

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 10 July some neutral external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 closed with multidirectional changes within 0.1%; on Wednesday the composite index of the Asia-Pacific region MSCI Asia Pacific showed zero changes. Investors took a wait before the speech of the head of the Fed in Congress. Uncertainty about the prospects for resolving the US-Chinese trade conflict did not contribute to the growth of traders' activity either. According to a White House administration official, the parties held consultations on Tuesday to "continue negotiations aimed at resolving emergency trade disputes." From the published statistics, analysts drew attention to the reduction of industrial inflation in China in June to zero for the first time since August 2016, which, according to experts, once again confirms the pressure of trade disputes with the US on the PRC economy. At the same time, the negative background of these data was levelled by the confidence of the markets that the Chinese authorities will strengthen the incentive measures in order to keep the pace of recovery in the Chinese economy in the target range of 6-6.5%. September Brent futures traded around \$64.8 per barrel, \$0.6 above our 9 July close. The oil market was supported by statistics from the American Petroleum Institute, which recorded a sharp decline in US oil reserves last week – by 8.1 million barrels.

Most of the day, the MOEX Russia Index, like most global stock indicators, showed a sideways trend around zero. Traders avoided active actions in anticipation of the report and comments on monetary policy by Chair of the Federal Reserve. Most analysts predicted that the Fed, despite generally good statistics on the US economy, would still lower the rate by at least 0.25 pp in July as a security due to the growing risks of a slowdown in the global economy because of trade wars. The speech of the head of the Central Bank fully met these expectations. Jerome Powell once again announced his readiness to "take the necessary measures" to continue economic growth in the conditions of persisting uncertainty in world trade. In addition, the Fed Chair dispelled major investors' concerns, saying that a strong report on the US labour market in June did not make any changes to the Fed's plans. In general, the reaction of investors to the speech of the Chair of the American Central Bank was neutral – according to analysts, expectations of easing monetary policy in July were already discounted at current price levels. Against the backdrop of the inexpressive changes of the western markets, the MOEX Russia Index closed trading at the zero mark, despite almost a 3% growth of Brent quotes above \$66 per barrel. The oil market was supported by information from the media about the suspension of production in the Gulf of Mexico due to the threat of a storm, as well as a message from the US Department of Energy on reduction of oil reserves by 9.5 million barrels.

At the end of the trading session, the MOEXEU electric utilities sector index outperformed mainly due to growth in Inter RAO's shares.

ELECTRIC POWER INDUSTRY NEWS

PJSC Rosseti needs to develop and implement an effective development strategy

Yuri Manevich, Deputy Minister of Energy of the Russian Federation, held a meeting with members of Association of Institutional Investors and representatives of PJSC Rosseti. The meeting participants discussed the need to develop and implement an effective development strategy for the holding.

Read full text: <https://www.eprussia.ru/news/base/2019/2754825.htm>

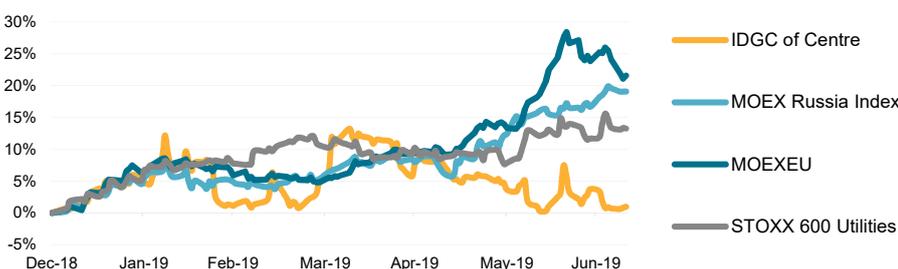
COMPANY NEWS

Rosseti Centre Lipetskenergo began designing a unified grid control centre

Power engineers online will monitor 34 thousand kilometres of power lines. The Lipetsk branch of Rosseti Centre began the development of a project for a large-scale modernization of the operational and technological management system of the region's electric grid complex. To date, the state of power lines of the Lipetsk region is observed from 20 control points, they are in each district.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/68986/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 822,75	0,00%	19,14%
S&P 500	2 993,07	0,45%	19,40%
FTSE 100	7 530,69	-0,08%	11,93%
DAX	12 373,41	-0,51%	17,18%
DJStoxx 600	387,15	-0,20%	14,66%
Nikkei	21 533,48	-0,15%	7,59%
Sensex	38 557,04	-0,45%	6,90%
CSI300	3 786,74	-0,17%	25,78%
Bovespa	105 817,10	1,23%	20,40%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	63,77	-0,16%	-8,21%
EURO/RUB	71,46	-0,34%	-10,07%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 419,02	1,53%	10,65%
Brent*, USD/bbl	67,01	4,44%	24,55%

* - September futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,2691	30,33	475,60

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-0,10%	13,30%
MOEXEU	0,41%	21,64%
IDGC of Centre**	0,14%	0,98%
IDGC of Centre and Volga Region**	-0,19%	1,55%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	0,70%	66,06%
FGC UES	0,45%	37,15%
IDGC of Volga	0,11%	-2,96%
MOESK	-0,75%	10,91%
IDGC of Northern Caucasus	-2,65%	162,00%
IDGC of North-West	0,23%	15,59%
IDGC of Urals	-0,45%	-3,79%
IDGC of Siberia	2,46%	175,90%
IDGC of South	0,00%	23,32%
Lenenergo, ordinary shares	0,53%	8,51%
TRK, ordinary shares	-0,33%	-2,27%
Kubanenergo	-0,80%	27,25%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

Moscow Exchange (MOEX)
Bloomberg
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