

## REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 5 August some negative external background formed on the Russian market. On Friday the US indices DJIA and S&P500 fell 0.4-0.7% under the pressure of fears of further escalation of the trade conflict between the US and China. On Monday the composite index of the Asia-Pacific region MSCI Asia Pacific lost 1.9%. The sale in Asian markets was triggered by the weakening of the yuan below the psychologically important level of 7 yuan/\$, as well as Bloomberg's message about the Chinese government's order to suspend the purchase of agricultural products in the US. According to analysts, the decision of the People's Bank of China to lower the national currency rate to an 11-year low means losing the last hope of signing a trade agreement with Washington, and it is designed to mitigate the long-term consequences of higher US duties. At the same time, experts are already talking about the transition of the trade dispute to the plane of the currency war, which was previously considered one of the last means on the Beijing response list. October Brent futures traded around \$61.0 per barrel, \$1.1 below our close on Friday, 2 August. The oil quotes declined on increasing investors' fears that the conflict between the largest economies in the world is becoming long-term.

On Monday, sellers dominated the global stock markets – the outlook for a global currency war triggered a massive risk off. The prices of government bonds of developed countries jumped, in particular, for the first time in history the profitability of all government securities in Germany became negative, protective currencies – the yen and Swiss franc – were in high demand, gold rose by 1.5%. Against this background, in the afternoon, the decline in the composite index of developed countries MSCI World approached 2%, emerging markets MSCI EM – 3%. The Russian market during the day showed significantly smaller losses – the MOEX Russia Index spent most of the trading session on average in a half percent minus. Domestic investors were supported by a reduction in sanctions risks. From the explanations of the US State Department, it became known that the restrictions from the second package in the “Skripals case” will not affect state-owned companies, OFZs, as well as the secondary market for sovereign Eurobonds. Analysts believe that these sanctions are generally fundamentally neutral for the Russian financial market, despite some risks of a possible deterioration in the attitude of global players to Russian assets. At the end of the day, the MOEX Russia Index's rate of decline accelerated to a percent following the strengthening of negative changes on world markets after the release of weak statistics from the US, where the index of business activity in the service sector in July fell to a minimum since August 2016.

At the end of the trading session, the electric utilities sector index underperformed. The main contribution to the MOEXEU underperformance in comparison with the MOEX Russia Index was made by shares of Inter RAO and FGC UES.

## ELECTRIC POWER INDUSTRY NEWS

### Mr. Putin signed a law defining mechanisms for long-term tariff regulation in the electric power industry

Russian President Vladimir Putin signed a law establishing the possibility of state regulation of tariffs in the electric power industry for a period of not less than 5 years on the basis of agreements on the conditions for carrying out regulated activities.

Read full text: <http://www.bigpowernews.ru/markets/document89253.phtml>

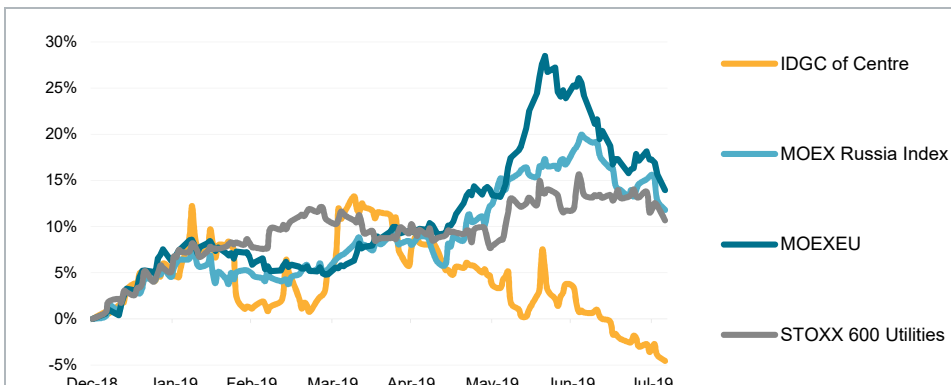
## COMPANY NEWS

### The company “Rosseti Centre” commissioned the first digital substation in Central Russia

The opening ceremony of the 35/10 kV “Nikolskoye” substation was held in the Belgorod region. This is the first digital substation in the Central region of Russia. Governor of the Belgorod region Yevgeny Savchenko and General Director of Rosseti Centre - the managing organization of Rosseti Centre and Volga Region Igor Makovskiy took part in the ceremony.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/69210/>

## DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 649,16	-0,96%	11,81%
S&P 500	2 844,74	-2,98%	13,48%
FTSE 100	7 223,85	-2,47%	7,37%
DAX	11 658,51	-1,80%	10,41%
DJStoxx 600	369,43	-2,31%	9,41%
Nikkei	20 720,29	-1,74%	3,52%
Sensex	36 699,84	-1,13%	1,75%
CSI300	3 675,69	-1,91%	22,09%
Bovespa	100 097,80	-2,51%	13,89%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	64,64	1,27%	-6,95%
EURO/RUB	71,71	1,75%	-9,76%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 463,70	1,59%	14,13%
Brent*, USD/bbl	59,81	-3,36%	11,17%

\* - October futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,2507	28,25	437,07

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-1,43%	10,68%
MOEXEU	-1,45%	13,97%
IDGC of Centre**	-0,66%	-4,55%
IDGC of Centre and Volga Region**	-1,92%	-5,40%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-1,18%	49,98%
FGC UES	-1,71%	19,57%
IDGC of Volga	-0,75%	-5,41%
MOESK	-0,60%	12,95%
IDGC of Northern Caucasus	-1,86%	111,43%
IDGC of North-West	-2,53%	18,20%
IDGC of Urals	0,00%	-1,84%
IDGC of Siberia	-0,43%	170,24%
IDGC of South	-0,17%	10,93%
Lenenergo, ordinary shares	-1,87%	8,88%
TRK, ordinary shares	1,02%	-3,25%
Kubanenergo	0,17%	23,36%

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