

DAILY MARKET REVIEW

27 May, Monday

2019



REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 24 May some moderately positive external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 closed with a 1.1-1.2% fall on fears of an escalation of the US-China trade conflict after media reports about a possible expansion of the blacklist of Chinese companies that are prohibited from purchasing goods and services in the US. Statistics became an additional negative factor for investors – according to the IHS Markit, business activity in the US slowed down in May to its lowest level since 2009 due to a reduction in consumer demand and concerns about a trade war with China. On Friday the composite index of the Asia-Pacific region MSCI Asia Pacific added 0.2%, futures on the S&P500 grew by 0.5%. The markets were supported by Donald Trump's statement that a trade agreement with China is still possible, while, according to him, Huawei's problems may be included in the terms of a trade deal. July Brent futures traded around \$68.4 per barrel, \$0.3 above our 23 May close. Oil quotes on Friday recovered after falling 4.5% on Thursday. According to some experts, the collapse in oil prices was expected, as previously the market participants underestimated the likelihood of aggravation of the US-Chinese trade conflict. In the event of the start of a full-scale trade war between the two largest economic powers, the pace of global economic growth will slow down, and this will adversely affect the demand for oil, analysts point out.

Donald Trump's statements about preserving the chances of concluding the US-PRC trade deal returned restrained positive background to the world markets. In the afternoon, growth in the MOEX Russia Index, the European Stoxx Europe 600 Index, the index of emerging markets MSCI EM and the US index futures averaged over 0.5%. At the same time, the activity of buyers was limited to new signals on the intensification of the opposition between Washington and Beijing. The US Department of Commerce proposed to introduce a new rule for introducing compensatory duties on goods from countries that underestimate the value of their currencies against the US dollar, which could lead to another round of tariff increases for Chinese goods. In turn, China, according to media reports, can use its dominant position as a supplier of rare earth elements to reinforce its position in the trade war with the US. At the end of the day, the MOEX Russia Index dropped to zero, following a reduction in growth rates on the world markets and a decrease in Brent quotations to \$67.5 per barrel.

At the end of the trading session, the electric utilities sector index outperformed mainly due to growth in shares of Inter RAO and RusHydro. From the news of grid companies, it can be noted that the board of directors of FGC UES recommended to the general meeting of shareholders to approve the payment of dividends for 2018 in the amount of 0.016 rubles per share, which corresponds to a dividend yield of 9%.

ELECTRIC POWER INDUSTRY NEWS

ROSSETI processed over two thousand requests on the "Light Country" portal

More than two thousand requests filed by residents of Russia through the "Light Country" portal were processed by energy companies of ROSSETI's Group of Companies.

Read full text: http://www.rosseti.ru/press/news/index.php?ELEMENT_ID=35174

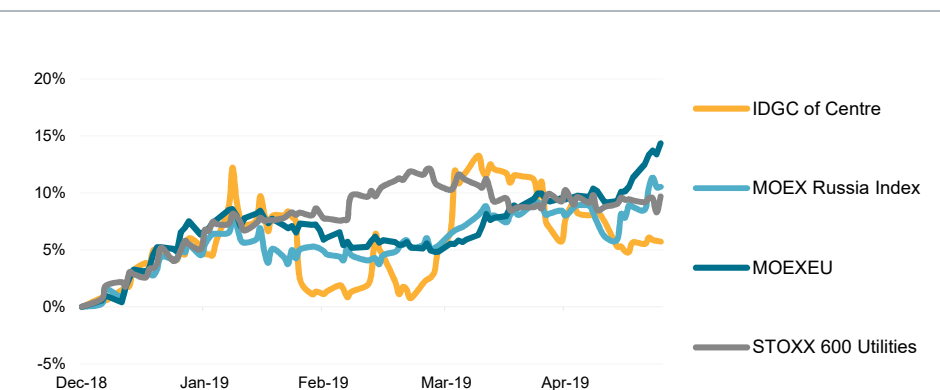
COMPANY NEWS

IDGC of Centre installs unique equipment in power grids of the Lipetsk region

Specialists of IDGC of Centre - Lipetskenenergo division have begun installation of unique equipment that has no analogues in the power grid complex of the Central Federal District at 10/0.4 kV package transformer substations. The automated system for control and metering of electricity (AMR) will be installed in Chaplyginsky and Gryazinsky districts - the power engineers will install a total of more than a thousand cabinets with controllers and metering devices. The work is carried out by 32 crews of the Lipetsk branch of IDGC of Centre. As expected, they will be completed within one and a half months.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/68427/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 619,24	0,02%	10,55%
S&P 500	2 826,06	0,14%	12,73%
FTSE 100	7 277,73	0,65%	8,17%
DAX	12 011,04	0,49%	13,75%
DJStoxx 600	375,89	0,56%	11,33%
Nikkei	21 117,22	-0,16%	5,51%
Sensex	39 434,72	1,61%	9,33%
CSI300	3 593,91	0,28%	19,37%
Bovespa	93 627,80	-0,30%	6,53%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	64,49	0,12%	-7,17%
EURO/RUB	71,84	-0,01%	-9,59%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 284,93	0,12%	0,19%
Brent*, USD/bbl	68,69	1,37%	27,68%

* - July futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,2873	32,38	502,05

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	1,28%	9,69%
MOEXEU Index	0,85%	14,37%
IDGC of Centre**	-0,07%	5,73%
IDGC of Centre and Volga Region**	0,67%	8,42%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-0,21%	60,81%
FGC UES	0,85%	19,84%
IDGC of Volga	0,19%	9,69%
MOESK	0,00%	7,80%
IDGC of Northern Caucasus	-0,47%	81,86%
IDGC of North-West	0,09%	2,16%
IDGC of Urals	-0,36%	-8,88%
IDGC of Siberia	6,54%	170,05%
IDGC of South	-1,31%	31,13%
Lenenergo, ordinary shares	4,47%	10,40%
TRK, ordinary shares	0,00%	0,65%
Kubanenergo	4,01%	32,79%

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