



REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 19 June some negative external background formed on the Russian market. On Monday the US indices DJIA and S&P500 fell 0.2-0.4% on fears of tightening of trade disputes between the US and China after Washington imposed additional duties on Chinese imports of \$50 billion and Beijing's statement on reciprocal symmetric measures that will take effect 6 July. On Tuesday the fall of the composite stock index of the Asia Pacific region MSCI Asia Pacific was 1.5% on the threat of the US president about the willingness to impose a 10% duty on Chinese imports for an additional \$200 billion, if China still responds to the first step of the US. Outsiders in the Asian session were China's stock markets – the fall of the CSI300 index reached 3.5%, and Japan – the Nikkei225 index lost 1.8%, including on the yen strengthening, which is traditionally regarded as a defensive asset in the turmoil in financial markets. August Brent futures traded near \$74.7 per barrel, \$0.3 above the closing level on 18 June. Brent quotes stabilized after a 2.6% growth on Monday on Bloomberg's report that the OPEC+ production growth could reach 300-600 thousand barrels per day, rather than 1.5 million b/s, as suggested by Russia and Saudi Arabia.

On Tuesday the Russian market was dominated by sellers as part of the overall exit of global investors from risks – the decline in the MOEX Russia Index and the European Stoxx Europe 600 Index was approaching 1.5%, the loss of the index of emerging markets MSCI EM exceeded 2%. Fears of investors are related to the possible transformation of the tough rhetoric of the US and China into a full-scale trade war, which will undermine the world economy. At the same time, experts note that despite a significant difference in the volume of mutual imports – the US purchases Chinese goods at \$505 billion a year, while imports from the US to China are only \$130 billion – Beijing has enough weighty arguments to put pressure on the US. As analysts recall, China is the holder of US Treasury bonds worth about \$1.2 trillion (about 30% of the value of all US Treasuries). In addition, according to Deutsche Bank, if you add the export of US companies to China and their sales in China, the surplus balance of the US trade with China will be \$20 billion. At the end of the day, despite the persistence of negative sentiment in the world financial markets, the MOEX Russia Index was able to play back almost all losses and close at the zero mark, mainly due to growth of shares of exporters, whose support was provided by the ruble weakening.

As a result of the trading session the MicexPWR Sector Index underperformed mainly due to shares of RusHydro, Rosseti and FGC UES.

ELECTRIC POWER INDUSTRY NEWS

China can take part in the digitization of Rosseti

State Grid Corporation of China (SGCC) can take part in the digitalization of the power grid complex of the Russian Federation, it follows from the Rosseti's report following the meeting of the company's CEO Pavel Livinsky and Chairman of the Board of Directors of SGCC Shu Inbao.

Read full text: <http://peretok.ru/news/nets/18196/>

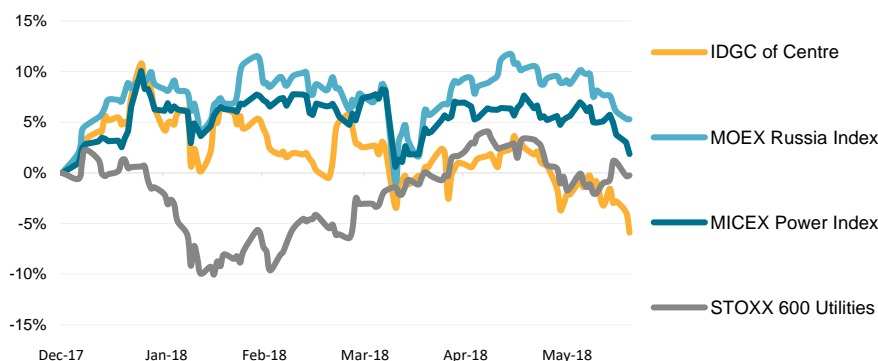
COMPANY NEWS

For the 1st quarter of 2018 Smolenskenergo received almost 3.5 million rubles in arrears for electricity

IDGC of Centre - Smolenskenergo division continues to work systematically to collect accounts receivable for electric power transmission services. At the same time, the most effective measure to strengthen financial discipline is the claim and lawsuit work and subsequent executive actions conducted by employees of the energy company in conjunction with the Federal Service of Court Bailiffs and credit and financial institutions.

Read full text: <http://gorodskoyportal.ru/smolensk/news/pr/45291734/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 221,42	-0,05%	5,29%
S&P 500	2 762,59	-0,40%	3,33%
FTSE 100	7 603,85	-0,36%	-1,09%
DAX	12 677,97	-1,22%	-1,86%
DJStoxx 600	383,21	-0,70%	-1,53%
Nikkei	22 278,48	-1,77%	-2,14%
Sensex	35 286,74	-0,74%	3,61%
CSI300	3 621,12	-3,53%	-10,17%
Bovespa	71 394,34	2,26%	-6,55%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	63,48	1,27%	10,16%
EURO/RUB	73,48	1,31%	6,83%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 274,66	-0,29%	-2,16%
Brent*, USD/bbl	75,08	-0,35%	15,29%

* - August futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	Change	
			per day	fr 31.12.17
IDGC of Centre	0,3350	14,14	222,78	
IDGC of Centre & Volga Reg	0,2885	32,51	512,15	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	0,06%	-0,24%
MICEX POWER Index	-1,14%	1,85%
IDGC of Centre**	-2,05%	-5,90%
IDGC of Centre and Volga Region**	-3,35%	-4,38%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-2,23%	-2,36%
FGC UES	-0,82%	12,00%
IDGC of Volga	-4,67%	8,43%
MOESK	-1,30%	-23,92%
IDGC of Northern Caucasus	-1,52%	-15,63%
IDGC of North-West	-1,39%	9,23%
IDGC of Urals	-4,21%	-13,13%
IDGC of Siberia	-1,43%	-9,61%
IDGC of South	-13,22%	-4,52%
Lenenergo, ordinary shares	-1,22%	18,54%
TRK, ordinary shares	0,00%	-10,78%
Kubanenergo	-3,01%	-26,02%

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