

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 1 July some positive external background formed on the Russian market. On Monday the composite index of the Asia-Pacific region MSCI Asia Pacific and the S&P500 futures added 0.8% and 1.1%, respectively, on news of the truce in the US-China trade dispute. Following the meeting at the G20 summit, the leaders of the US and the People's Republic of China agreed to resume bilateral talks, as well as a number of concessions on key issues. Firstly, the White House refused for an indefinite time to introduce new duties on Chinese imports, secondly, China agreed to increase purchases of agricultural products in the US, and thirdly, Donald Trump said that he would allow American companies to continue supplying equipment from Chinese Huawei. At the same time, analysts believe that optimism in the markets will be short-term, since there has not been a qualitative change in the negotiating positions of the two countries, and the trade standoff between the US and China continues to negatively affect the economy. This was confirmed by statistics on Asian countries: in June, the manufacturing PMI according to the official version and according to Caixin/Markit turned out to be below the boundary 50 points, the optimism of large industrial Japanese companies (Tankan index) fell to a minimum of three years in the second quarter, the manufacturing PMI in Korea fell to 4-month lows in June. September Brent futures traded around \$66.5 per barrel, \$0.9 above our closing level on Friday 28 June. In addition to the results of the US-China summit, an additional positive factor for the oil market was the statement by the Russian president that Russia and Saudi Arabia agreed to extend the OPEC+ deal for 6-9 months.

On Monday, buyers dominated global stock markets on information about the US-China agreement to resume trade negotiations. By the middle of the day, the MOEX Russia Index, the European Stoxx Europe 600 Index, and futures for the S&P500 added on average about one percent. In the second half of the day, the growth rates of the western markets slowed down a bit – investors after all drew attention to the statistics that marked the global trend for a downturn in industrial activity. In addition to weak Asian data, disappointing reports were released on manufacturing activity in Europe and the US: in June, in the Eurozone, the PMI was one step from 6-year lows, in the UK – it updated the 6-year low, in the US the ISM Manufacturing fell to a minimum since October 2016 of the year. Nevertheless, the MOEX Russia Index was able to keep the pace of growth above the percentage mainly due to the rally in Gazprom's shares – securities rose by 5.4% in the absence of significant news.

During the day, the electric utilities sector index looked slightly worse than the market, mainly due to a decline in the fall of Mosenergo's shares after the ex-dividend date. The main contribution to the MOEXEU rise was made by Inter RAO's shares, recovering from active sales last week.

ELECTRIC POWER INDUSTRY NEWS

Mr. Medvedev to order to accelerate the issuance of acts on the improvement of preferential grid connection

Prime Minister Dmitry Medvedev will instruct to speed up the process of preparing documents and regulations related to the improvement of preferential grid connection.

Read full text: <http://www.bigpowernews.ru/markets/document88769.phtml>

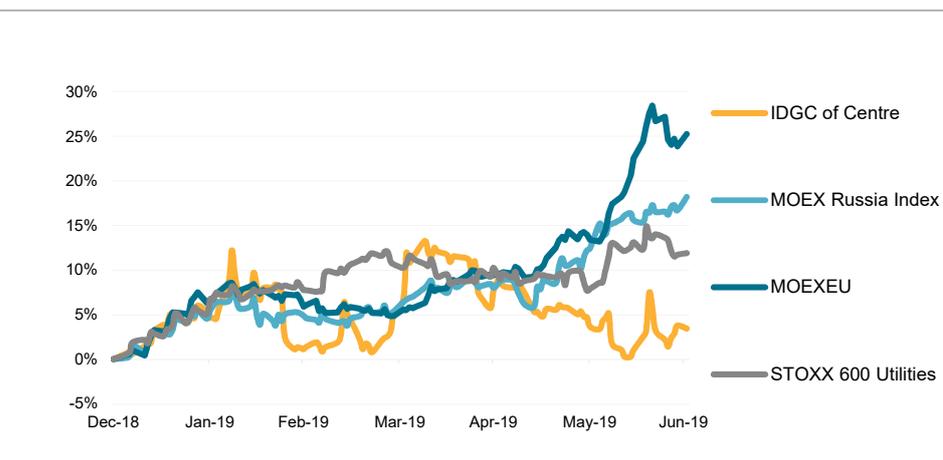
COMPANY NEWS

Student crews set to work at facilities of Rosseti Centre and Rosseti Centre and Volga Region

The sixth season of the student energy crews of Rosseti's Group of Companies started in Rosseti Centre and Rosseti Centre and Volga Region. Within one and a half months, more than 600 students of higher and secondary specialized educational institutions will work at energy facilities of the company. Today solemn assemblies were held at branches, where they were given work permits.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/68819/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 801,47	1,29%	18,24%
S&P 500	2 964,33	0,77%	18,25%
FTSE 100	7 497,50	0,97%	11,44%
DAX	12 521,38	0,99%	18,59%
DJStoxx 600	387,87	0,78%	14,87%
Nikkei	21 729,97	2,13%	8,57%
Sensex	39 686,50	0,74%	10,03%
CSI300	3 935,81	2,88%	30,73%
Bovespa	101 339,70	0,37%	15,31%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	63,08	0,05%	-9,21%
EURO/RUB	71,82	0,22%	-9,62%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 384,19	-1,80%	7,93%
Brent*, USD/bbl	65,06	-2,24%	20,93%

* - September futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	Change	
			per day	fr 31.12.18
IDGC of Centre	0,2958	12,49	197,99	
IDGC of Centre & Volga Reg	0,2647	29,83	472,94	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,16%	11,92%
MOEXEU Index	1,13%	25,31%
IDGC of Centre**	-0,34%	3,43%
IDGC of Centre and Volga Region**	0,11%	-0,11%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	3,06%	83,39%
FGC UES	-0,68%	35,78%
IDGC of Volga	0,11%	-3,16%
MOESK	-0,14%	9,24%
IDGC of Northern Caucasus	0,05%	195,43%
IDGC of North-West	-0,37%	22,07%
IDGC of Urals	0,11%	-4,44%
IDGC of Siberia	2,47%	178,83%
IDGC of South	-0,66%	24,15%
Lenenergo, ordinary shares	-0,52%	7,75%
TRK, ordinary shares	3,13%	-3,57%
Kubanenergo	-1,22%	33,20%

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