

DAILY MARKET REVIEW

24 June, Monday



2019

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 21 June some neutral external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 rose by 0.9%, the S&P500 index updated its historical record. The market is still supported by expectations that the Fed will reduce its key interest rate in July in order to avoid a slowdown in economic growth due to the US-Chinese trade war. Some experts, according to MarketWatch, believe that in case of worsening of economic statistics, the rate can be reduced immediately by 50 p.p. On Friday the composite index of the Asia-Pacific region MSCI Asia Pacific lost 0.4%. The markets were under pressure due to growing geopolitical tensions in the Middle East. According to The New York Times (NYT), the US president sanctioned, but cancelled at the last moment a rocket attack on Iranian military targets in response to the destruction of the American drone on Thursday. At the same time, the newspaper writes, the order was cancelled at the last moment, when the planes were already in the air. August Brent futures traded around \$64.4 per barrel, at the level of our close on 20 June. Oil prices jumped 4.3% on Thursday on fears of a US-Iranian military clash – experts recall that about a quarter of the world's oil supplies pass through the Strait of Hormuz.

In the first half of the trading session, the MOEX Russia Index, the European Stoxx Europe 600 Index and futures on the S&P500 lost on average about a third of a percent. The reason for profit taking after a steady rise on the expectations of easing of monetary policy by the world's leading central banks, including the growing risks of an armed conflict between the US and Iran. According to the NYT, it is not yet clear what stopped the US missile attack – simply Donald Trump changed his decision, or it was the result of the strategy change. In any case, the likelihood of an armed clash between Washington and Tehran remains very high, as evidenced by an emergency order from the US Federal Aviation Administration banning US airlines from flying in Iranian airspace over the Strait of Hormuz and the Gulf of Oman. In the second half of the day, selling pressure on the Russian market increased after the appearance of media information that a group of Democratic Centrists in the US Congress proposed to impose new sanctions on Russian sovereign debt, Russian banks and LNG projects, supported by Russia. The document notes that sanctions may be imposed as part of a package of bills, the purpose of which is to hold Russia accountable for interfering in the elections in the US. Against this background, the rate of decline of the MOEX Russia Index approached a percentage. At the end of the day, the Russian market was able to regain some of the losses, including due to an increase in the price of Brent above \$65 per barrel on geopolitical risks.

At the end of the trading session, the electric utilities sector index underperformed. The main contribution to the MOEXEU underperformance compared to the MOEX Russia Index was made by shares of RusHydro and FGC UES.

ELECTRIC POWER INDUSTRY NEWS

FAS is ready to start applying reference tariffs for electricity grids already from 2020, says the newspaper

The transition to the "benchmark", according to the FAS estimates, will require an increase in consumer spending by 52 billion rubles a year. The Ministry of Economics proposes to clarify the method of calculation in order to avoid such growth, and the Ministry of Energy - to take into account in the "benchmark" the receipt of profit by grid companies.

Read full text: <http://www.bigpowernews.ru/markets/document88649.phtml>

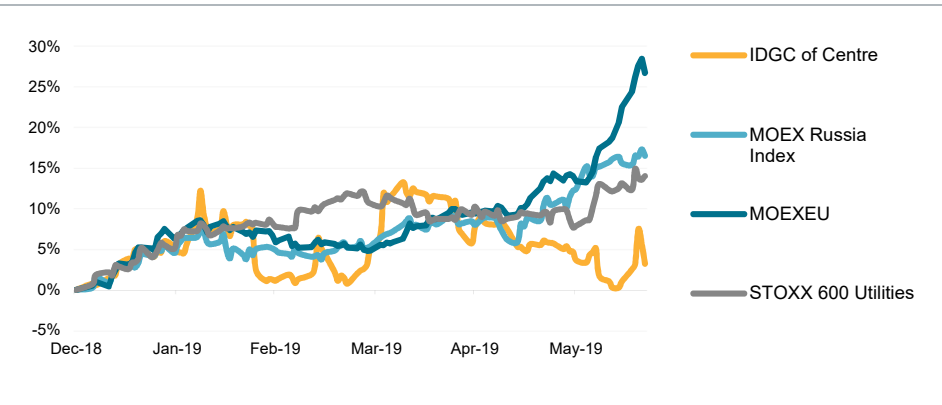
COMPANY NEWS

General Director of Rosseti Centre - the managing organization of Rosseti Centre and Volga Region Igor Makovskiy held a number of working events in Kaliningrad

On 20 June, General Director of Rosseti Centre - the managing organization of Rosseti Centre and Volga Region Igor Makovskiy worked in Kaliningrad.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/68695/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 761,23	-0,68%	16,54%
S&P 500	2 950,46	-0,13%	17,70%
FTSE 100	7 407,50	-0,23%	10,10%
DAX	12 339,92	-0,13%	16,87%
DJStoxx 600	384,76	-0,36%	13,95%
Nikkei	21 258,64	-0,95%	6,21%
Sensex	39 194,49	-1,03%	8,67%
CSI300	3 833,94	0,14%	27,35%
Bovespa	102 012,60	1,70%	16,07%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	63,39	-0,92%	-8,76%
EURO/RUB	71,55	-0,13%	-9,96%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 399,63	0,81%	9,13%
Brent*, USD/bbl	65,2	1,16%	21,19%

* - August futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln	
			IDGC of Centre	IDGC of Centre & Volga Reg
IDGC of Centre	0,2952	12,46	196,61	
IDGC of Centre & Volga Reg	0,3042	34,28	540,84	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,39%	14,04%
MOEXEU Index	-1,37%	26,75%
IDGC of Centre**	-2,32%	3,22%
IDGC of Centre and Volga Region**	-0,43%	14,79%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-2,00%	82,19%
FGC UES	-2,98%	37,42%
IDGC of Volga	-0,73%	-3,21%
MOESK	0,57%	19,77%
IDGC of Northern Caucasus	-7,41%	203,57%
IDGC of North-West	-1,14%	24,59%
IDGC of Urals	0,00%	-3,47%
IDGC of Siberia	1,40%	189,85%
IDGC of South	-1,17%	23,97%
Lenenergo, ordinary shares	-2,08%	6,62%
TRK, ordinary shares	0,00%	-3,25%
Kubanenergo	1,67%	37,30%

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