

## REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 26 July some moderately negative external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 fell 0.5%, on Friday the composite index of the Asia-Pacific region MSCI Asia Pacific lost the same. The markets, analysts say, were under pressure from the outcome of the ECB meeting that disappointed investors and fears that the Fed, following the ECB, would show restraint in easing monetary policy. Experts believe that Mario Dragi's speech was not quite what the markets had expected – confirming the regulator's readiness to support the European economy, the head of the ECB, however, said that at the last meeting the issue of reducing rates and using other incentives was not discussed in detail. The caution of the European Central Bank, writes Bloomberg, was the reason for the revision of forecasts for the Fed's actions – analysts believe that the chances of reducing the rate by 0.5 percentage points immediately are practically absent. September Brent futures traded around \$63.6 per barrel, at the level of our closure on 25 July.

Most of Friday the MOEX Russia Index spent in more than half a percent plus, growth on daytime highs reached 1.2%. Gazprom is still the main driver for the rise of the Russian market, which added 7% at the end of the day. Analysts point out that the information on the 8% discount to Thursday's closing price for the placement of 2.9% of Gazprom shares (200.5 rubles) did not become a reason for the correction of securities – according to experts, these levels were significantly lower than their real value. The decision of the Central Bank of the Russian Federation to reduce the rate by 25 basis points to 7.25% per annum was expected by analysts and did not have a significant impact on the changes of the ruble and the MOEX Russia Index. At the same time, the regulator retained in the text of the press release an indication of the possibility of further rate reductions at one of the upcoming meetings and the transition to neutral monetary policy (the rate range of 6-7%) until mid-2020. In the second half of the day, our market was supported by improved sentiment on Western markets after the release of good statistical data on the changes of the US economy in the second quarter – the GDP growth was 2.1%, with a consensus forecast of 1.8%, consumer spending, accounting for 70% of the GDP, was the highest since December 2017. At the same time, the increase in the PCE inflation indicator turned out to be less than expected, which, according to analysts, should limit the impact of these statistics as a whole on the decisions of the Fed on 30-31 July.

During the trading session, the electric utilities sector index underperformed. The main contribution to the final MOEXEU decline in antiphase with the MOEX Russia Index was made by shares of Inter RAO and RusHydro.

## ELECTRIC POWER INDUSTRY NEWS

### Rosseti looking for money for consolidation

The Ministry of Energy has supported the idea of Rosseti to include in the tariff the expenses for the purchase of territorial grid organizations (TGO) not controlled by it, which ensure the transmission of electricity in the regions. Now there are about 1,500 such companies in the regions, and Rosseti purposefully seeks to reduce their number, but the state holding does not have a source of funding for these acquisitions. The company assures that the measure will not lead to a sharp increase in the tariff due to the optimization of processes in the TGOs acquired by it. But analysts note that in the world practice, a budget usually allocates funds for such purchases.

Read full text: <https://www.kommersant.ru/doc/4040855>

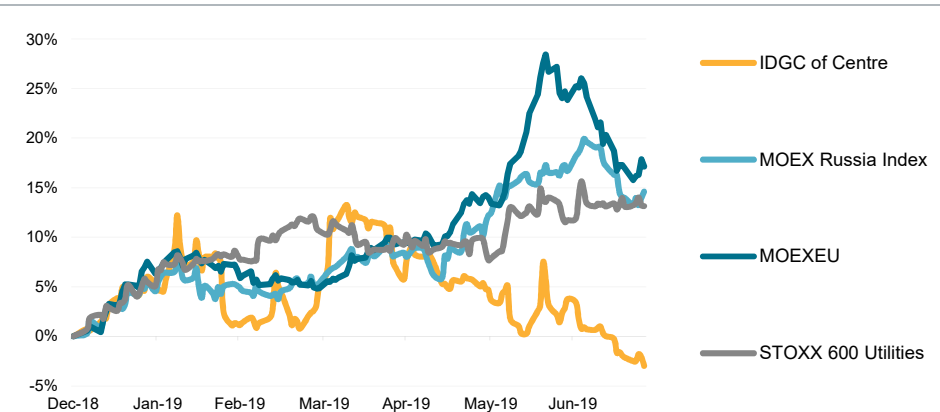
## COMPANY NEWS

### Igor Makovskiy: we are implementing digital transformation ahead of schedule

A professional board of Rosseti Centre - the managing organization of Rosseti Centre and Volga Region\* was held in Moscow. The event was chaired by General Director of the Company, Igor Makovskiy, and was attended by deputy general directors, heads of key functional areas and divisions, and directors of 20 regional branches.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/69126/>

## DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 715,68	0,54%	14,62%
S&P 500	3 025,86	0,74%	20,70%
FTSE 100	7 549,06	0,80%	12,20%
DAX	12 419,90	0,47%	17,62%
DJStoxx 600	390,73	0,31%	15,72%
Nikkei	21 658,15	-0,45%	8,21%
Sensex	37 882,79	0,14%	5,03%
CSI300	3 858,57	0,19%	28,16%
Bovespa	102 818,90	0,16%	16,99%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	63,16	0,06%	-9,09%
EURO/RUB	70,29	-0,04%	-11,54%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 418,90	0,31%	10,64%
Brent*, USD/bbl	63,46	0,11%	17,96%

\* - September futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,2631	29,65	469,48

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-0,09%	13,17%
MOEXEU	-0,62%	17,16%
IDGC of Centre**	-0,93%	-3,01%
IDGC of Centre and Volga Region**	-0,53%	-0,72%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-0,34%	52,15%
FGC UES	0,45%	23,76%
IDGC of Volga	0,05%	-3,78%
MOESK	-0,20%	11,59%
IDGC of Northern Caucasus	-1,21%	122,29%
IDGC of North-West	1,46%	18,92%
IDGC of Urals	-1,10%	-2,71%
IDGC of Siberia	0,91%	170,15%
IDGC of South	0,23%	19,38%
Lenenergo, ordinary shares	0,00%	6,81%
TRK, ordinary shares	3,72%	-0,32%
Kubanenergo	-1,13%	25,00%

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