

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 7 November some neutral external background formed on the Russian market. The US indices DJIA and S&P500 remained practically unchanged as a result of Wednesday's trading session; on Thursday the composite index of the Asia-Pacific region MSCI Asia Pacific showed no significant changes. The inexpressive changes of the markets were mainly determined by mixed news about the course of trade negotiations between the US and China. According to media reports, the signing of the interim trade deal by the leaders of the two countries may be delayed until December due to the ongoing process of agreeing on the terms of the agreement, as well as the choice of venue for the meeting. At the same time, investors still have no big doubts about the outcome of negotiations on the first stage of the transaction – according to Reuters, citing a senior source in the White House, an agreement on the "first phase" of the trade deal is likely to be signed. January Brent futures were trading around \$61.7 per barrel, \$1.1 below our close on 6 November. Negative background for the market was the message of the US Department of Energy about exceeding expectations for a sharp increase in oil reserves – by 7.9 million barrels.

The inexpressive changes of world stock indices at the beginning of our trading session soon gave way to steady growth after the appearance of media reports citing a statement by the representative of the Ministry of Commerce of the PRC that the US and China agreed to cancel duties as they move towards a trade deal. Against this background, the consolidated MSCI All Country World Index in the afternoon added about half a percent. The MOEX Russia Index once again updated its historical maximum, breaking the round mark of 3,000 points. At the same time, the Central Bank of the Russian Federation notes that the rise of the Russian stock market, ahead of other emerging markets, does not carry the risks of overheating: the indices grow due to objective factors, which means the absence of an artificially created "bubble". Among such factors, the regulator named the maintenance of a stable macroeconomic situation, a favourable current situation in the commodity market and an increase in dividend payments by Russian companies. In addition, the Central Bank believes that low values of several indicators do not allow talking about the overvaluation of the Russian stock market: the ratio of stock market capitalization to the GDP and the ratio of the market value of shares to annual earnings per share.

During the trading session, the electric utilities sector index underperformed – on Thursday, buyers' activity was mainly concentrated in the first-tier stocks. The main contribution to the MOEXEU underperformance in comparison with the MOEX Russia Index was made by shares of FGC UES, in which profits were taken after steady growth on Wednesday.

ELECTRIC POWER INDUSTRY NEWS

"One must be prepared for the challenges, otherwise we will fly out of business"

The Board of Directors of Rosseti, under the leadership of the Minister of Energy of the Russian Federation, Alexander Novak, approved the concept of "Digital Transformation - 2030", which envisages a complete transformation of the energy infrastructure within ten years through the transition to digital technologies. Konstantin Mikhailik, Deputy Director General of PJSC Rosseti, told Izvestia about why digitalization is necessary for ordinary consumers, what projects are planned to be launched, and how the country's largest energy company will protect itself from cyber threats.

Read full text: <https://iz.ru/940334/iuliia-romanova/nuzhno-byt-gotovym-k-vyzovam-inache-vyletim-iz-biznesa>

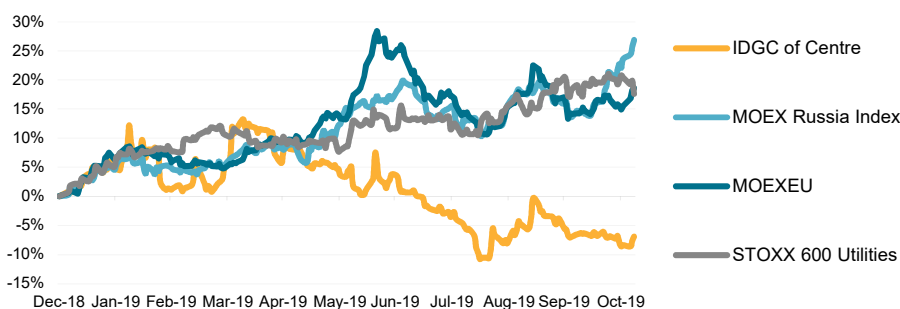
COMPANY NEWS

General Director of Rosseti Centre - the managing organization of Rosseti Centre and Volga Region Igor Makovskiy held a working meeting with leaders of trade union organizations of the Companies

General Director of Rosseti Centre - the managing organization of Rosseti Centre and Volga Region Igor Makovskiy held a working meeting with leaders of primary trade union organizations. The event discussed topical issues of the development of social partnership and regulation of labour relations, priority plans for personnel and social policy of the companies in the near future.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/70100/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	3 008,54	0,93%	26,96%
S&P 500	3 085,18	0,27%	23,07%
FTSE 100	7 406,41	0,13%	10,08%
DAX	13 289,46	0,83%	25,86%
DJStoxx 600	406,56	0,37%	20,41%
Nikkei	23 330,32	0,11%	16,57%
Sensex	40 653,74	0,45%	12,71%
CSI300	3 991,87	0,18%	32,59%
Bovespa	109 580,60	1,13%	24,68%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	63,59	0,54%	-8,47%
EURO/RUB	70,43	0,01%	-11,36%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 468,48	-1,48%	14,50%
Brent*, USD/bbl	62,29	0,89%	15,78%

* - January futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,2112	23,80	374,31

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-1,86%	17,67%
MOEXEU	0,22%	18,63%
IDGC of Centre**	0,76%	-6,99%
IDGC of Centre and Volga Region**	2,23%	-20,30%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-0,14%	56,22%
FGC UES	-0,89%	28,27%
IDGC of Volga	0,12%	-13,67%
MOESK	0,59%	55,15%
IDGC of Northern Caucasus	0,83%	143,29%
IDGC of North-West	0,46%	-2,34%
IDGC of Urals	-0,35%	-7,69%
IDGC of Siberia	-1,60%	109,76%
IDGC of South	1,38%	7,71%
Lenenergo, ordinary shares	2,13%	35,92%
TRK, ordinary shares	-0,25%	29,87%
Kubanenergo	-0,49%	25,41%

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