



REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 4 September some neutral external background formed on the Russian market. On Monday the US stock exchanges were closed in connection with the Labor Day celebration. On Tuesday the composite index of the Asia-Pacific region, MSCI Asia Pacific, was 0.2% down, with mixed changes of the main country indices. The focus of markets remains the trade confrontation between Washington and Beijing – investors are waiting for the completion on 6 September of public discussions by representatives of business and the public of the US and passing a verdict on the forthcoming duties of the second wave on Chinese goods in the amount of \$200 billion. November Brent futures traded near \$78.2 per barrel, slightly higher than our 3 September closing level. Oil prices grew on fears of interruptions in oil supplies from the mining capacity of the Gulf of Mexico because of the tropical storm "Gordon".

Most of the day the Russian market, as well as global exchanges in general, were dominated by sellers due to a decrease in interest in risky assets. The markets are still pressured by information on the tightening of the US position in disputes with trading partners and the threat of spreading financial problems in developing countries. In addition to the ever more likely introduction of new duties for Chinese imports, analysts say, Washington does not demonstrate readiness to compromise on the NAFTA agreement – Donald Trump threatened to exclude Canada from new agreements, and the import of European cars and components. As for emerging markets, the media reported on the beginning of a technical recession in South Africa for the first time since 2009. This South African country, according to experts, is one of the first candidates for financial contamination on the Turkish model due to the current account deficit and a large external debt. Against this background, in the middle of the day, the MOEX Russia Index and the index of emerging markets MSCI EM lost about half a percent, the European Stoxx Europe 600 Index – about a percent. Shares of the mining sector underperformed after the fall in the value of metals on the threats of trade wars and the slowdown of the world economy, and the strengthening of the dollar. At the end of the trading session, the activity of sellers declined slightly after the publication of strong statistics from the US, where the index of business activity in industry in August rose to a maximum in 14 years.

During the day the MicexPWR Sector Index underperformed. The main contribution to the final MicexPWR underperformance in comparison with the MOEX Russia Index was made by shares of FGC UES, in which profit was taken after a 6% jump on 31 August.

ELECTRIC POWER INDUSTRY NEWS

Mr. Medvedev outlined the priorities for the development of the power grid complex of the Russian Federation

The most important tasks in the power grid complex of Russia are the solution of questions on connection to power grids, unpaid capacity reserve, cross subsidization and digitalization of the industry, said Russian Prime Minister Dmitry Medvedev at a meeting on the functioning of the country's power grid complex.

Read full text: <http://www.bigpowernews.ru/markets/document84424.phtml>

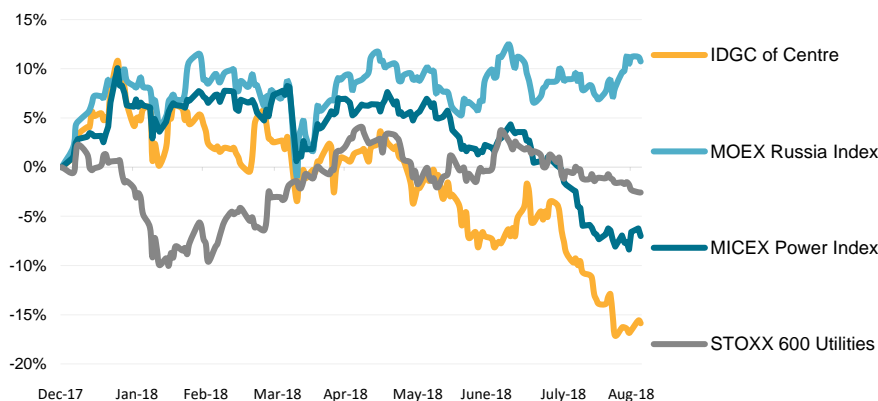
COMPANY NEWS

IDGC of Centre by the beginning of the school year connected new educational institutions to the grid and provided additional capacity to existing schools

Specialists of IDGC of Centre connected new schools and kindergartens in a number of regions of the company's activity by the beginning of the new school year and reconstructed facilities of the power grid infrastructure to increase the capacity of existing educational institutions.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/65544/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 336,38	-0,41%	10,74%
S&P 500	2 896,72	-0,17%	8,34%
FTSE 100	7 457,86	-0,62%	-2,99%
DAX	12 210,21	-1,10%	-5,48%
DJStoxx 600	379,83	-0,70%	-2,40%
Nikkei	22 696,90	-0,05%	-0,30%
Sensex	38 157,92	-0,40%	12,04%
CSI300	3 363,90	1,27%	-16,55%
Bovespa	74 711,80	-1,94%	-2,21%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	67,74	-0,44%	17,55%
EURO/RUB	78,64	-1,08%	14,32%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 191,52	-0,81%	-8,54%
Brent*, USD/bbl	78,17	0,03%	22,10%

* - November futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	Change	
			per day	fr 31.12.17
IDGC of Centre	0,2995	12,64		186,65
IDGC of Centre & Volga Reg	0,2840	32,01		472,46

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-0,02%	-2,58%
MICEX POWER Index	-0,83%	-7,01%
IDGC of Centre**	-0,33%	-15,87%
IDGC of Centre and Volga Region**	-1,39%	-5,87%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-2,78%	-17,43%
FGC UES	-1,81%	-3,15%
IDGC of Volga	-1,07%	-5,60%
MOESK	-0,85%	-22,58%
IDGC of Northern Caucasus	0,33%	-21,61%
IDGC of North-West	5,23%	27,69%
IDGC of Urals	0,00%	-17,66%
IDGC of Siberia	0,56%	-22,27%
IDGC of South	0,78%	7,53%
Lenenergo, ordinary shares	-0,67%	23,23%
TRK, ordinary shares	0,00%	-11,05%
Kubanenergo	1,48%	-29,85%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers
Moscow Exchange (MOEX)
Bloomberg
Reuters

MRKC
MRKC:RM
MRKC:MM