

## REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 7 October some neutral external background formed on the Russian market. On Friday the US indices DJIA and S&P500 closed the trading session with a growth of 1.4% following the weakening fears of a sharp slowdown in the US economy after good statistics on the labour market. In September, unemployment fell to 3.5%, updating the 50-year low, taking into account the revision, data on job growth in July-September were better than expected. At the same time, analysts noted that these statistical data should not be an obstacle to a possible reduction in the Fed rate in October, taking into account the decrease in wage growth to a minimum since July 2018. On Monday the main country indices in the Asia-Pacific region showed mixed trends, futures on the S&P500 lost 0.4%. The positive closure of the US market was offset by rising doubts about possible progress in the upcoming trade talks between the US and China. According to Bloomberg, Beijing warned that it did not intend to address the topic of industrial policy reform or government subsidies – two key issues that the Trump administration insists on resolving. The markets of China and Hong Kong were closed due to holidays on the occasion of the founding of the PRC. December Brent futures were trading around \$58.3 per barrel, \$0.1 below our close on Friday, 4 October.

On Monday, European markets were moderately optimistic after a strong report on the US labour market, which reduced investors' anxiety about the risk of recession in the US economy. At the same time, the activity of buyers was restrained by signals about potential difficulties in the US-China trade negotiations. According to experts, Beijing's intention to narrow the range of topics for discussion at the upcoming meetings may be related to the impeachment procedure launched against Donald Trump, which could weaken the negotiating position of the American side. However, the White House confirmed that it waits for the Chinese delegation on 10 October and that a wide range of issues remains the topics for discussion – from technology transfer and intellectual property to agriculture and industrial support. Against this background, during the day the rise of the consolidated European Stoxx Europe 600 Index exceeded half a percent. In turn, the growth rates of the MOEX Russia Index reached a percent. Additional support for our market was provided by the renewed rise in oil prices – in the afternoon, Brent quotes rose above \$59.5 per barrel.

During the day, the electric utilities sector index underperformed. Unipro's shares made the main contribution to the MOEXEU underperformance in comparison with the MOEX Russia Index.

## ELECTRIC POWER INDUSTRY NEWS

### The Ministry of Energy submitted to the government a draft resolution on the introduction of fees for the reserve of electric grid capacity, - the newspaper

Now, according to the Ministry of Energy, the energy system does not use up to 65% of the grid capacity for more than 100 GW. Consumers rate their extra spending in the most pessimistic way at 342 billion rubles a year. It is proposed to provide them with a transition period in order to abandon the excess capacity. But the controversy surrounding the document is even wider: critical disagreements from the FAS, the Ministry of Economic Development and the Ministry of Construction have not been resolved.

Read full text: <http://www.bigpowernews.ru/markets/document90125.phtml?1&q=>

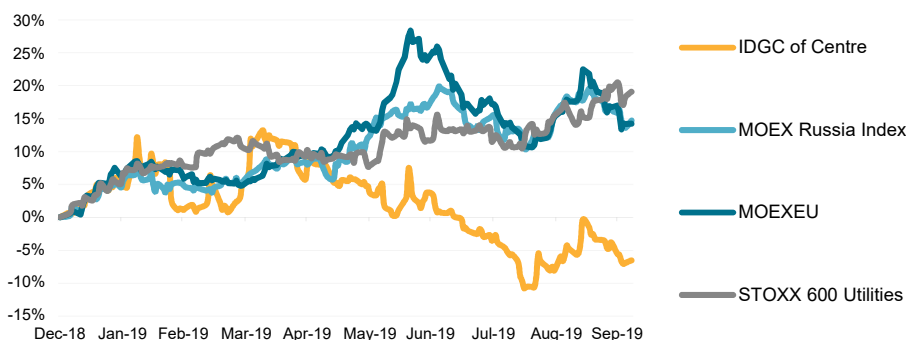
## COMPANY NEWS

### The branch "Rosseti Centre Kurskenergo" took part in the All-Russian headquarters' training on civil defense

Specialists of Rosseti Centre Kurskenergo took part in the headquarters' training, which took place on the eve of the Civil Defense Day of the Russian Federation. In addition to the power engineers, the event was attended by territorial bodies of federal executive authorities of the region, executive authorities, local self-government, organizations and rescue services of the Kursk region.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/69796/>

## DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



| World indexes | Value      | Change  |             |
|---------------|------------|---------|-------------|
|               |            | per day | fr 31.12.18 |
| MOEX Russia   | 2 719,22   | 0,99%   | 14,77%      |
| S&P 500       | 2 938,79   | -0,45%  | 17,23%      |
| FTSE 100      | 7 197,88   | 0,59%   | 6,98%       |
| DAX           | 12 097,43  | 0,70%   | 14,57%      |
| DJStoxx 600   | 382,91     | 0,71%   | 13,40%      |
| Nikkei        | 21 375,25  | -0,16%  | 6,80%       |
| Sensex        | 37 531,98  | -0,38%  | 4,06%       |
| CSI300        | 3 814,53   | 0,00%   | 26,70%      |
| Bovespa       | 100 572,80 | -1,93%  | 14,43%      |

Source: Bloomberg, Company calculations

| Currency rates | Value | Change  |             |
|----------------|-------|---------|-------------|
|                |       | per day | fr 31.12.18 |
| USD/RUB        | 65,03 | -0,16%  | -6,39%      |
| EURO/RUB       | 71,35 | 0,07%   | -10,21%     |

Source: Bloomberg, Company calculations

| Raw             | Value    | Change  |             |
|-----------------|----------|---------|-------------|
|                 |          | per day | fr 31.12.18 |
| Gold, USD/oz    | 1 493,50 | -0,74%  | 16,45%      |
| Brent*, USD/bbl | 58,35    | -0,03%  | 8,46%       |

\* - December futures

Source: Bloomberg, Company calculations

| Shares                     | Price**, ₽ | MCap**,<br>₽ bln | MCap**,<br>\$ mln |
|----------------------------|------------|------------------|-------------------|
|                            |            |                  |                   |
| IDGC of Centre & Volga Reg | 0,2456     | 27,68            | 425,63            |

Source: Central Bank of Russia, Company calculations

| Comparison with indexes           | Change  |             |
|-----------------------------------|---------|-------------|
|                                   | per day | fr 31.12.18 |
| STOXX 600 Utilities               | 0,68%   | 19,18%      |
| MOEXEU                            | 0,06%   | 14,29%      |
| IDGC of Centre**                  | 0,45%   | -6,57%      |
| IDGC of Centre and Volga Region** | 1,07%   | -7,32%      |

Source: Bloomberg, Company calculations

| Grid companies             | Change** |             |
|----------------------------|----------|-------------|
|                            | per day  | fr 31.12.18 |
| Rosseti, ordinary shares   | 0,33%    | 53,06%      |
| FGC UES                    | 0,25%    | 22,28%      |
| IDGC of Volga              | 0,55%    | -5,92%      |
| MOESK                      | 0,47%    | 29,39%      |
| IDGC of Northern Caucasus  | -1,11%   | 142,14%     |
| IDGC of North-West         | -0,57%   | 9,37%       |
| IDGC of Urals              | -0,35%   | -7,48%      |
| IDGC of Siberia            | -3,75%   | 107,80%     |
| IDGC of South              | 0,18%    | 3,21%       |
| Lenenergo, ordinary shares | -1,18%   | 26,65%      |
| TRK, ordinary shares       | -0,24%   | 33,44%      |
| Kubanenergo                | 0,99%    | 25,20%      |

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**