

Russian Equities Weekly

November 18–22, 2019

	Week	YTD
RTS Total return (TR) in USD	0.4%	45.4%
MOEX index TR in RUB		
Composite	0.4%	32.8%
Blue chip	0.6%	36.2%
Small and mid-cap	0.6%	12.9%
MOEX sector indices TR in RUB		
Power Utilities	1.0%	26.6%
Financial Services	0.5%	30.2%
Consumer Goods	0.4%	9.3%
Metals & Mining	-0.2%	12.8%
Oil & Gas	-0.4%	32.2%
FX		
RUB/USD	-0.2%	8.4%
RUB/EUR	0.0%	12.7%

Data as of November 22, 2019

TKB Investment Partners (JSC) calculations; Bloomberg

Outperforming the broader emerging markets

Russian equity market dynamics

Last week, the Russian equity market rose slightly, while other emerging markets (EM) remained almost flat. Global markets holding their breath in anticipation of US-China trade deal news as uncertainty around the negotiations increased amid talks that completion of “phase one” may be delayed until next year. The Russian market’s outperformance was driven by Gazprom’s share price rising during the week. The stock gained 3.1% on Thursday on the back of the company’s SPO.

The power utilities sector outperformed the broader market. This was mainly due to MOESK (a subsidiary of Rosseti), whose shares rose by 11.3%. The company is considering paying an interim dividend for the first nine months of 2019.

The oil & gas sector was the worst performer of the week, dragged down mainly by Novatek and Rosneft, whose shares lost 1.9% and 1.1%, respectively, despite a lack of fundamental news to explain the falls.

Main Russian news

Key macroeconomic indicators were mixed in October. The weakness in industrial production growth was due to a sharp deterioration in extraction sector growth. The acceleration of growth in retail sales was felt in both food and non-food segments. Since September, Rosstat has started publishing data on real wages with a one-month delay, only after receiving organisation's data. Preliminary estimates will no longer be submitted.

Indicator	Growth YoY	
	September 2019	October 2019
Industrial production	3.0%	2.6%
Manufacturing	3.2%	3.7%
Extraction	2.5%	0.9%
Retail sales	0.7%	1.6%
Food	0.4%	1.3%
Non-food	1.0%	2.0%
Real wages	3.1%	not available

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To watch...

There is no significant news to follow this week.

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

Quarterly results: actual vs. consensus for EPS

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

Major RTS index constituents	Q4 '18	Q1 '19	Q2 '19	Q3 '19
Lukoil	18.8%	-9.6%	32.4%	
Gazprom	-	1.2%	2.3%	
Sberbank	14.1%	6.4%	0.5%	
Novatek	-	-	-0.9%	-
Tatneft	-18.8%	2.0%	-1.3%	
Magnit	7.8%	-49.5%	-	
MTS	-46.1%	21.3%	-7.8%	6.8%
Alrosa	-12.2%	14.3%	-9.1%	24.3%
Severstal	-10.7%	-1.9%	-11.2%	-11.5%
NLMK	-	238.9%	0.3%	-43.6%
Moscow Exchange	10.6%	0.0%	12.8%	1.4%
Magnitogorsk Iron & Steel	-20.0%	18.2%	-83.2%	
Phosagro	-41.5%	-20.9%	22.3%	

* 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 22 November 2019

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