

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 21 October some neutral external background formed on the Russian market. On Friday the US indices DJIA and S&P500 fell 0.9% and 0.4%, respectively. The market was pressured by weak statistics from China, where the GDP in the third quarter grew by a minimum of 6% over the past almost 30 years, and fears that the Brexit deal, agreed by the British Prime Minister and EU leaders, might not be approved by the UK parliament. The DJIA underperformance was also due to a 7% drop in Boeing's shares on media reports that the company misled the US Federal Aviation Administration regarding the safety of 737 Max aircraft. On Monday the composite index of the Asia-Pacific region MSCI Asia Pacific added 0.3%, futures for the US indices showed a slight increase. The reason for cautious optimism was Donald Trump's statements that he expects to sign an agreement on the first phase of the US-PRC trade deal by mid-November, and the First Deputy Prime Minister of the State Council of the PRC that China and the US have laid an important basis for an agreement on the first stage of the deal. December Brent futures were trading around \$59.4 per barrel, \$0.2 below our close on Friday, 18 October.

The MOEX Russia Index spent Monday in a slight plus at around half a percent, mainly thanks to Yandex shares. At daily highs, these papers added more than 10% on news about possible changes to the bill on significant Internet resources. According to Interfax, the government recommended that foreign participation in such companies be limited to 50% minus a share, rather than a 20% stake, as was proposed by the bill to the State Duma. In addition, the Russian market was supported by moderately positive sentiment on the western markets. The consolidated European Stoxx Europe 600 Index and futures for the US indices in the afternoon added on average about half a percent on the expectation of better prospects for the US-China trade deal and lower risks of the "hard" Brexit. The White House economic advisor said the duties, which should come into force in December, could be cancelled if trade negotiations continued to go well. As for Brexit, firstly, the British Prime Minister after the adoption of the relevant law by the parliament, asked the European Union to postpone the launch of the country's exit from the EU. Secondly, according to analysts, the government still has chances to conduct a deal with the European Union through parliament by the end of October.

During the day, the electric utilities sector index underperformed. Shares of FGC UES made the main contribution to the final MOEXEU decline in antiphase with the MOEX Russia Index.

ELECTRIC POWER INDUSTRY NEWS

Rosseti hopes to get new long-term tariffs by the end of the year

Rosseti expects to receive new long-term tariffs by the end of the year, Pavel Livinskiy, Director General of the electric grid holding, told reporters. Electricity tariffs are currently set for the year. In 2017, the Ministry of Energy and the state-owned holding Rosseti began to discuss the introduction of long-term tariffs through the mechanism of regulatory agreements. Such agreements may be concluded between grid companies and regional authorities.

Read full text: <http://www.bigpowernews.ru/markets/document90318.phtml>

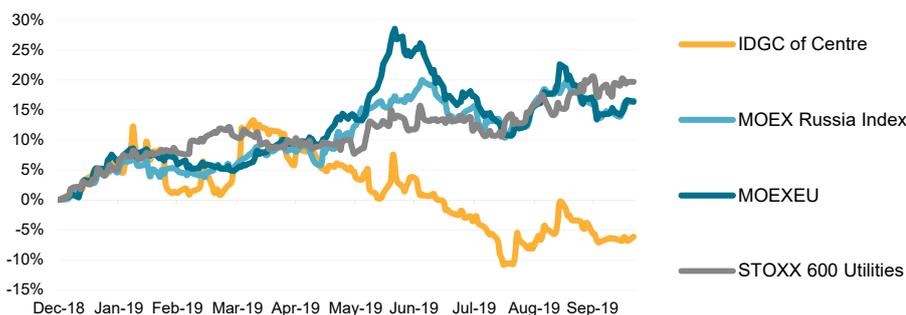
COMPANY NEWS

Rosseti Centre - the managing organization of Rosseti Centre and Volga Region contributes to solving the problems of defrauded homebuyers

Specialists of Rosseti Centre have completed work on connection to electric grids of a multi-storey residential building, the construction of which is being completed in the Agashkin Mountain micro-district in the city of Kostroma. The power engineers constructed about two kilometres of cable lines to supply power to the new building and replaced current transformers at the switchgear. The maximum capacity of the connected power installations of the applicant was about 500 kW.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/69923/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 761,15	0,30%	16,54%
S&P 500	3 006,72	0,69%	19,94%
FTSE 100	7 163,64	0,18%	6,47%
DAX	12 747,96	0,91%	20,73%
DJStoxx 600	394,22	0,61%	16,75%
Nikkei	22 548,90	0,25%	12,66%
Sensex	39 298,38	0,00%	8,96%
CSI300	3 880,84	0,30%	28,90%
Bovespa	106 022,30	1,23%	20,63%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	63,95	-0,09%	-7,94%
EURO/RUB	71,13	0,32%	-10,48%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 484,50	-0,37%	15,75%
Brent*, USD/bbl	58,96	-0,77%	9,59%

* - December futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln	
			per day	fr 31.12.18
IDGC of Centre	0,2684	11,33	177,18	
IDGC of Centre & Volga Reg	0,249	28,06	438,78	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,04%	19,68%
MOEXEU	-0,26%	16,34%
IDGC of Centre**	0,75%	-6,15%
IDGC of Centre and Volga Region**	0,16%	-6,04%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-0,28%	53,58%
FGC UES	-1,29%	24,72%
IDGC of Volga	0,54%	-4,49%
MOESK	0,00%	34,55%
IDGC of Northern Caucasus	-1,23%	130,00%
IDGC of North-West	0,08%	9,64%
IDGC of Urals	1,62%	-5,09%
IDGC of Siberia	0,89%	110,93%
IDGC of South	1,06%	4,59%
Lenenergo, ordinary shares	-0,70%	33,65%
TRK, ordinary shares	-2,40%	45,13%
Kubanenergo	-0,33%	24,80%

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