

Russian Equities Weekly

September 16–20, 2019

	Week	YTD
RTS Total return (TR) in USD	0.7%	36.1%
MOEX index TR in RUB		
Composite	0.2%	24.6%
Blue chip	0.4%	26.6%
Small and mid-cap	-1.3%	10.8%
MOEX sector indices TR in RUB		
Oil & Gas	1.3%	20.7%
Metals & Mining	0.2%	12.1%
Financial Services	-0.6%	25.0%
Power Utilities	-2.8%	26.7%
Consumer Goods	-3.0%	9.9%
FX		
RUB/USD	0.6%	8.0%
RUB/EUR	1.4%	12.7%

Data as of September 20, 2019

TKB Investment Partners (JSC) calculations; Bloomberg

Mixed macroeconomic indicators

Russian equity market dynamics

Last week, the Russian equity market outperformed other emerging markets (EM). The RTS gained 0.7% while the MSCI EM index lost 0.5% (all figures in USD terms). The Russian market was supported by the spike in the price of Brent crude oil and the strengthening rouble after Saudi Arabia halved its oil output as a result of a terrorist attack. Part of the lost output has been recovered already, however prices are being kept at elevated levels by the tensions in the Middle East and uncertainty as to when full-scale production will be restored.

The oil & gas sector outperformed the market. This was mainly due to Novatek and Rosneft's shares, which rose by 5.4% and 4.5%, respectively, both in rouble terms. Oil prices rose by 6.6% last week as a consequence of an oil production cut in Saudi Arabia. Novatek and Rosneft's shares rose in line with the higher oil prices.

The consumer goods sector was the worst performer of the week, dragged down mainly by X5 retail group and Yandex. There was no fundamental news to justify the poor performance of these stocks.

Main Russian news

Key macroeconomic indicators were mixed in August. The rise in industrial production was mainly due to an improvement in natural resources extraction, which was enough to compensate for the fall in manufacturing. Retail sales slowed in both the food and non-food sectors. Rosstat revised real wage growth for July from 3.5% to 3.0% YoY, which was in line with the August results.

Indicator	Growth YoY	
	July 2019	August 2019
Industrial production	2.8%	2.9%
Manufacturing	2.8%	2.7%
Extraction	3.0%	3.1%
Retail sales	1.1%*	0.8%
Food	1.2%*	0.6%
Non-food	1.1%*	0.9%
Real wages	3.0%*	3.0%

* Figures revised by Rosstat

*Author: Aleksandra Kuznetsova,
Junior Investment Specialist*

To watch...

There is no significant news to follow this week.

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

Quarterly results: actual vs. consensus for EPS

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

Major RTS index constituents	Q3 '18	Q4 '18	Q1 '19	Q2 '19
Lukoil	22.3%	18.8%	-9.6%	32.4%
Gazprom	29.2%	-	1.2%	2.3%
Sberbank	4.5%	14.1%	6.4%	0.5%
Novatek	20.5%	-	-	-0.9%
Tatneft	41.2%	-18.8%	2.0%	-1.3%
Magnit	12.4%	7.8%	-49.5%	-
MTS	13.6%	-46.1%	21.3%	-7.8%
VTB	-90.7%	0.0%	0.0%	-
Alosa	-10.9%	-12.2%	14.3%	-
Severstal	0.0%	-10.7%	-1.9%	-11.2%
NLMK	12.3%	-	238.9%	0.3%
Moscow Exchange	4.2%	10.6%	0.0%	12.8%
Magnitogorsk Iron & Steel	0.0%	-20.0%	18.2%	-83.2%
Phosagro	-8.0%	-41.5%	-20.9%	-

* 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 September 20, 2019

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For more information:

TKB Investment Partners (JSC)
69/71, lit. A, Marata Street
Saint Petersburg, 191119, Russia

Tel: +7 812 332 73 32

Fax: +7 812 324 65 57

info@tkbip.ru
www.tkbip.com

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