

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 28 August some neutral external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 fell 0.3-0.5%. After a positive opening, the indices lost more than a percent on growing investors' concerns about a likely recession in the US after a stronger inversion of the yield curve. The yield spread between 2- and 10-year US government bonds – a sign of an approaching economic downturn – updated lows since 2007. Moreover, now the yield on the longest 30-year bonds fell below the 3-month bonds. On Wednesday the composite stock index of the Asia-Pacific region MSCI Asia Pacific was near zero, with multidirectional changes of the main country indices. October Brent futures traded around \$60.1 per barrel, \$1.3 higher than our close on 27 August. The market was supported by the report of the American Petroleum Institute about the maximum drop in oil reserves in the US since June – by 11.1 million barrels.

The MOEX Russia Index spent the first half of the trading session on Wednesday sideways near zero – the increase in oil prices was offset by a deterioration in sentiment on European markets, provoked by an increase in the likelihood of a “hard” Brexit. On Wednesday, the Queen of Great Britain approved the suspension of the British Parliament from the second week of September until 14 October, proposed by the Prime Minister. According to the British media, with such a development of events, MPs will hardly have time to try to prevent Boris Johnson from pulling the UK out of the European Union without an agreement on 31 October, for example, by adopting the relevant law. In the afternoon, the MOEX Russia Index went up after the more than 2% rise in LUKOIL's shares on strong IFRS reporting for the first half of the year. At the end of the day, the Russian market was supported by a growth in oil prices and a more than half-percent increase in major US indices at the beginning of the trading session. Brent quotes rose to \$61 per barrel on statistics from the US Department of Energy, which confirmed the data of the American Petroleum Institute: oil reserves in the US for the week fell by 10 million barrels, the decrease in gasoline and distillate reserves was significantly more than analysts had expected.

At the end of the trading session, the electric utilities sector index outperformed, mainly due to growth of shares of Rosseti and Inter RAO.

ELECTRIC POWER INDUSTRY NEWS

FAS: payment for connecting to electric grids should grow no higher than inflation

The Federal Antimonopoly Service (FAS) believes that the preferential payment for connecting to electric grids in Russia should be increased, but on the principle of “inflation minus”, the attitude to the proposal of Rosseti to increase the maximum payment for citizens from the current 550 rubles to 75 thousand rubles, the service will formulate after calculations, the head of the FAS Igor Artemyev said in an interview with RIA Novosti.

Read full text: <https://reality.ria.ru/20190827/1557939162.html>

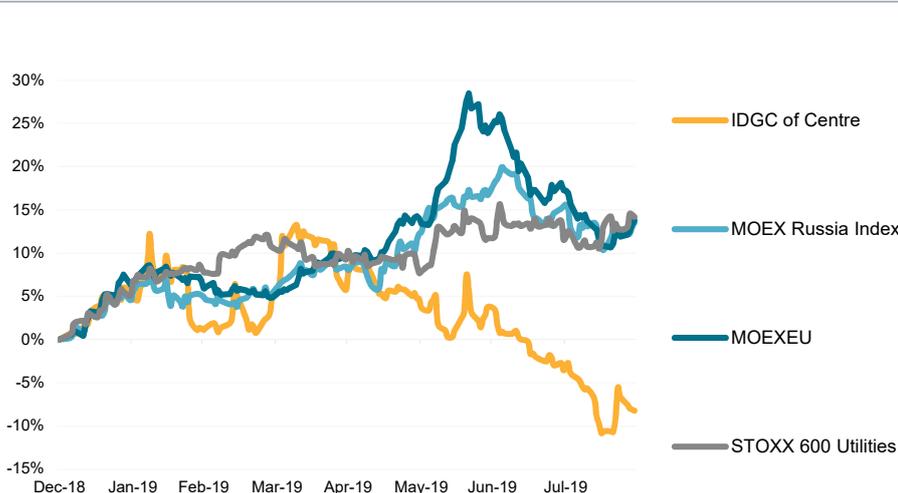
COMPANY NEWS

Rosseti Centre and Rosseti Centre and Volga Region took additional measures to prevent children's electrical injuries in anticipation of the new school year

Specialists of branches of Rosseti Centre and Rosseti Centre and Volga Region* continue systematic work on prevention of children's electrical injuries. In anticipation of the new school year the power engineers have implemented a set of measures in regions of the companies' service area (20 constituent entities of the Russian Federation) to ensure electrical safety near educational and preschool institutions.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/69452/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 677,31	0,68%	13,00%
S&P 500	2 887,94	0,65%	15,20%
FTSE 100	7 114,71	0,35%	5,75%
DAX	11 701,02	-0,25%	10,82%
DJStoxx 600	372,86	-0,20%	10,43%
Nikkei	20 479,42	0,11%	2,32%
Sensex	37 451,84	-0,50%	3,84%
CSI300	3 802,58	-0,38%	26,30%
Bovespa	98 193,50	0,94%	11,73%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	66,26	0,44%	-4,62%
EURO/RUB	73,61	0,29%	-7,36%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 539,01	-0,25%	20,00%
Brent*, USD/bbl	60,49	1,65%	12,43%

* - October futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln	Change	
				per day	fr 31.12.18
IDGC of Centre	0,2628	11,09	167,44		
IDGC of Centre & Volga Reg	0,2492	28,08	423,84		

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-0,09%	14,44%
MOEXEU	0,74%	13,31%
IDGC of Centre**	-0,15%	-8,11%
IDGC of Centre and Volga Region**	2,93%	-5,96%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	2,07%	46,68%
FGC UES	0,60%	15,45%
IDGC of Volga	0,22%	-6,43%
MOESK	-0,06%	17,65%
IDGC of Northern Caucasus	-0,07%	112,14%
IDGC of North-West	0,08%	7,57%
IDGC of Urals	1,03%	-4,77%
IDGC of Siberia	-1,77%	126,83%
IDGC of South	0,85%	9,18%
Lenenergo, ordinary shares	0,53%	7,75%
TRK, ordinary shares	-1,69%	-5,84%
Kubanenergo	-0,67%	22,34%

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