

Russian Equities Weekly

April 15 – 19, 2019

	Week	YTD
RTS Total return (TR) in USD	0.6%	18.3%
MOEX index TR in RUB		
Composite	0.2%	8.5%
Blue chip	0.1%	10.1%
Small and mid-cap	0.9%	5.6%
MOEX sector indices TR in RUB		
Consumer Goods	1.5%	4.7%
Power Utilities	1.0%	8.9%
Metals & Mining	0.8%	3.3%
Oil & Gas	0.4%	3.4%
Financial Services	-0.1%	11.5%
FX		
RUB/USD	0.5%	8.1%
RUB/EUR	0.7%	10.3%

Data as of April 19, 2019

TKB Investment Partners (JSC) calculations; Bloomberg

Oil jump optimism

Russian equity market dynamics

The Russian equity market ended in the black for the third consecutive week, outperforming its peers. The MSCI World index rose by 0.1% and the MSCI EM index gained 0.3%, in US dollars terms. A rise in oil prices continued to support the Russian market.

The consumer goods sector outperformed other sectors last week, driven by positive operational results of the X5 Retail Group and M.Video in Q1 of 2019, boasting 15.3% and 12% revenue growth respectively.

Financials underperformed last week due to Sberbank and VTB, whose share prices fell by 2.9% and 1.3% respectively.

Main Russian news

Russian macroeconomic indicators worsened in March. Industrial production growth decelerated due to slower growth in both the manufacturing and extraction sectors. Retail sales growth also decreased to 1.6% YoY. This slowdown was felt in both food and non-food segments. From this year onwards, real disposable income is provided only quarterly. In Q1 of 2019, the indicator decreased by 2.3% compared with the same period last year. The reason for this deterioration was the slowdown in real wages growth. Rosstat published for the first time the real disposable income calculated by this new method, and recalculated the indicator for 2018. The new calculation showed that there was an increase in income of 0.1% last year, as opposed to the fall of 0.1% calculated by the previous method.

Indicator	Growth YoY	
	February 2019	March 2019
Industrial production	4.1%	1.2%
Manufacturing	4.6%	0.3%
Extraction	5.1%	4.3%
Retail sales	2.0%	1.6%
Food	1.7%	1.2%
Non-food	2.4%	1.9%
Real wages	0.0%*	0.0%

* Data was revised by Rosstat

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To watch...

No material is planned

Sources: Vedomosti, Bloomberg, Rosstat, TKB Investment Partners (JSC); April 2019

Quarterly results: actual vs. consensus for EPS

(earnings per share), adjusted, (US dollars) *

Major RTS index constituents	Q1 '18	Q2 '18	Q3 '18	Q4 '18
Lukoil	9%	1%	22.3%	18.8%
Gazprom	9%	-12.3%	29.2%	
Sberbank	12%	-4%	4.5%	14.1%
Novatek	13%	6%	20.5%	
Tatneft	8%	33.7%	41.2%	-18.8%
Magnit	-12%	-19%	12.4%	7.8%
MTS	-8%	-8%	13.6%	-46.1%
VTB	170%	7%	-90.7%	
Alosa	64%	13%	-10.9%	-12.2%
Severstal	-14%	14%	0.0%	-10.7%
NLMK	-4%	14%	12.3%	
Moscow Exchange	-7%	-8%	4.2%	10.6%
Magnitogorsk Iron & Steel	-22%	6%	0.0%	-20.0%
Phosagro	-31%	-45%	-8.0%	-41.5%

* based on Bloomberg consensus

	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 April 19, 2019

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