

# Russian Equities Weekly

July 27 –31, 2020

	Week	YTD
<b>RTS Total return TR in USD</b>	-1.7%	-17.2%
<b>MSCI EM index TR in USD</b>	1.8%	-1.5%
<b>MOEX index TR in RUB</b>		
Composite	1.7%	-0.7%
Blue chip	1.7%	-4.2%
Small and mid-cap	2.5%	5.6%
<b>MOEX sector indices TR in RUB</b>		
Metals & Mining	5.9%	28.7%
Financial Services	3.5%	9.0%
Consumer Goods	2.4%	25.1%
Power Utilities	0.2%	16.9%
Oil & Gas	-0.5%	-18.4%
<b>FX</b>		
RUB/USD	-3.3%	-16.3%
RUB/EUR	-4.2%	-20.1%

Data as of 31 July 2020

TKB Investment Partners (JSC) calculations; Bloomberg

## Under pressure from weakening rouble

### Russian equity market dynamics

**Last week, the Russian equity market underperformed the broader emerging markets (EM) index.** The RTS index lost 1.7%, while the MSCI EM index rose by 1.8% (in USD terms). While expectations of new economic stimulus in the US supported EM, the Russian market came under pressure from the rouble weakening during the dividend season, which led to capital outflows. Moreover, the Central Bank of Russia halved the foreign currency sales within the framework of the budget rule - from RUB 10.4 billion (USD 140 million) a day to RUB 5.7 billion (USD 79 million) a day.

**The metals and mining sector outperformed the broader Russian market,** mainly thanks to Polyus and Polymetal, whose share prices rose by 11.0% and 10.1%, respectively, in rouble terms, on the back of higher gold prices.

**The oil & gas sector was the worst performer,** mostly due to Surgutneftegaz, whose share value fell by 2.5% despite the lack of fundamental news. With oil prices trading sideways and a lack of other catalysts, the sector had a lacklustre performance.

## Main Russian news

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**The Russian government is spending RUB 10.9 billion (USD 150 million)** in measures to support local airports affected by the coronavirus pandemic. The funds are earmarked to be distributed as supplements to employees' salaries (excluding those of managers and board members) and the payment of insurance premiums, as well as towards the maintenance and repair of buildings and equipment. **Rosaviatsia has currently issued 43% of the total amount** of COVID subsidies allocated by the state to airports. **Furthermore, RUB 23.4 billion (USD 315 million) will be allocated to support airlines.** Rosaviatsia has already approved subsidies for Russian airlines totalling RUB 11.7 billion (USD 158 million).

*Author: Marina Tsutskiridze,  
Junior Investment Specialist*

## To watch...

Rosstat is due to report the inflation figures for July.

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

## Quarterly results: actual vs. consensus for EPS

(Earnings per share, adjusted, in US dollar) \*

Major RTS index constituents	Q3 '19	Q4 '19	Q1 '20	Q2 '20
Lukoil	40.1%	-1.3%	-	-
Gazprom	15.6%	18.0%	-	-
Sberbank	-	17.1%	-9.4%	21.8%
Novatek	-	-23.4%	-40.6%	-0.8%
Tatneft	24.3%	-	23.4%	-
Magnit	-48.5%	154.4%	-12.5%	25.1%
MTS	6.8%	-12.8%	64.1%	-
Alosa	24.3%	12.6%	-	-
Severstal	-11.5%	12.8%	-81.6%	57.9%
NLMK	-43.6%	-33.5%	46.4%	-66.4%
Moscow Exchange	1.4%	14.3%	9.7%	-
Magnitogorsk Iron & Steel	-14.3%	-	-87.9%	-
Phosagro	11.8%	0.1%	-33.6%	-

\* 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 31 July 2020

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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](mailto:info@tkbip.ru)  
[www.tkbip.com](http://www.tkbip.com)

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