

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 11 July some moderately positive external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 increased by 0.3-0.5%, on Thursday the composite index of the Asia-Pacific region MSCI Asia Pacific added 0.8%. The markets were supported by the Fed chairman's speech, which convinced investors that the rate cut in July was almost guaranteed. Jerome Powell once again announced his readiness to "take the necessary measures" to continue economic growth in the conditions of persisting uncertainty in world trade. In addition, the Fed chief dispelled major investors' concerns, saying that a strong report on the US labour market in June did not make any changes to the Fed's plans. According to analysts, the lagging behind changes of the Chinese CSI300 index, which ended trading in the conditional minus, was due to both the persistence of uncertainty regarding the prospects for resolving the trade conflict with the US and the outflow of funds to the new stock exchange – an analog of the American Nasdaq. In particular, according to Bloomberg, only on 22 July the first wave of placement of shares of technology companies on this exchange will attract about \$5.4 billion. September Brent futures traded around \$67.4 per barrel, \$1.1 above our 10 July level. Oil prices were supported by a message from the US Department of Energy about a drop in oil reserves for the week of 9.5 million barrels and media information about the suspension of nearly a third of oil capacity in the Gulf of Mexico due to the threat of hurricanes.

On Thursday, sellers dominated the Russian market. Investors actively took profits, the reasons for this, experts say, could be both a sharp ruble appreciation, putting pressure on exporters' stocks, and expectations of a correction in the overbought American market, which could be triggered by a weak reporting season. In the afternoon, the loss of the MOEX Russia Index reached 1.5%, despite the rise in oil prices and the persistence of moderately positive sentiment on global stock markets. During the day, the MSCI All Country World Index added within a third of one percent, continuing to regain the growth of expectations of the Fed rate cut in July after the speech of Jerome Powell in Congress. American statistics, which recorded growth in consumer inflation in June slightly higher than forecasts, did not have a significant impact on the trends of world markets – investors believe that these data are not enough to change the course of the Fed. After the publication of these statistical data, the expectations regarding the step of reducing the rate at the July meeting were only redistributed – in favour of its reduction by 0.25 pp, and not by 0.5 pp.

At the end of the day, the MOEXEU electric utilities sector index underperformed. All the most capitalized and liquid securities of the sector showed an accelerated decline in comparison with the MOEX Russia Index. The main contribution to the MOEXEU fall was made by shares of RusHydro and FGC UES.

ELECTRIC POWER INDUSTRY NEWS

The Ministry of Energy considers further consolidation of power grid companies necessary

The Ministry of Energy supported the further strategy for the development of the electric grid complex, including the need to consolidate power grids and implement the digital transformation concept, the report said on the Instagram page of Rosseti on the results of a meeting chaired by Deputy Energy Minister Yuri Manevich with members of Association of Institutional Investors and representatives of Rosseti.

Read full text: <http://www.bigpowernews.ru/news/document88946.phtml>

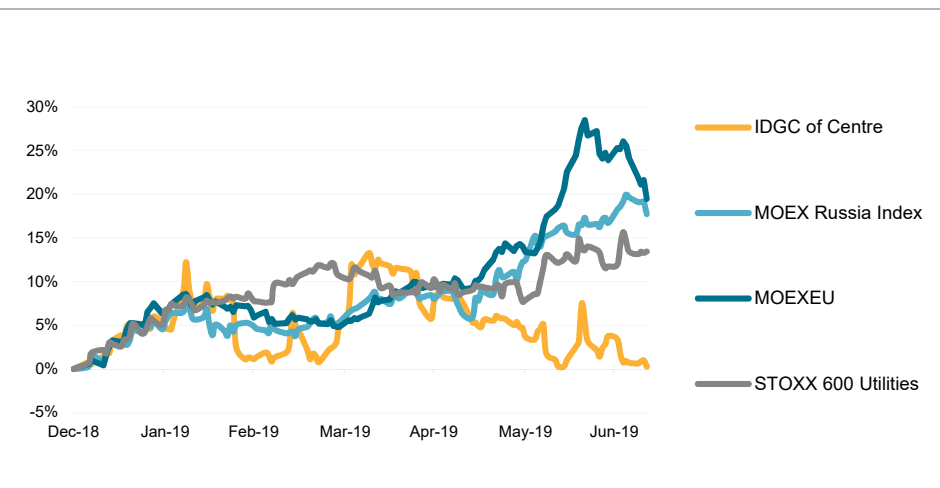
COMPANY NEWS

Igor Makovskiy: as a company responsible for the energy security of 20 regions of the country, we intend to fight energy thieves consistently and uncompromisingly

Rosseti Centre - the managing organization of Rosseti Centre and Volga Region summed up the implementation of measures to curb non-metered and non-contractual electricity consumption for 5 months of 2019.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/68998/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 789,66	-1,17%	17,74%
S&P 500	2 999,91	0,23%	19,67%
FTSE 100	7 509,82	-0,28%	11,62%
DAX	12 332,12	-0,33%	16,79%
DJStoxx 600	386,7	-0,12%	14,53%
Nikkei	21 643,53	0,51%	8,14%
Sensex	38 823,11	0,69%	7,64%
CSI300	3 785,22	-0,04%	25,73%
Bovespa	105 146,40	-0,63%	19,64%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	63,80	0,05%	-8,16%
EURO/RUB	71,56	0,14%	-9,94%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 403,81	-1,07%	9,46%
Brent*, USD/bbl	66,52	-0,73%	23,64%

* - September futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,27	30,43	476,94

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,13%	13,45%
MOEXEU	-1,79%	19,46%
IDGC of Centre**	-0,69%	0,28%
IDGC of Centre and Volga Region**	0,33%	1,89%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-3,01%	61,06%
FGC UES	-3,02%	33,00%
IDGC of Volga	-0,21%	-3,16%
MOESK	-0,75%	10,08%
IDGC of Northern Caucasus	-1,25%	158,71%
IDGC of North-West	-1,79%	13,51%
IDGC of Urals	0,11%	-3,68%
IDGC of Siberia	0,07%	176,10%
IDGC of South	-0,97%	22,13%
Lenenergo, ordinary shares	-0,17%	8,32%
TRK, ordinary shares	1,00%	-1,30%
Kubanenergo	2,42%	30,33%

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