

DAILY MARKET REVIEW

28 June, Friday



2019

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 27 June some moderately positive external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 fell within 0.1%. Statements by the US Treasury Secretary that Washington and Beijing are close to a trade deal and that he is waiting for progress at a meeting of leaders of countries in Japan have not changed the general skepticism of the market towards the outcome of this meeting. In particular, a survey conducted by Bank of America showed that over two thirds of investors are not expecting a breakthrough from it, but only the resumption of trade negotiations and the suspension of the introduction of new tariffs. The composite index of the Asia-Pacific region MSCI Asia Pacific and S&P500 futures on Thursday added 0.8% and 0.4%, respectively. Positive background for investors in the Asian session was the information of the Chinese media about the preliminary agreement between the US and China to declare a truce in a trade war in order to resume negotiations on a settlement of the dispute. According to media sources in Washington and Beijing, details of the deal will be included in press releases for the upcoming meeting of the two leaders. August Brent futures traded around \$66.1 per barrel, \$0.4 below our 26 June close. Oil prices were adjusting after a steady growth on Wednesday on the statistics of the US Department of Energy, which recorded a drop in oil reserves by 12.8 million barrels. The reasons for the profit taking were both the continuing uncertainty regarding the OPEC+ deal and the increase in oil exports from the country to the record level of 3.8 million barrels per day recorded by the US Department of Energy.

On Thursday, the MOEX Russia Index, the European Stoxx Europe 600 Index and futures for the S&P500 showed sideways changes near zero on ambiguous news background regarding the meeting of the US and Chinese leaders. On the one hand, Chinese media reported on the preparation of an agreement between the countries, which would allow to avoid further increases in tariffs for Chinese imports in the amount of \$300 billion. On the other hand, according to The Wall Street Journal, the chairman of the People's Republic of China at a meeting with Donald Trump can present a number of fairly tough conditions for settling the trade dispute. In particular, it is about excluding Huawei from the "blacklist", abolishing all previously imposed duties on Chinese goods and refusing to try to force Beijing to buy more products from the US. In the afternoon, the market sentiment improved slightly after the publication of statistics on the changes of the US GDP in the first quarter. The published final estimate of the economy increase of 3.1% coincided with forecasts, but analysts drew attention to the slowdown in consumer spending, which accounts for about 70% of the country's GDP, to 0.9% minimum for the year. According to experts, this may push the Fed to more decisive action to stimulate the economy.

During the trading session, the electric utilities sector index outperformed. Shares of Inter RAO and FGC UES made the main contribution to the MOEXEU outperformance in comparison with the MOEX Russia Index.

ELECTRIC POWER INDUSTRY NEWS

Shareholders of Rosseti approved the payment of dividends for the first quarter of 2019 in the amount of more than 5 billion rubles

The Annual General Meeting of Shareholders of Rosseti, chaired by the Minister of Energy of the Russian Federation, Chairman of the Board of Directors of Rosseti, Alexander Novak, was held in Moscow on 27 June 2019.

Read full text: http://www.rosseti.ru/press/news/index.php?ELEMENT_ID=35413

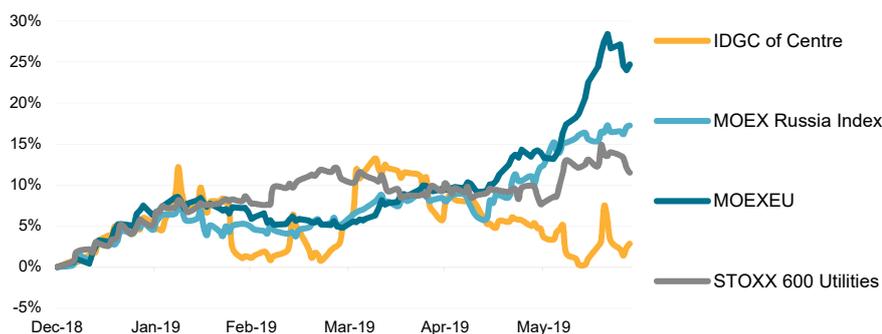
COMPANY NEWS

Belgorodenergo proceeded to transfer vehicles to gas engine fuel

Rosseti Centre - Belgorodenergo has launched a pilot project to convert motor vehicles to natural gas vehicle fuel. According to the approved roadmap, 51 vehicles of the branch will be converted to compressed natural gas (methane) this year. In total, by the end of 2021, it is planned to transfer 212 vehicles to this type of fuel.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/68739/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 779,66	0,16%	17,32%
S&P 500	2 924,92	0,38%	16,68%
FTSE 100	7 402,33	-0,19%	10,02%
DAX	12 271,03	0,21%	16,21%
DJStoxx 600	382,21	0,00%	13,20%
Nikkei	21 338,17	1,19%	6,61%
Sensex	39 586,41	-0,01%	9,75%
CSI300	3 834,82	1,07%	27,38%
Bovespa	100 724,00	0,04%	14,61%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	62,81	0,46%	-9,59%
EURO/RUB	71,38	0,21%	-10,17%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 409,78	0,06%	9,93%
Brent*, USD/bbl	66,55	0,09%	23,70%

* - August futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,2678	30,18	480,52

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-0,55%	11,54%
MOEXEU Index	0,55%	24,77%
IDGC of Centre**	0,48%	2,87%
IDGC of Centre and Volga Region**	0,04%	1,06%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	0,35%	78,59%
FGC UES	1,17%	37,17%
IDGC of Volga	0,16%	-3,06%
MOESK	0,27%	10,76%
IDGC of Northern Caucasus	2,56%	214,29%
IDGC of North-West	-1,02%	22,52%
IDGC of Urals	-1,45%	-4,33%
IDGC of Siberia	-2,57%	184,68%
IDGC of South	-0,73%	25,25%
Lenenergo, ordinary shares	-0,69%	8,32%
TRK, ordinary shares	-2,36%	-6,17%
Kubanenergo	-2,52%	34,84%

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