



REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 2 March some negative external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 lost 1.3-1.7%, on Friday the composite index of the Asia-Pacific region MSCI Asia Pacific fell 0.8%. The pressure on the markets was aroused by fears of a new wave of global protectionism and trade wars after the statement by Donald Trump about the intention to impose duties on imports of steel and aluminum – the president promised to sign the corresponding decree next week. In addition, markets remain concerned about the tightening of monetary policy by the world's leading Central Banks and the end of the era of cheap liquidity in connection with this. So, the head of the Federal Reserve Bank of New York said that the introduction of duties on metals will have additional inflationary pressures, stressing that four increases in the Fed's interest rate in 2018 still mean a systematic and gradual recovery. In turn, the Bank of Japan for the first time officially announced the exit strategy – the regulator will begin to consider the curtailment of incentive measures in the 2019 fiscal year. Moreover, the head of the Central Bank said that the interest rate, which is now at the level of minus 0.1%, may change before this time – the issue will be discussed at each meeting on the monetary policy. May Brent futures traded near \$63.8 per barrel, \$0.3 higher than the closing level on 1 March. Experts attributed a small rise in oil quotes after three days of sales to the weakening of the dollar in the world foreign exchange market.

On Friday the Russian market was dominated by sellers as part of a global stock market correction – at daily lows the fall of the MOEX Russia Index reached 1.5%. The European Stoxx Europe 600 Index lost more than 1.5% in the middle of the day after more than a 2% drop in the German DAX – experts note that the prospect of global trade wars is unfavourable, primarily for the German economy, which is largely export oriented. If trade relations sharpen, writes The Wall Street Journal, this usually means higher volatility for stocks and currencies, as protectionism can spread very quickly. In support of this, Bloomberg reported that China, Canada, Mexico, Brazil and the European Union have already protested in connection with the upcoming US decision and hinted at the possibility of retaliatory measures. At the end of the day the MOEX Russia Index could play most of the losses back, despite the beginning of trading in the US with a decline in major indices, on average, by three quarters of a percent.

During the trading session the changes of the MicexPWR Sector Index generally corresponded to the market. The main contribution to the final MicexPWR decrease was made by shares of IDGC of Centre and Volga Region. From the current news, one can note the assignment by the Analytical Credit Rating Agency (ACRA) of the "AAA" rating to Rosseti with the "stable" outlook. The review says that the company's credit rating is assigned at the level of financial obligations of the Government of the Russian Federation, which is due to the company's very high systemic significance for the Russian economy and the degree of state influence on Rosseti.

ELECTRIC POWER INDUSTRY NEWS

Consumers to keep power engineers in the market

Large-scale industry has put forward its version of the mechanism for renewing capacity in the Russian energy market. Instead of a non-market premium for consumers, insisted by the Ministry of Energy, the business proposes to make a bid to increase the capacity of existing power take-off mechanisms and new trends - the construction of distributed generation, storage devices and demand management.

Read full text: <https://www.kommersant.ru/doc/3566111>

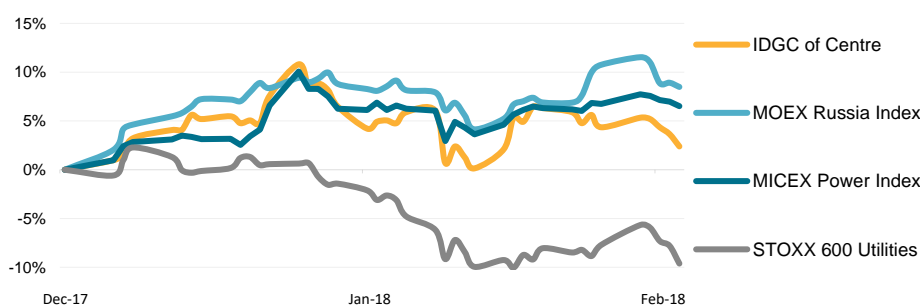
COMPANY NEWS

IDGC of Centre makes a significant contribution to the social and economic development of regions of the Central Federal District: since the beginning of the year a number of large and significant facilities connected to the grid

IDGC of Centre conducts systematic work to provide power supply for new industrial and social facilities, life support facilities and housing construction projects in the regions of its service area (11 subjects of the Central Federal District).

Read full text: <http://energosmi.ru/archives/28669>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 288,84	-0,39%	8,49%
S&P 500	2 691,25	0,51%	0,66%
FTSE 100	7 069,90	-1,47%	-8,04%
DAX	11 913,71	-2,27%	-7,77%
DJStoxx 600	367,04	-2,09%	-5,69%
Nikkei	21 181,64	-2,50%	-6,95%
Sensex	34 046,94	0,00%	-0,03%
CSI300	4 016,46	-0,81%	-0,36%
Bovespa	85 761,34	0,45%	12,25%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	56,43	0,11%	-2,07%
EURO/RUB	68,88	-0,03%	0,14%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 322,75	0,43%	1,53%
Brent*, USD/bbl	64,37	0,85%	-2,60%

* - May futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	Change	
			per day	fr 31.12.17
IDGC of Centre	0,3645	15,39		272,68
IDGC of Centre & Volga Reg	0,3196	36,02		638,24

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-1,98%	-9,62%
MICEX POWER Index	-0,41%	6,53%
IDGC of Centre**	-1,22%	2,39%
IDGC of Centre and Volga Region**	-3,24%	5,93%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-0,61%	1,00%
FGC UES	0,29%	7,37%
IDGC of Volga	-1,44%	10,38%
MOESK	0,37%	-10,57%
IDGC of Northern Caucasus	2,27%	-6,25%
IDGC of North-West	-2,38%	-5,38%
IDGC of Urals	-2,75%	9,55%
IDGC of Siberia	-1,55%	10,92%
IDGC of South	-1,21%	-4,35%
Lenenergo, ordinary shares	-0,62%	16,98%
TRK, ordinary shares	0,00%	-3,77%
Kubanenergo	-2,68%	-7,27%

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