

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 17 July some moderately negative external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 fell 0.1-0.3%, on Wednesday the composite index of the Asia-Pacific region MSCI Asia Pacific lost 0.2%. Some pressure on the markets was put by comments of the US President regarding the prospects for negotiations with China. Firstly, he said that Washington and Beijing "have a long way to go" in trade negotiations. Secondly, Donald Trump noted that he could introduce duties on Chinese imports worth \$325 billion more if he wanted. At the same time, the reaction of investors was restrained due to strong statistics from the US, where retail sales growth in June was twice as high as expected. At the same time, analysts believe that these data, like previously published reports on the labour market and inflation, will not affect the position of the Federal Reserve, the head of which once again declared his readiness to "take the necessary measures" to continue economic growth. September Brent futures traded around \$64.6 per barrel, \$2.1 below our closing level on 16 July. The main fall in oil prices occurred on Tuesday evening, when there were statements by Donald Trump and the US Secretary of State about progress in relations with Iran and Tehran's readiness to negotiate a missile program. However, experts note that Iranian representatives soon refuted this information, and attributed the drop in the oil prices to the closure of a large amount of futures positions.

On Wednesday, the MOEX Russia Index began trading with a 1.5% gap down due to the past ex-dividend dates in shares of Gazprom and preference shares of Surgutneftegaz, the fall of which at the opening exceeded 7% and 18%, respectively. Most of the day, the MOEX Russia Index spent at the morning levels, while experts noted that in a number of first-tier securities cautious purchases had resumed, which may indicate the end of the active correction phase of the Russian market. Moderately negative sentiment prevailed on world stock exchanges on Wednesday after the reminders of the US President about the problems of Washington-Beijing trade relations. This negative factor was levelled by the growing expectations of easing the monetary policy by the Fed at the July meeting. This was facilitated by current statistics – in the US in June, building permits unexpectedly fell and the number of new buildings turned out to be lower than expected. This strengthened investors' confidence that more active actions by the Fed in terms of monetary policy easing are necessary not only to counter the global effects of trade conflicts, but also to support the slowing American economy. As a result, according to the Chicago Stock Exchange, the probability of a rate cut by 50 bps in July reached a new high of 35%.

During the trading session, the electric utilities sector index looked significantly better than the market. The main contribution to the MOEXEU growth in antiphase with the MOEX Russia Index was made by shares of FGC UES and Rosseti.

ELECTRIC POWER INDUSTRY NEWS

The Ministry of Economic Development proposed to eliminate the "cross-subsidies" in the electricity sector at the expense of the state budget

The Ministry of Economic Development estimated the annual expenditures for these purposes at 402 billion rubles. Considering the volumes of the estimated costs, Rosseti considers the proposal to be too radical. Meanwhile, consumers have called it quite realistic. Experts call the initiative of the Ministry of Economy a revolution in the electric power industry and expect, if it is implemented, a decrease in energy prices by 10-15%.

Read full text: <http://www.bigpowernews.ru/markets/document89014.phtml>

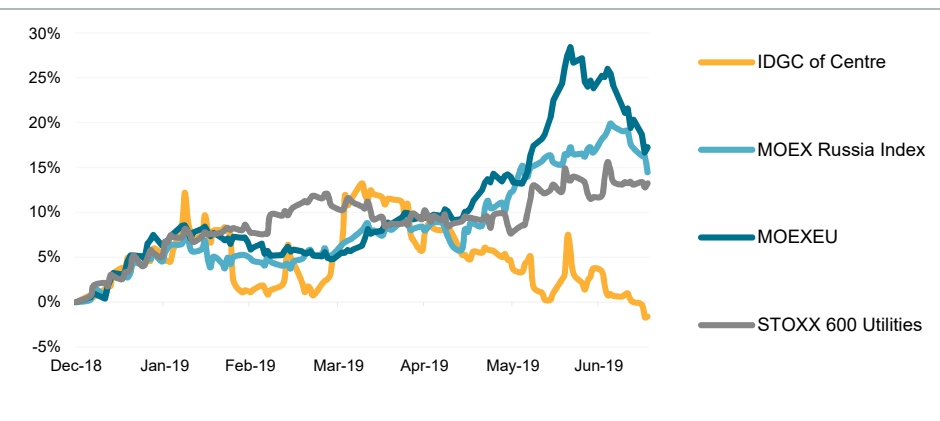
COMPANY NEWS

Kostromaenergo for 5 months of 2019 saved 13.10 thousand kilowatt-hours of electricity

The branch "Rosseti Centre Kostromaenergo" summed up the results of the implementation of the energy saving and energy efficiency program for 5 months of 2019. The total effect of the implementation of the program activities was 13.10 thousand kWh.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/69044/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 713,17	-1,55%	14,51%
S&P 500	2 984,42	-0,65%	19,05%
FTSE 100	7 535,46	-0,55%	12,00%
DAX	12 341,03	-0,72%	16,88%
DJStoxx 600	387,66	-0,37%	14,81%
Nikkei	21 469,18	-0,31%	7,27%
Sensex	39 215,64	0,22%	8,73%
CSI300	3 804,64	-0,06%	26,37%
Bovespa	103 855,50	0,08%	18,17%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	62,81	-0,02%	-9,56%
EURO/RUB	70,68	-0,25%	-11,05%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 426,57	1,45%	11,23%
Brent*, USD/bbl	63,66	-1,07%	18,33%

* - September futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln
IDGC of Centre	0,2814	11,88	189,14
IDGC of Centre & Volga Reg	0,272	30,65	488,02

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,41%	13,29%
MOEXEU	0,51%	17,32%
IDGC of Centre**	0,07%	-1,61%
IDGC of Centre and Volga Region**	0,41%	2,64%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	1,68%	54,71%
FGC UES	2,02%	21,23%
IDGC of Volga	0,05%	-3,62%
MOESK	0,00%	9,55%
IDGC of Northern Caucasus	-2,64%	137,14%
IDGC of North-West	2,21%	16,76%
IDGC of Urals	-0,33%	-2,82%
IDGC of Siberia	0,61%	173,17%
IDGC of South	0,54%	19,47%
Lenenergo, ordinary shares	-0,18%	7,56%
TRK, ordinary shares	0,00%	-2,27%
Kubanenergo	-2,66%	27,66%

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