

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 1 August some moderately negative external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 fell 1.1-1.2%, on Thursday the composite index of the Asia-Pacific region MSCI Asia Pacific lost 0.6%. The Fed at the end of the meeting on 30-31 July, as expected, lowered the interest rate by 0.25 percentage points, to 2-2.25% per annum. The Fed explained the decision to lower the rate for the first time since 2008 by the weakness of the global economy, tensions in trade and low inflation. In addition, the regulator decided to conclude its balance sheet roll-off from 1 August – two months earlier than previously indicated. However, the markets were disappointed with the statement by the head of the American Central Bank that he did not consider the current Central Bank move as “the start of a long easing cycle.” The result of these disappointments was a reduction in investors’ positions in risky assets and a rise in the DXY dollar index to two-year highs. The smaller losses of the consolidated Asian indicator MSCI Asia Pacific in comparison with the US indices were due to a slight growth in the Japanese stock market, supported by the weakening yen. October Brent futures traded around \$64.5 per barrel, \$0.6 below our closing level on 31 July. The oil quotes came under pressure from both a general risk off in financial markets and the stronger dollar. Together, these factors offset the positive message from the US Department of Energy that the oil stocks were continuing to reduce for the seventh consecutive week.

The MOEX Russia Index spent most of the trading session in a half-percent minus following the general deterioration in investors’ attitudes towards emerging market assets – losses of the MSCI EM index reached a percent. The activity of sellers in the Russian market was limited by moderately positive moods on European markets. The Stoxx Europe 600 Index was trading in a small plus due to the weakening euro, rising futures for the US indices, good reporting by several large companies and increased expectations of more active ECB support for the region’s economy after the publication of weak statistics. According to IHS Markit, in July the pace of decline in the manufacturing PMI in the Eurozone accelerated compared with June, and the index itself reached its lowest level since December 2012. Analysts called geopolitical problems, including trade wars and Brexit, as well as a slowdown in domestic demand among the main factors that worsen business sentiment in industry. At the end of the day, the MOEX Russia Index lost 0.4%, despite the percentage growth of the US indices at the beginning of trading on good reporting and increased expectations of the Fed’s more active actions to support the economy after the publication of statistics on production activity in July and construction expenses in June that did not meet forecasts.

During the day, the electric utilities sector index outperformed – sales were mainly concentrated in the first-tier stocks. The main contribution to the MOEXEU outperformance in comparison with the MOEX Russia Index was made by shares of Inter RAO and Unipro.

ELECTRIC POWER INDUSTRY NEWS

Results of a scientific and technical conference organized with the support of Rosseti’s Group published

The results of the V All-Russian scientific and technical conference “Development and increase of reliability of operation of distribution electric grids”, which took place in Moscow 2-3 July 2019 with the support of Rosseti, were published.

Read full text: http://www.rosseti.ru/press/news/index.php?ELEMENT_ID=35786

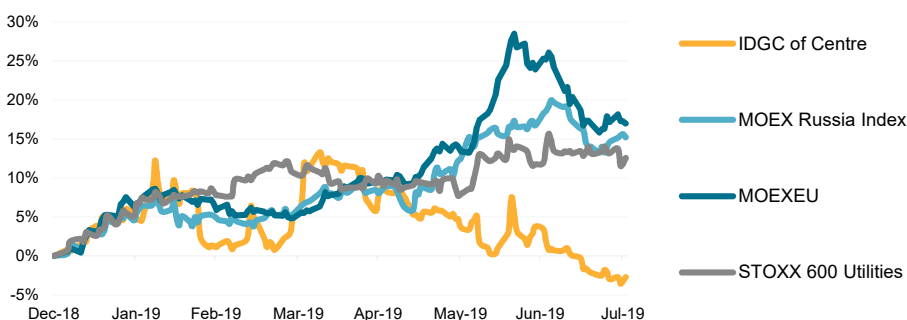
COMPANY NEWS

Smolenskenergo installed more than 5.9 thousand new smart electricity meters

The branch “Rosseti Centre Smolenskenergo” continues to modernize the electricity metering system. As part of the implementation of measures to reduce electric energy losses as of 19 July 2019, the branch installed more than 5.9 thousand new generation metering devices. They were installed in Gagarinsky, Vyazemsky, Safonovsky and Yartsevsky Distribution Zones of the branch.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/69167/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 729,42	-0,37%	15,20%
S&P 500	2 953,56	-0,90%	17,82%
FTSE 100	7 584,87	-0,03%	12,73%
DAX	12 253,15	0,53%	16,05%
DJStoxx 600	387,68	0,50%	14,82%
Nikkei	21 540,99	0,09%	7,63%
Sensex	37 018,32	-1,23%	2,63%
CSI300	3 803,47	-0,83%	26,33%
Bovespa	102 125,90	0,31%	16,20%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	63,42	0,06%	-6,71%
EURO/RUB	70,74	0,19%	-10,98%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 445,18	2,22%	12,69%
Brent*, USD/bbl	60,5	-7,17%	12,45%

* - October futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,2591	29,20	460,44

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,64%	12,55%
MOEXEU	-0,27%	16,95%
IDGC of Centre**	0,51%	-2,73%
IDGC of Centre and Volga Region**	-0,27%	-2,23%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-1,21%	51,84%
FGC UES	-0,90%	23,10%
IDGC of Volga	-0,11%	-4,29%
MOESK	-0,26%	14,55%
IDGC of Northern Caucasus	-0,27%	112,00%
IDGC of North-West	-0,74%	21,44%
IDGC of Urals	-0,55%	-1,95%
IDGC of Siberia	-0,46%	173,66%
IDGC of South	-0,08%	14,78%
Lenenergo, ordinary shares	0,00%	11,53%
TRK, ordinary shares	0,00%	-3,25%
Kubanenergo	-0,49%	23,98%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

Moscow Exchange (MOEX)
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