

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 9 October some moderately negative external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 fell 1.2-1.6%, on Wednesday the composite index of the Asia-Pacific region MSCI Asia Pacific lost 0.6%. The markets were pressured by a series of news signalling a deterioration in the prospects for the next round of the US-China trade negotiations. Firstly, the White House included several Chinese companies on the blacklist for involvement in violations of the Uyghur rights, which was regarded by Beijing as interference in the internal affairs of the country. Secondly, according to Chinese media, the country's authorities lowered their expectations regarding the upcoming negotiations due to the continuing contradictions on key issues. Thirdly, Bloomberg announced an active discussion by the Trump administration of the introduction of restrictions on the investment of American capital in Chinese assets. In addition, the US Department of State imposed visa restrictions on a number of Chinese officials for alleged involvement in violations of the Uyghur rights. Increased uncertainty about the outcome of the trade negotiations, which will begin on 10 October in Washington, put on the back foot the restrained positive statements by the head of the Fed about the Central Bank's readiness to expand support for the economy and the planned resumption of the purchase of treasury bonds to stabilize the financial market. December Brent futures were trading around \$58.1 per barrel, \$0.2 higher than our close on 8 October.

Moderately optimistic sentiment returned to global stock markets on Wednesday after media reports of China's continued readiness to consider concluding an interim trade agreement. According to media reports, the Chinese delegation does not expect a comprehensive agreement to end the trade war between the two countries. At the same time, Beijing is ready to make some concessions on a number of issues, provided that the US will not introduce new duties on Chinese goods, including abandoning the previously announced increase in duties, which should come into force this month and in December. In addition, according to media reports, the parties would like to "restart" trade negotiations before a possible meeting of the leaders of the two countries at the APEC summit in November. Against this background, during the day, the MOEX Russia Index added about a third of a percent, the consolidated European Stoxx Europe 600 Index and the S&P500 Index – on average more than half a percent.

During the day, changes of the electric utilities sector index generally corresponded to the market. The main contribution to the final MOEXEU growth was made by shares of Inter RAO.

ELECTRIC POWER INDUSTRY NEWS

Electricity to become more expensive next year

The increase in electricity tariffs next year will be moderate in most regions. This follows from the draft order of the Federal Antimonopoly Service. The document will establish minimum and maximum tariff levels for the first and second half of 2020.

Read full text: <http://35media.ru/news/2019/10/10/elektroenergiya-stanet-dorozhe-v-sleduyushhem-godu>

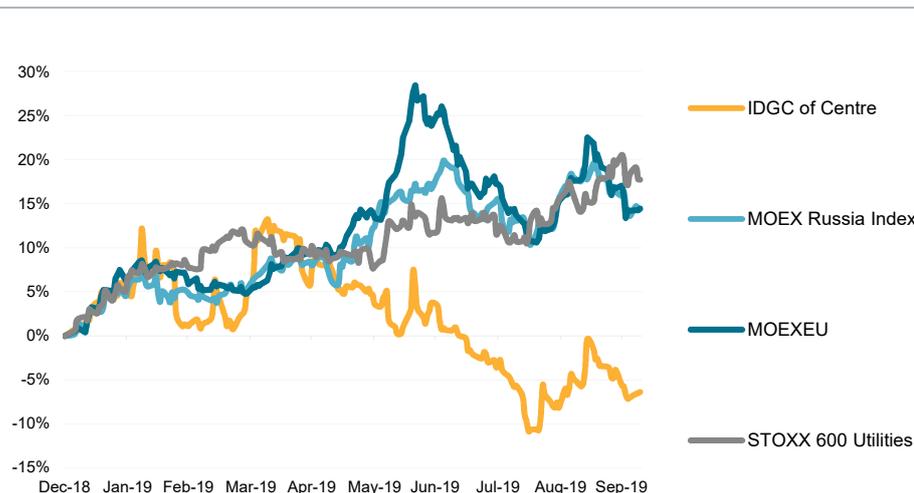
COMPANY NEWS

Bryanskenergo reduces losses in electric grids

The branch "Rosseti Centre Bryanskenergo" conducts systematic work to reduce losses in the distribution grid. For 8 months of 2019, the branch transmitted 2.3 billion kWh of electricity to consumers. Losses under comparable conditions against the same period last year decreased by 17.1 million kWh, (0.7% of the supply to the grid). This volume is comparable with the monthly energy consumption of two districts: Dyatkovsky and Bryansky.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/69838/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 713,02	0,19%	14,51%
S&P 500	2 919,40	0,91%	16,46%
FTSE 100	7 166,50	0,33%	6,52%
DAX	12 094,26	1,04%	14,54%
DJStoxx 600	380,3	0,42%	12,63%
Nikkei	21 456,38	-0,61%	7,20%
Sensex	38 177,95	1,72%	5,85%
CSI300	3 843,24	0,14%	27,65%
Bovespa	101 248,80	1,27%	15,20%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	64,67	0,06%	-6,63%
EURO/RUB	71,24	0,13%	-10,35%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 505,57	0,00%	17,39%
Brent*, USD/bbl	58,32	0,14%	8,40%

* - December futures

Source: Bloomberg, Company calculations

Shares	Price**, ₹	MCap**, ₹ bln	MCap**, \$ mln	
			per day	fr 31.12.18
IDGC of Centre	0,2678	11,31	174,29	
IDGC of Centre & Volga Reg	0,2456	27,68	426,70	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-0,07%	17,78%
MOEXEU	0,16%	14,51%
IDGC of Centre**	0,15%	-6,36%
IDGC of Centre and Volga Region**	-0,04%	-7,32%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	0,08%	52,74%
FGC UES	-0,79%	21,59%
IDGC of Volga	0,16%	-5,97%
MOESK	0,70%	29,92%
IDGC of Northern Caucasus	3,33%	148,14%
IDGC of North-West	0,08%	9,82%
IDGC of Urals	0,47%	-7,26%
IDGC of Siberia	2,17%	115,41%
IDGC of South	1,61%	4,22%
Lenenergo, ordinary shares	0,75%	27,79%
TRK, ordinary shares	39,75%	81,49%
Kubanenergo	-2,29%	22,34%

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