resilience to global tumble

### Russian equity market dynamics

**The Russian equity market outperformed its peers last week thanks to the oil price recovery.** Global markets had their poorest performance in nearly three months. This was mostly due to the lack of a resolution of the US-China trade dispute and the ECB's downgrade of its economic growth forecast for the eurozone to 1.1%. As a result, the MSCI World and MSCI EM indices dropped by 2.1% and 2.0%, respectively, in US dollar terms.

**Financials outperformed** the other sectors for the second week running, mostly thanks to Credit Bank of Moscow. Its shares rose by 6.4% after Forbes included it as the top Russian lender in its list of the world's best banks.

**Power utilities lagged.** Inter Rao, Rosseti, and RusHydro fell by the most: by 2.3%, 1.4%, and 1.2%, respectively.

## Main Russian news

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**Inflation reached 5.2% YoY in February, up** by 0.4% from January, Rosstat reported. **Food inflation** saw the largest rise, accelerating to 5.9% YoY, adding 0.8% from the previous month. **Non-food and services inflation** was 4.6% and 5.1% YoY, respectively. The Ministry of Economic Development expects inflation to peak at 5.5%–5.7% this spring and sees the overall inflation rate at 4.3% by the end of 2019. The Central Bank of Russia (CBR) forecasts annual inflation of more than 5.5% this year, returning to 4% in the first half of 2020.

**The CBR said foreign capital inflows grew in February.** The reaction of non-residents on talk of possible sanctions was negligible and short-term, the regulator noted. The Russian securities market remained stable, with no significant volatility. Government bond (OFZ) purchases increased and returned to the level of Q1 2018. **The share of foreign investment in OFZ rose by 1.1% to 25.5% last month.** In eurobonds, it rose to 52.5%, adding 0.5% from January.

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## To watch...

Polymetal, Rostelecom, RusAgro and RusHydro are due to publish full-year 2018 IFRS results

Sources: Vedomosti, cbr.ru, Bloomberg, TKB Investment Partners (JSC); March 2019

## Quarterly results: actual vs. consensus for EPS (earnings per share), adjusted, (US dollars) \*

based on Bloomberg consensus

Major RTS index constituents	Q1 '18	Q2 '18	Q3 '18	Q4 '18
Lukoil	9%	1%	22.3%	
Gazprom	9%	-12.3%	29.2%	
Sberbank	12%	-4%	4.5%	14.1%
Novatek	13%	6%	20.5%	
Tatneft	8%	33.7%	41.2%	
Magnit	-12%	-19%	12.4%	
MTS	-8%	-8%	13.6%	
VTB	170%	7%	-90.7%	
Alrosa	64%	13%	-10.9%	
Severstal	-14%	14%	0.0%	-10.7%
NLMK	-4%	14%	12.3%	
Moscow Exchange	-7%	-8%	4.2%	
Magnitogorsk Iron & Steel	-22%	6%	0.0%	-20.0%
Phosagro	-31%	-45%	-8.0%	
	Actual figure is better than consensus by more than 5%			
	Actual figure is worse than consensus by more than 5%			
	The deviation of actual results from consensus is between -5% and +5%			

Source: Bloomberg, TKB Investment Partners; data as of March 8<sup>th</sup>, 2019

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