



REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 22 May some moderately positive external background formed on the Russian market. On Monday the US indices DJIA and S&P500 closed with an increase of 0.7-1.2% on easing tension in the US-PRC trade relations. According to the Secretary of the US Treasury, Washington and Beijing abandoned the idea of mutual increases in trade tariffs (by \$150 and \$50 billion, respectively) and continue to work on details of the agreement between the two countries. As noted by MarketWatch, China has agreed to increase the purchase of American goods, but agreements on a certain amount of reduction in the trade deficit have not been reached. Next week, the US Secretary of Commerce will go to China to help complete the work on the trade agreement. On Tuesday China announced a reduction in import duties on cars, which was one of the requirements of the US administration in the negotiations. Besides, according to media reports, the US and China in general have agreed a scheme that will save the Chinese telecommunications company ZTE, forced to stop its normal activities because of the US sanctions. On Tuesday the composite index of the Asia-Pacific region MSCI Asia Pacific traded near zero with mixed changes of the main country indices. July Brent futures traded near \$79.5 per barrel, \$0.6 above the closing level on 21 May. The rise of quotations is promoted by fears of traders that the American authorities can impose sanctions on the oil sector of Venezuela, limiting exports from this country. On Monday the US, having refused to recognize the results of presidential elections in Venezuela, announced the ban on transactions with Venezuela's public debt and with the debt of the state oil and gas company PDVSA.

On Tuesday the MOEX Russia Index spent the trading session in a small minus within half a percent on fears of worsening relations between Russia and the West after the State Duma adopted in the third reading a law on reciprocal sanctions against the US. In addition, a limiting factor for the growth of the export-oriented Russian market was the strengthening of the ruble. High oil prices kept the MOEX Russia Index from a greater fall – Brent quotes exceeded \$80.3 per barrel on expectations of a reduction in supplies from Iran. On Monday the US Secretary of State said that the country will impose the most serious sanctions against Iran in comparison with those adopted ever earlier if the Islamic Republic does not agree to the conditions of the US. According to forecasts of analysts, the supply of oil from Iran can be reduced by the amount from 400 thousand to 1 million barrels per day.

During the trading session, the MicexPWR Index outperformed. The main contribution to the MicexPWR rise in antiphase with the MOEX Russia Index was made by shares of Inter RAO. From the current news, we can note Interfax's message that Rostec's idea of entering into the capital of Rosseti within the framework of the joint development of the digital grid project has not yet found support in most departments. The Ministry of Economic Development specified to Interfax that "it was decided to return to the issue in the third quarter of 2018, taking the time for detailed study".

ELECTRIC POWER INDUSTRY NEWS

Regions may be banned from returning to energy tariffs, says the newspaper

The government wants to stop a series of reverse transitions of regions from an open energy market to a tariff system. Such a question is raised periodically by many, one of the latest examples is the Murmansk region. It has repeatedly complained to the prime minister about the rise in electricity prices caused by the transition to the tariff of neighbouring Karelia, and now asks for a special regime for itself.

Read full text: <http://www.bigpowernews.ru/markets/document83048.phtml>

COMPANY NEWS

IDGC of Centre delivered more than 150 MW of capacity to customers of the Central Federal District, a number of large and significant facilities were connected to the grid

Read full text: <https://www.mrsk-1.ru/press-center/news/company/64029/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY

World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 326,87	-0,25%	10,29%
S&P 500	2 724,44	-0,31%	1,90%
FTSE 100	7 877,45	0,23%	2,47%
DAX	13 169,92	0,71%	1,95%
DJStoxx 600	396,94	0,27%	1,99%
Nikkei	22 960,34	-0,18%	0,86%
Sensex	34 651,24	0,10%	1,75%
CSI300	3 906,21	-0,38%	-3,09%
Bovespa	82 738,88	1,13%	8,29%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	62,53	0,96%	8,51%
EURO/RUB	73,33	0,21%	6,61%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 291,14	-0,11%	-0,89%
Brent*, USD/bbl	79,57	0,44%	21,52%

* - July futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	Change	
		₺ bln	MCap**, \$ mln
IDGC of Centre	0,3635	15,35	245,41
IDGC of Centre & Volga Reg	0,3500	39,44	630,78

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-0,24%	3,04%
MICEX POWER Index	0,29%	6,68%
IDGC of Centre**	0,28%	2,11%
IDGC of Centre and Volga Region**	-0,85%	16,01%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-0,04%	0,44%
FGC UES	0,47%	11,94%
IDGC of Volga	-0,90%	23,28%
MOESK	0,00%	-18,58%
IDGC of Northern Caucasus	0,30%	-14,32%
IDGC of North-West	-0,54%	6,15%
IDGC of Urals	-1,77%	5,73%
IDGC of Siberia	1,39%	-4,37%
IDGC of South	-0,91%	9,36%
Lenenergo, ordinary shares	-0,34%	21,98%
TRK, ordinary shares	-4,18%	-13,48%
Kubanenergo	-0,44%	-14,16%

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

