

30 July, Tuesday

2019

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 29 July some neutral external background formed on the Russian market. On Friday the US indices DJIA and S&P500 added 0.2-0.7% on good reporting and strong US GDP data. About half of the S&P500 growth fell on shares of the parent company of Google, which soared 10% after the publication of statements and the announcement of a \$25 billion share buyback. The rise of the US economy in the second quarter was 2.1%, with a forecast of 1.8%, consumer spending, accounting for 70% of the GDP, was the highest since December 2017. At the same time, the first in three years, the reduction in investment and the increase in the PCE inflation indicator is less than expected, according to analysts, should limit the impact of this overall positive statistics on the Fed's decisions on 30-31 July. On Monday the composite index of the Asia-Pacific region MSCI Asia Pacific lost 0.5% mainly due to active sales in the South Korean market – the KOSPI index fell 1.8% on information about the intensification of trade conflicts with Japan. September Brent futures traded around \$63.6 per barrel, \$0.6 below our closing level on Friday, 26 July. The quotes were pressured, including, by the strengthened dollar to two-month highs on easing the ECB's rhetoric and the White House's statement that the US presidential administration precludes the possibility of interventions in foreign exchange markets to reduce the dollar rate.

On Monday, most of the day, the MOEX Russia Index added within half a percent following the continued rise in Gazprom's shares. At the same time, waiting moods prevailed on world stock exchanges on the eve of two important events of the current week – the Fed meeting and the US-China trade negotiations. Regarding the Fed, the market participants have no doubt that the interest rate will be lowered for the first time in 10 years, and the main question is whether this will be a one-time "back-up" action or the regulator signals a more fundamental softening of monetary policy. In the first case, experts believe, the markets may be disappointed, especially given the extremely optimistic expectations – according to the Chicago stock exchange, the likelihood of the Fed rate decreasing by 100 bps by the spring of 2020 is about 45%. In turn, from the 12th round of negotiations between the US and China, investors are waiting for clarification of the situation with the current state of the trade deal. So far, the media notes, the key agreements of the leaders of the countries at the G20 summit have not been fulfilled: if Beijing has agreed to increase purchases of agricultural products from the US, then Washington has not yet begun to lift restrictions from Huawei.

During the trading session, the electric utilities sector index outperformed. The main contribution to the MOEXEU outperformance compared to the MOEX Russia Index was made by shares of Rosseti and FGC UES.

ELECTRIC POWER INDUSTRY NEWS

Rosseti launched the All-Russian leadership contest of a new generation "Energy Leaders"

Rosseti, with the support of Independent Non-Profit Organization "Russia - a country of opportunities", launched the first All-Russian contest "Energy Leaders". The main objective of the project is to form a personnel reserve of managers from among the most professional and motivated industry specialists of the country who are ready to carry out large-scale development tasks for the power grid complex of Russia.

Read full text: http://www.rosseti.ru/press/news/?ELEMENT_ID=35775

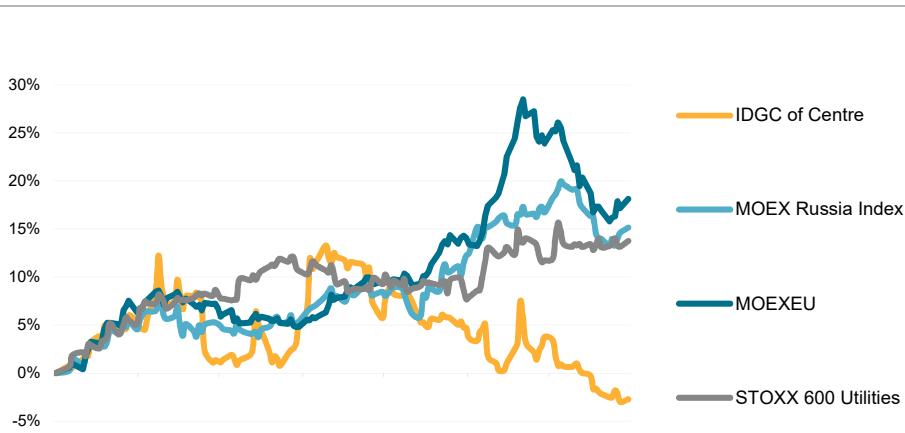
COMPANY NEWS

The practice of using drones expands in the electric power industry

Rosseti Centre and Rosseti Centre and Volga Region expand the practice of using unmanned aerial vehicles to improve the quality of planned and emergency inspections of 35-110 kV transmission lines.

Read full text: <https://www.eprussia.ru/news/base/2019/4401036.htm>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change per day	fr 31.12.18
MOEX Russia	2 728,27	0,46%	15,15%
S&P 500	3 020,97	-0,16%	20,51%
FTSE 100	7 686,61	1,82%	14,25%
DAX	12 417,47	-0,02%	17,60%
DJStoxx 600	390,85	0,03%	15,76%
Nikkei	21 616,80	-0,19%	8,00%
Sensex	37 686,37	-0,52%	4,49%
CSI300	3 854,27	-0,11%	28,02%
Bovespa	103 482,60	0,65%	17,74%

Source: Bloomberg, Company calculations

Currency rates	Value	Change per day	fr 31.12.18
USD/RUB	63,13	-0,05%	-9,13%
EURO/RUB	70,31	0,02%	-11,51%

Source: Bloomberg, Company calculations

Raw	Value	Change per day	fr 31.12.18
Gold, USD/oz	1 426,80	0,56%	11,25%
Brent*, USD/bbl	63,71	0,39%	18,42%

* - September futures

Source: Bloomberg, Company calculations

Shares	Price**, P	MCap**, P bln	MCap**, \$ mln
IDGC of Centre	0,2782	11,75	186,05
IDGC of Centre & Volga Reg	0,2613	29,45	466,49

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change per day	fr 31.12.18
STOXX 600 Utilities	0,53%	13,76%
MOEXEU	0,84%	18,15%
IDGC of Centre**	0,29%	-2,73%
IDGC of Centre and Volga Region**	-0,68%	-1,40%

Source: Bloomberg, Company calculations

Grid companies	Change** per day	fr 31.12.18
Rosseti, ordinary shares	2,30%	55,64%
FGC UES	1,25%	25,32%
IDGC of Volga	-0,32%	-4,08%
MOESK	3,12%	15,08%
IDGC of Northern Caucasus	-0,64%	120,86%
IDGC of North-West	4,24%	23,96%
IDGC of Urals	0,89%	-1,84%
IDGC of Siberia	1,55%	174,34%
IDGC of South	-3,23%	15,52%
Lenenergo, ordinary shares	1,59%	8,51%
TRK, ordinary shares	0,00%	-0,32%
Kubanenergo	-0,82%	23,98%

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