



REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 18 June some moderately negative external background formed on the Russian market. On Friday the US indices DJIA and S&P500 closed with a decrease of 0.1-0.3%, on Monday the composite index of the Asia-Pacific region MSCI Asia Pacific lost 0.7%. The markets were pressured by introduction by the US of import duties on goods from China, which affect about 1,100 names of Chinese goods for a total of about \$50 billion. At the same time, a number of US media reported that the US administration is preparing a second package of duties that affect goods for another \$100 billion. In turn, the Chinese government reacted to the US actions by a statement of intent to immediately take similar measures. August Brent futures traded near \$73.9 per barrel, \$0.2 below the closing level on Friday, 15 June. Oil fell to a minimum in six weeks in anticipation of OPEC+ talks at the end of the week, at which a decision could be made to increase production. According to information of the Russian Ministry of Energy, Russia and Saudi Arabia suggest in the third quarter to increase oil production from the current level by 1.5 million barrels per day and in September to decide on further actions.

The neutral start of trading on the Russian market was replaced by a nearly percentage drop in the MOEX Russia Index, following a significant deterioration in sentiment on European markets. An additional negative factor for European investors, in addition to trade disputes between the US and China, are regional political problems. In the second half of the day losses of the European Stoxx Europe 600 Index exceeded a percent on news that Germany once again was on the verge of a political crisis. As the media note, in Germany the discussion on the issue of migration got heated up to such an extent that it was not only the future of the ruling coalition, but also the unity of the parliamentary bloc of the CDU/CSU that was in question. At the end of the day, the MOEX Russia Index managed to reduce losses to 0.7%. Our market was supported, including, by the growth of Brent quotations to \$74.5 per barrel on information of the agency Bloomberg, which said that the increase in OPEC+ production can make up 300-600 thousand barrels per day, rather than 1.5 million b/s, as proposed by Russia and Saudi Arabia.

During the trading session changes of the MicexPWR Sector Index generally corresponded to the market. The main contribution to the final MicexPWR decrease was made by Lenenergo's preference shares (after the ex-dividend date) and RusHydro's shares. From current news of grid companies, one can note Kommersant's information that Inter RAO and IC "Region" can buy from FGC UES 10% of Inter RAO's shares for 34.9 billion rubles. Analysts believe that this piece of news is positive for FGC UES, even though the company most likely will not pay special dividends.

ELECTRIC POWER INDUSTRY NEWS

A Russian power facility switched to remote control

FGC UES (part of the group "Rosseti") and System Operator of UES implemented a project to remotely manage equipment of one of the largest feeding centres in the Belgorod Region - the 330 kV substation "Gubkin".

Read full text: <https://www.comnews.ru/digital-economy/content/113542/2018-06-18/rossiyskiy-energoobekt-pereveden-na-teleupravlenie>

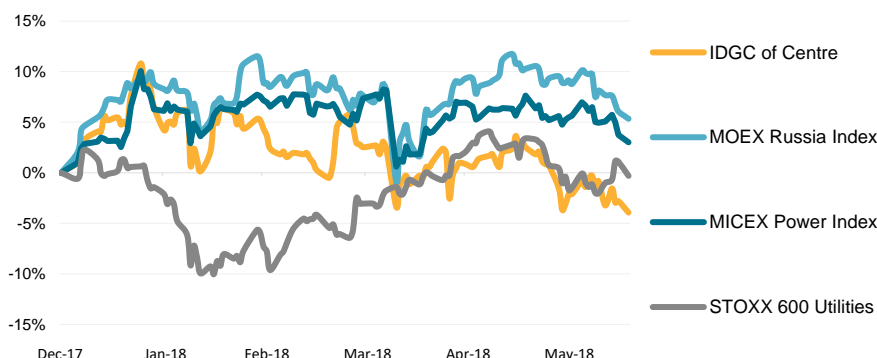
COMPANY NEWS

IDGC of Centre from the beginning of the year reduced losses in grids by more than 60 million kilowatt-hours

IDGC of Centre summed up the work on reducing losses in electric grids for four months of 2018. Following the results of this period, their level as a whole for the Company was 11.88%, which is 0.15% lower than indicators of the Business Plan and 0.32% lower than the results of 2017, brought to comparable conditions with 2018. Savings relative to the Business Plan amounted to 30.9 million kWh, compared to 2017 losses in the company's grids decreased by 63.1 million kWh.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/64371/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 222,56	-0,67%	5,35%
S&P 500	2 773,75	-0,21%	3,75%
FTSE 100	7 631,33	-0,03%	-0,73%
DAX	12 834,11	-1,36%	-0,65%
DJStoxx 600	385,91	-0,83%	-0,84%
Nikkei	22 680,33	-0,75%	-0,37%
Sensex	35 548,26	-0,21%	4,38%
CSI300	3 753,43	0,00%	-6,88%
Bovespa	69 814,73	-1,33%	-8,62%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	62,69	0,70%	8,77%
EURO/RUB	72,53	-1,40%	5,45%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 278,32	-0,05%	-1,88%
Brent*, USD/bbl	75,34	2,59%	15,69%

* - August futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3420	14,44	230,33
IDGC of Centre & Volga Reg	0,2985	33,64	536,66

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-1,36%	-0,30%
MICEX POWER Index	-0,71%	3,02%
IDGC of Centre**	-1,16%	-3,93%
IDGC of Centre and Volga Region**	-1,00%	-1,06%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-0,27%	-0,13%
FGC UES	1,05%	12,93%
IDGC of Volga	-2,18%	13,74%
MOESK	-0,86%	-22,91%
IDGC of Northern Caucasus	1,86%	-14,32%
IDGC of North-West	-0,86%	10,77%
IDGC of Urals	-0,26%	-9,31%
IDGC of Siberia	-2,78%	-8,30%
IDGC of South	-0,45%	10,03%
Lenenergo, ordinary shares	-2,12%	20,00%
TRK, ordinary shares	0,00%	-10,78%
Kubanenergo	0,84%	-23,72%

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