

## REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 29 October some moderately positive external background formed on the Russian market. On Monday the US indices DJIA and S&P500 closed with an increase of 0.5-0.6%, while the S&P500 index updated the historical record set in July, on Tuesday the composite stock index of the Asia-Pacific region MSCI Asia Pacific added 0.5%. The markets were supported by positive signals about the progress of the US-Chinese trade negotiations, as well as the forecast of the third consecutive decrease in the interest rate by the Federal Reserve following the meeting on 29-30 October. The US President said he was waiting for the early signing of a significant part of the deal with China. In turn, the Office of the US Trade Representative reported that it is now considering extending the exemption from import duties for about 1,000 items of Chinese goods totalling \$34 billion per year, which expires in December. December Brent futures were trading around \$61.4 per barrel, \$0.3 below our close on 28 October. The market was pressured by growing doubts about OPEC+'s ability to balance oil supply amid a worsening demand forecast. According to Citi analysts, Saudi Arabia, together with the UAE and Kuwait, may require a stronger reduction in oil production if Russia does not support this decision.

On Tuesday, buyers dominated the Russian market – the MOEX Russia Index, most of the day trading in more than half a percent plus, closed with a percentage increase. Gazprom's shares were the driver for raising the domestic stock market, growing by 3.6% on the news about the completion of gas filling of the gas export pipeline to China – "Power of Siberia". At the same time, global stock exchanges consolidated after rising the day before – the consolidated MSCI All Country World Index on Monday updated its highs since the beginning of 2018 and closed only 3% below its historical record. Investors were cautious amid growing doubts about the latest drivers of global market growth – the progress in trade negotiations, the softening of monetary policy by the Federal Reserve and the extension of Brexit terms. Regarding the trade deal between the US and China, experts draw attention to the continuing uncertainty about one of the most controversial issues – the abolition of previously imposed duties on Chinese goods, on which, according to media reports, Beijing insists. According to the Chicago Stock Exchange, following the expectations of most market participants, the Fed will take a break of at least six months after cutting rates on Wednesday. The situation around Brexit is also far from being resolved – although the conservatives received the support of the early elections from the Labour Party, key conditions, including the choice of the exact date, remain the subject of heated discussions between the parties.

During the day, the electric utilities sector index underperformed. The main contribution to the MOEXEU underperformance in comparison with the MOEX Russia Index was made by FGC UES's shares. Quotations of shares of IDGCs mainly decreased against the publication of weak RAS results.

## ELECTRIC POWER INDUSTRY NEWS

### FAS suspected power engineers in a price conspiracy

According to Kommersant's information, the FAS suspected generating companies of inflating prices on the day-ahead market (the main electricity trading sector), which provoked a sharp increase in energy prices in the first half of the year. In the European part of the Russian Federation and in the Urals, it amounted to 10.2%, in Siberia - 11.3%, and the overpayment of industry and government agencies reached 60 billion rubles. After the start of the investigation, the prices have already gone down. If the collusion of power engineers can be proved, they face fines of up to 15% of annual revenue.

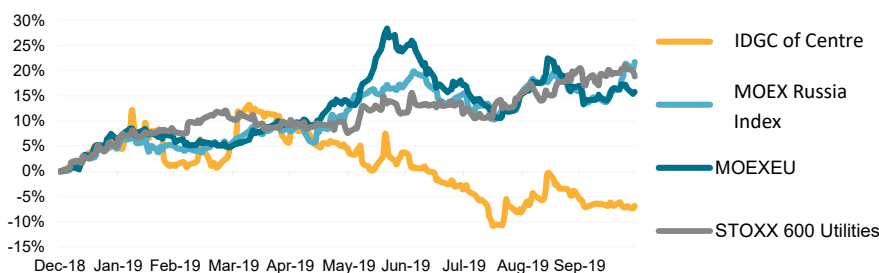
Read full text: <https://www.kommersant.ru/doc/4140700>

## COMPANY NEWS

### Governor of the Tver Region Igor Rudenya expressed his gratitude to the power engineers of Rosseti for effective work to eliminate the consequences of the hurricane

Read full text: <https://www.mrsk-1.ru/press-center/news/company/69997/>

## DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2886,48	1,04%	21,83%
S&P 500	3040,21	0,03%	21,28%
FTSE 100	7293,24	-0,52%	8,40%
DAX	12927,04	-0,11%	22,43%
DJStoxx 600	397,75	-0,31%	17,80%
Nikkei	22974,13	0,47%	14,79%
Sensex	39831,84	1,48%	10,43%
CSI300	3910,23	-0,42%	29,88%
Bovespa	107698,9	-0,45%	22,54%

Source: Bloomberg, Company calculations (19:00 MSK)

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	63,87	-0,20%	-8,06%
EURO/RUB	70,8382	-0,40%	-10,85%

Source: Bloomberg, Company calculations (19:00 MSK)

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1489,23	-0,22%	16,12%
Brent*, USD/bbl	61,54	-0,05%	14,39%

\* - December futures

Source: Bloomberg, Company calculations (19:00 MSK)

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,2417	27,24	426,48

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-0,90%	19,00%
MOEXEU	0,35%	15,86%
IDGC of Centre**	0,53%	-6,85%
IDGC of Centre and Volga Region**	-0,21%	-8,79%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	0,79%	53,32%
FGC UES	-0,50%	23,01%
IDGC of Volga	-1,59%	-11,53%
MOESK	2,48%	43,86%
IDGC of Northern Caucasus	0,54%	141,00%
IDGC of North-West	-2,55%	0,00%
IDGC of Urals	-2,09%	-8,45%
IDGC of Siberia	1,12%	112,20%
IDGC of South	-0,43%	5,33%
Lenenergo, ordinary shares	0,00%	32,51%
TRK, ordinary shares	1,21%	35,71%
Kubanenergo	-0,33%	22,13%

Source: MOEX, Company calculations

\*\* - at the price of last transaction at MOEX

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**Tickers**  
Moscow Exchange (MOEX)  
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