

# Russian Equities Weekly

## February 10 – 14, 2020

	Week	YTD
<b>RTS Total return (TR) in USD</b>	1.1%	-0.6%
<b>MOEX index TR in RUB</b>		
Composite	0.3%	2.0%
Blue chip	0.1%	0.1%
Small and mid-cap	2.7%	14.0%
<b>MOEX sector indices TR in RUB</b>		
Power Utilities	5.7%	20.8%
Oil & Gas	0.7%	-3.8%
Metals & Mining	0.5%	7.5%
Consumer Goods	-0.1%	6.7%
Financial Services	-0.4%	6.8%
<b>FX</b>		
RUB/USD	0.3%	-2.8%
RUB/EUR	1.4%	0.7%

Data as of February 14, 2020

TKB Investment Partners (JSC) calculations; Bloomberg

## Coronavirus cases on the decline

### Russian equity market dynamics

**Last week, the Russian equity market rose in line with the other emerging markets (EM).** The RTS index gained 1.1%, while the MSCI EM index rose by 1.4% (all figures in USD terms). Investor optimism improved on the news that the number of new coronavirus cases in China was declining.

**The power utilities sector outperformed the broader market,** mainly driven by OGK-2 and TGC-1, whose shares rose by 24.0% and 23.5%, respectively, on the news that their parent company, Gazprom Energoholding, will pay out 50% of its subsidiaries' IFRS net income in dividends starting from 2020.

**The financial sector was the worst performer overall** mostly due to Sberbank and Tinkoff, whose shares underperformed the wider market despite the lack of fundamental news.

## Main Russian news

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**The Ministry of Finance (MoF) increased its forecast for GDP growth in 2020 from 1.7% to 1.9%.** According to the ministry, economic growth looks set to accelerate on the back of new social support measures, announced earlier by the President Putin, and due to an increase in consumer demand. To finance the social support measures, the MoF will buy a stake of Sberbank owned by the Central Bank of Russia (CBR) using the National Welfare Fund (NWF). The CBR will gradually transfer 75% of the profit from the transaction to the federal budget.

The ministry's forecast of GDP growth for 2021 and 2022 remained unchanged at 3.1% and 3.2%, respectively.

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## To watch...

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Rosstat is due to publish industrial production figures for January 2020.

Sources: Vedomosti, Bloomberg, TKB Investment Partners (JSC); February 2020

## Quarterly results: actual vs. consensus for EPS

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

Major RTS index constituents	Q1 '19	Q2 '19	Q3 '19	Q4 '19
Lukoil	-9.6%	32.4%	40.1%	-
Gazprom	1.2%	2.3%	15.6%	-
Sberbank	6.4%	0.5%	-	-
Novatek	-	-0.9%	-	-
Tatneft	2.0%	-1.3%	24.3%	-
Magnit	-49.5%	-	-48.5%	-
MTS	21.3%	-7.8%	6.8%	-
Alrosa	14.3%	-9.1%	24.3%	-
Severstal	-1.9%	-11.2%	-11.5%	12.8%
NLMK	238.9%	0.3%	-43.6%	-33.5%
Moscow Exchange	0.0%	12.8%	1.4%	-
Magnitogorsk Iron & Steel	18.2%	-83.2%	-14.3%	-
Phosagro	-20.9%	22.3%	11.8%	-

\* 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 14 February 2020

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