

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 14 August some moderately positive external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 rose by 1.4-1.5%, on Wednesday the composite index of the Asia-Pacific region MSCI Asia Pacific added 1.1%. Support for investors was provided by media information that the US decided to postpone the introduction of 10% duties on certain categories of Chinese goods from 1 September to 15 December. The restraining factor for the markets in the Asian session was weak statistics from China, where the pace of industrial production growth in July was minimal for 17 years, the growth of retail sales slowed down, not meeting the expectations of economists. October Brent futures traded around \$60.8 per barrel, \$0.4 below our close on 13 August. Brent quotes corrected after an almost 5% jump on Tuesday on a global improvement in investor perception of risky assets after easing the US position on duties on Chinese imports. The reason for the correction was the report of the American Petroleum Institute about the first in two months increase in oil reserves in the US last week – by 3.7 million barrels.

On Tuesday, sellers dominated the global stock markets, the euphoria from the unexpected US decision on duties was short-lived. Firstly, analysts say that there have been no real positive changes in the situation around the trade disputes between the US and China. According to Bloomberg, the volume of Chinese imports, which may be levied with 10% duties from 1 September, taking into account the declared exceptions, is still an impressive \$110 billion. At the same time, there remains a high degree of uncertainty in China's response, which, as shown by the recent weakening of the renminbi may provoke a new surge in volatility in financial markets. Secondly, the markets are worrying about the prospects for the global economy. Morning negative signals from China in the afternoon were supplemented by statistics from Germany – the largest Eurozone economy was again on the verge of a technical recession after a 0.1% decline in the GDP in the second quarter. In addition, during the trades, the yield on two-year US Treasury bonds rose above the yield on 10-year US Treasuries for the first time since 2007. This situation, known as the inversion of the yield curve, is considered a fairly reliable sign of the imminent onset of a recession in a country with a time lag of 6 to 24 months. Against this background, the MOEX Russia Index closed Wednesday with a 1.6% fall, the loss of the European Stoxx Europe 600 Index and major US indices by the end of our trading averaged about 2%.

Over the course of the day, the electric utilities sector index outperformed – sales of investors, as part of a global decline in interest in risk, mainly affected the first-tier securities. The main contribution to the MOEXEU outperformance in comparison with the MOEX Russia Index was made by shares of Rosseti, recovering from active sales in recent days.

ELECTRIC POWER INDUSTRY NEWS

Rosseti forms a personnel reserve

The Rosseti company annually holds various events that allow current students, but future specialists to better understand the specifics and requirements of the future electric power industry. One of such projects is the Energy Project Shift, which opened on the basis of the All-Russian Children's Centre "Orlyonok".

Read full text: <https://www.eprussia.ru/news/base/2019/5681716.htm>

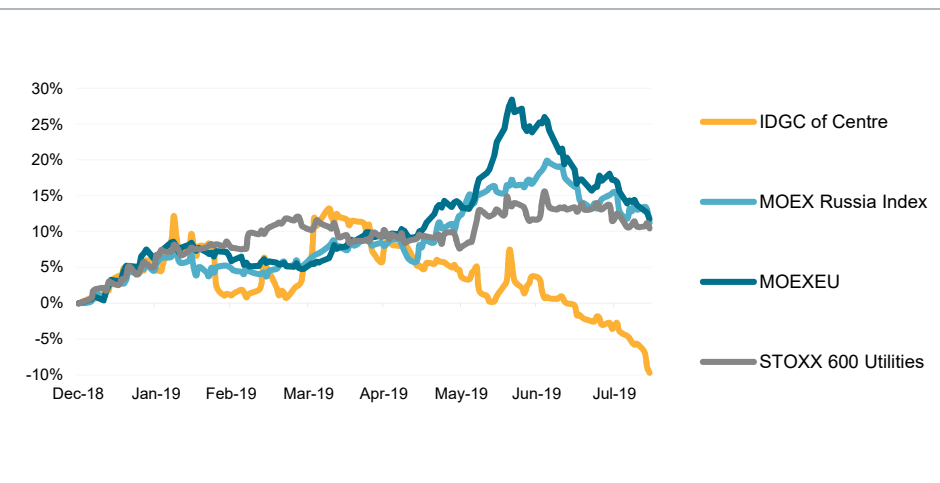
COMPANY NEWS

Rosseti Centre provided additional capacity to a large sugar factory in the Lipetsk region

The Lipetsk branch of Rosseti Centre provided 2,880 kW of additional capacity to OJSC "Lebedyansky Sugar Plant". As a result, the capacity of the enterprise, taking into account the previously connected one, has grown to 4,500 kW. The provision of additional electricity is associated with the intensity of the development of the plant.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/69293/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2637,04	-1,61%	11,30%
S&P 500	2856,04	-2,40%	13,93%
FTSE 100	7147,88	-1,42%	6,24%
DAX	11492,66	-2,19%	8,84%
DJStoxx 600	366,16	-1,68%	8,44%
Nikkei	20655,13	0,98%	3,20%
Sensex	37311,53	0,96%	3,45%
CSI300	3682,4	0,45%	22,31%
Bovespa	101045,4	-2,18%	14,97%

Source: Bloomberg, Company calculations (19:00 MSK)

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	65,6017	0,26%	-5,57%
EURO/RUB	73,4149	0,40%	-7,61%

Source: Bloomberg, Company calculations (19:00 MSK)

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1518,05	1,10%	18,37%
Brent*, USD/bbl	58,62	-4,37%	8,96%

* - October futures

Source: Bloomberg, Company calculations (19:00 MSK)

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,2422	27,30	416,08

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-0,65%	10,51%
MOEXEU	-0,81%	11,83%
IDGC of Centre**	-0,92%	-9,72%
IDGC of Centre and Volga Region**	-0,94%	-8,60%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	1,70%	39,28%
FGC UES	-1,33%	17,57%
IDGC of Volga	-0,59%	-5,92%
MOESK	-1,74%	11,29%
IDGC of Northern Caucasus	-4,29%	132,71%
IDGC of North-West	-2,60%	8,11%
IDGC of Urals	-1,82%	-6,61%
IDGC of Siberia	-1,80%	139,02%
IDGC of South	0,85%	8,91%
Lenenergo, ordinary shares	-0,35%	7,56%
TRK, ordinary shares	-0,34%	-5,19%
Kubanenergo	-0,66%	23,98%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

Moscow Exchange (MOEX)
Bloomberg
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