

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 20 June some moderately positive external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 increased by 0.2-0.3% after the publication of the results of the two-day Fed meeting. As expected, the Fed retained the base rate unchanged at 2.25-2.5%, while the regulator set the stage for its reduction at the next meeting in July, declaring its readiness to act to support economic growth in the conditions of the "uncertainty over economic outlook and low inflationary pressure." At the same time, the words that the Central Bank is ready to "show patience" when making decisions about future adjustments to the target rate range disappeared from the text of the communiqué. The composite index of the Asia-Pacific region MSCI Asia Pacific and futures for the S&P500 on Thursday added 1.1% and 0.5%, respectively, the Chinese CSI300 jumped 3%. An additional positive factor for investors in the Asian session was the media information about the return of the US and China to trade negotiations before the meeting of the leaders of the countries at the G20 summit and the statement by the head of the Bank of Japan about readiness to ease monetary policy if necessary. August Brent futures traded around \$63.5 per barrel, \$1.4 above our closing level on 19 June. Oil prices rose on the statistics of the US Department of Energy, which recorded a drop in oil reserves by 3.1 million barrels and a decrease in production, and increased tensions in the Middle East. The reason for this was the media information that Iran shot down an American drone in international airspace over the waters of the Strait of Hormuz.

On Thursday, buyers dominated global stock markets – during the day, the MOEX Russia Index and the consolidated MSCI All Country World Index added more than half a percent. The reasons for optimism of investors were hopes for easing of monetary policy by leading world central banks and expectations of resumption of the US-Chinese trade negotiations. In particular, according to media reports, the US Trade Representative Robert Lighthizer announced that he intends to discuss with his Chinese counterpart the issue of trade relations between the two countries and meet with him personally in Osaka, where the G20 summit will be held. However, analysts are still rather skeptical about the possibility of reaching any specific agreements between Washington and Beijing in Japan. According to most experts, we are talking more likely about easing the overall tension and reducing the risks of introducing new mutual sanctions such as duties on Chinese imports in the amount of \$300 billion or a ban on China's sale of rare earth metals. At the end of the day, the Russian market was supported by the growth of Brent quotes to the level of \$ 64.5 per barrel in reinforcing geopolitical risks in the Middle East. Against this background, the MOEX Russia Index, which updated the historical record, closed trading near daily highs.

At the end of the day, the electric utilities sector index looked slightly worse than the market. The main contribution to the MOEXEU underperformance compared to the MOEX Russia Index was made by shares of Rosseti, in which profit was taken after 6% growth on Tuesday-Wednesday.

ELECTRIC POWER INDUSTRY NEWS

Digitalization of the electric power industry changed its course

Heads of departments on digital transformation of energy companies in Russia, top managers of domestic developers of IT solutions, software, telecommunications equipment and automated process control systems, as well as analysts and industry experts talked yesterday about what digital transformation means for electric power companies at the Fourth Federal IT Forum of the Russian electricity industry Smart Electro "Digital transformation of the electricity sector", organized by ComNews Conferences.

Read full text: <https://www.comnews.ru/content/120341/2019-06-21/vostorzhenost-elektroenergetikov-v-cifrovizacii-smenilas-na-ostorozhnost>

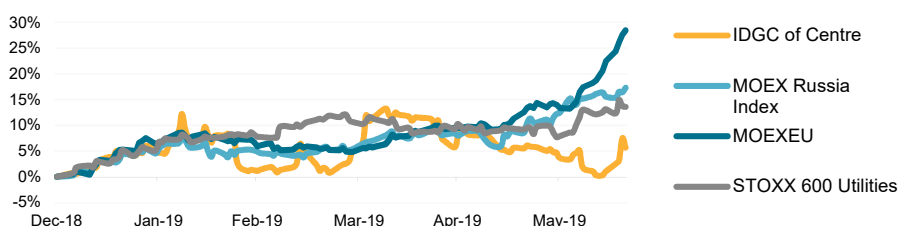
COMPANY NEWS

Smolenskenergo in May connected to its grids two new buildings in the Smolensk region

In May 2019, Rosseti Centre - Smolenskenergo division provided connection to the power grid of two residential apartment buildings. Grid connection of socially important facilities and housing construction for the branch is among the priority areas to which the power company pays special attention.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/68690/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 780,20	0,76%	17,34%
S&P 500	2 954,18	0,95%	17,84%
FTSE 100	7 424,44	0,28%	10,35%
DAX	12 355,39	0,38%	17,01%
DJStoxx 600	386,16	0,36%	14,37%
Nikkei	21 462,86	0,60%	7,24%
Sensex	39 601,63	1,25%	9,80%
CSI300	3 828,52	3,03%	27,17%
Bovespa	100 303,40	0,00%	14,13%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	63,98	-0,55%	-7,90%
EURO/RUB	71,64	-0,82%	-9,84%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 388,44	2,06%	8,26%
Brent*, USD/bbl	64,45	4,25%	19,80%

* - August futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln	
			per day	fr 31.12.18
IDGC of Centre	0,3022	12,76	199,41	
IDGC of Centre & Volga Reg	0,3055	34,43	538,13	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-0,16%	13,59%
MOEXEU Index	0,66%	28,51%
IDGC of Centre**	-1,69%	5,66%
IDGC of Centre and Volga Region**	-0,68%	15,28%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-1,25%	85,91%
FGC UES	4,91%	41,64%
IDGC of Volga	-0,16%	-2,50%
MOESK	-0,95%	19,09%
IDGC of Northern Caucasus	12,50%	227,86%
IDGC of North-West	-0,57%	26,04%
IDGC of Urals	-0,56%	-3,47%
IDGC of Siberia	-2,04%	185,85%
IDGC of South	-1,23%	25,44%
Lenenergo, ordinary shares	-0,52%	8,88%
TRK, ordinary shares	-1,32%	-3,25%
Kubanenergo	4,77%	35,04%

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