



REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 18 July some neutral external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 closed with an increase of 0.2-0.4%, on Wednesday the composite index of the Asia-Pacific region MSCI Asia Pacific showed comparable changes. The markets were supported by the head of the Federal Reserve with a semi-annual report on monetary policy in the US Senate. Jeremy Powell expressed optimism about the US economy and assured that "the best option for today is a gradual increase in the interest rate on federal loans." At the same time, he noted the growing concern of American companies with trade issues, which has already led to a "freezing of investment plans." As a result, MarketWatch writes, traders concluded that the Fed does not intend to hurry too much with tightening the monetary policy and will remain flexible in changing conditions. September Brent futures traded near \$71.6 per barrel, \$0.3 below our closing level on 17 July. Quotations were pressured by a report from the American Petroleum Institute on growth of oil reserves in the country contrary to the forecast.

The MOEX Russia Index began the day with more than a half-percentage decline due to the ex-dividend date of shares of Gazprom and Surgutneftegaz. In the middle of the trading session, sales in the domestic market increased due to fears of investors associated with the growth of geopolitical tensions. As noted by analysts, the past meeting of the presidents of the Russian Federation and the United States not only failed to bring concrete results and warming relations, but it can also lead to increased sanctions pressure on Russia. Thus, Donald Trump said that the US sanctions against Russia will continue, and a number of senior US officials called for introduction of new restrictions against the oil and gas and banking sectors of the Russian Federation. The rise of Brent quotations to \$72.3 per barrel and moderately positive sentiments on European markets kept the domestic market from a greater decline. The Stoxx Europe 600 Index added 0.6% on good statistics – inflation in the Eurozone in June reached 2% for the first time since February 2017.

During the trading session the MicexPWR Sector Index outperformed – sales were mainly concentrated in the first-tier securities. From the news of the grid sector, we can note Interfax's announcement of FGC UES's intention to sell its 0.54% stake in Rosseti. In the company, the newspaper writes, the corresponding sale is called a commercial step, explaining that now it is a good time to sell these securities. In the reporting period, Finam began analytical coverage of IDGC of Centre's shares with a target price of RUB 0.354 and the recommendation to "hold". Analysts expect moderate progress on dividends and a good expected dividend yield on average about 7.9% in the next two years. According to experts, IDGC of Centre can moderately raise dividend payments on the background of profit growth, following the government's recommendation to increase payments by state-owned companies. In turn, the profit this year, according to the forecasts of Finam, will grow by 31% due to higher tariffs and comparable productive supply of electricity, as well as lowering the effective tax rate.

ELECTRIC POWER INDUSTRY NEWS

The Ministry of Energy develops standards for equipping grid facilities with a voltage class of 110 kV and higher with devices and hardware and software of relay protection and automation

Read full text: <http://www.bigpowernews.ru/news/document83832.phtml>

COMPANY NEWS

Power engineers of IDGC of Centre in 2018 to modernize about a thousand kilometres of power lines using self-supporting insulated wire

Read full text: <https://www.mrsk-1.ru/press-center/news/company/64783/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 294,78	-0,70%	8,77%
S&P 500	2 815,62	0,22%	5,31%
FTSE 100	7 676,28	0,65%	-0,15%
DAX	12 765,94	0,82%	-1,17%
DJStoxx 600	387,06	0,54%	-0,54%
Nikkei	22 794,19	0,43%	0,13%
Sensex	36 373,44	-0,40%	6,80%
CSI300	3 431,32	-0,52%	-14,87%
Bovespa	77 362,63	-0,98%	1,26%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	62,44	0,29%	8,34%
EURO/RUB	73,24	0,61%	6,48%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 227,51	0,00%	-5,78%
Brent*, USD/bbl	72,90	1,03%	12,57%

* - September futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3470	14,65	234,64
IDGC of Centre & Volga Reg	0,3005	33,87	542,41

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-0,06%	1,88%
MICEX POWER Index	0,04%	2,74%
IDGC of Centre**	-0,86%	-2,53%
IDGC of Centre and Volga Region**	-0,66%	-0,40%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-1,81%	-4,85%
FGC UES	-0,03%	7,68%
IDGC of Volga	0,09%	13,69%
MOESK	-0,41%	-18,80%
IDGC of Northern Caucasus	-0,31%	-16,93%
IDGC of North-West	2,89%	23,08%
IDGC of Urals	1,89%	-10,02%
IDGC of Siberia	-0,95%	-8,73%
IDGC of South	-0,46%	8,70%
Lenenergo, ordinary shares	1,22%	20,94%
TRK, ordinary shares	0,00%	-13,75%
Kubanenergo	-1,02%	-26,02%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

IDGC of Centre, PJSC
127018, Moscow, 2nd Yamskaya, 4
+7 (495) 747 92 92
<http://mrsk-1.com/en/investors/>

IR Division
+7 (495) 747 92 92, ext. 33-34
ir@mrsk-1.ru

Tickers
Moscow Exchange (MOEX)
Bloomberg
Reuters

MRKC
MRKC:RM
MRKC:MM