

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 14 October some neutral external background formed on the Russian market. On Friday the US indices DJIA and S&P500 rose by 1.1-1.2% on reports of progress in the US-China trade negotiations. According to media reports, based mainly on the statements of Donald Trump, in the first phase of the trade deal, the parties reached preliminary agreements on intellectual property, foreign exchange policy and financial services. In addition, China pledged to increase purchases of agricultural products from the US to \$40-50 billion per year, and the US abandoned the October increase from 25% to 30% of duties on Chinese goods worth \$250 billion. At the same time, the media emphasize, none of these provisions have been fixed on paper – according to Donald Trump, the document can be signed at the APEC summit in Chile, which will be held 16-17 November. This circumstance was one of the reasons for taking profit in the US market – the S&P500 index decreased its growth two times. On Monday the composite stock index of the Asia-Pacific region MSCI Asia Pacific added 0.6% – investors took a positive view of the easing of the trade confrontation between the two largest world powers. At the same time, the activity of buyers was limited by the lack of specificity for the so-called first phase of the trade deal and weak statistics from China, where in September exports and imports decreased for the second and fifth consecutive months, respectively. December Brent futures were trading around \$59.8 per barrel, \$0.3 below our close on Friday, 11 October.

For most of the day, the MOEX Russia Index, the European Stoxx Europe 600 Index and the S&P500 futures showed a slight decrease within half a percent. The reason for the worsening sentiment was a report by Bloomberg that China wants to hold additional talks at the end of October in order to clarify the details of the deal agreed on Friday before being approved by the PRC Chairman. In particular, according to Bloomberg, Beijing wants to include in the agreement Washington's refusal to raise tariffs on Chinese imports in December. In addition, experts skeptically described the configuration of the first phase of the trade deal voiced by Donald Trump on Friday as a "temporary truce" and noted that it does not concern the most acute contradictions in the positions of the parties. In particular, Citi analysts are cautiously assessing the prospects for the final trade deal and note that the White House's current proposals are far from what Beijing was demanding – in particular, the cancellation of previously imposed duties and the easing of sanctions against Huawei.

During the day, changes of the electric utilities sector index generally corresponded to the market. The main contribution to the final MOEXEU decline was made by shares of Inter RAO and RusHydro. From the sector news, one can note the information of Interfax that the Ministry of Economic Development, after consultations with the Ministry of Energy, intends to exclude Rosseti and RusHydro from the draft privatization program for 2020-2022.

ELECTRIC POWER INDUSTRY NEWS

RusHydro and Rosseti to be excluded from the privatization plan for 2020-2022 - MED

The Ministry of Economic Development of Russia, in agreement with the Ministry of Energy, decided not to include RusHydro, Rosseti and Transneft in the privatization forecast plan for 2020-2022, Ivan Bezmenov, Director of Corporate Governance Department of the Ministry of Economic Development, said at a meeting of the State Duma Committee on Budget and Taxes on Monday, 14 October.

Read full text: <http://www.bigpowernews.ru/news/document90241.phtml>

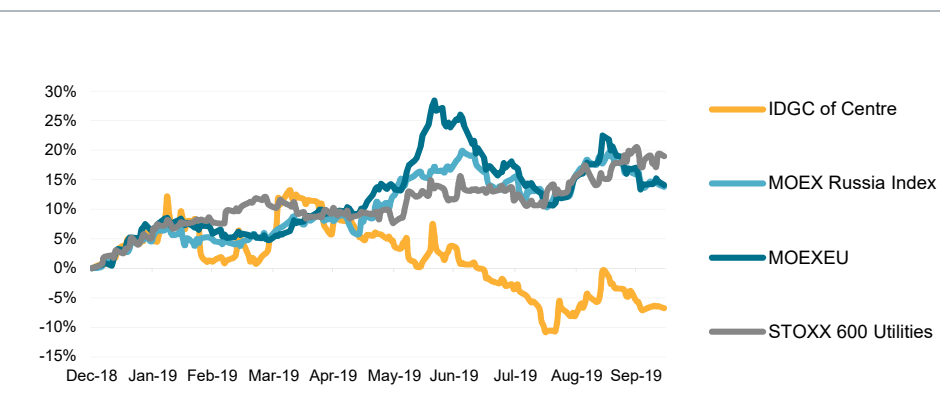
COMPANY NEWS

Rosseti Centre and Rosseti Centre and Volga Region complete preparations for the autumn-winter period with overfulfillment of the plan for the repair program

Preparations for the heating season at Rosseti Centre and Rosseti Centre and Volga have entered the final phase. The companies are finishing the implementation of the main activities of the repair program and completing the emergency reserve and continue to improve the system of operational and technical management of electric grid facilities.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/69868/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 697,46	-0,39%	13,85%
S&P 500	2 966,15	-0,14%	18,32%
FTSE 100	7 213,45	-0,46%	7,21%
DAX	12 486,56	-0,20%	18,26%
DJStoxx 600	389,69	-0,49%	15,41%
Nikkei	21 798,87	0,00%	8,91%
Sensex	38 214,47	0,23%	5,95%
CSI300	3 953,24	1,06%	31,31%
Bovespa	104 301,60	0,45%	18,68%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	64,22	-0,80%	-7,55%
EURO/RUB	70,73	-0,80%	-10,99%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 493,21	0,28%	16,43%
Brent*, USD/bbl	59,35	-1,92%	10,32%

* - December futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln
IDGC of Centre	0,2666	11,26	175,25
IDGC of Centre & Volga Reg	0,2464	27,77	432,38

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-0,31%	19,04%
MOEXEU	-0,50%	14,17%
IDGC of Centre**	-0,37%	-6,78%
IDGC of Centre and Volga Region**	-0,32%	-7,02%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-0,26%	51,26%
FGC UES	-0,08%	21,78%
IDGC of Volga	-0,16%	-5,97%
MOESK	0,17%	31,44%
IDGC of Northern Caucasus	-1,25%	137,86%
IDGC of North-West	0,50%	9,64%
IDGC of Urals	-0,35%	-8,23%
IDGC of Siberia	-0,99%	113,85%
IDGC of South	-0,53%	3,58%
Lenenergo, ordinary shares	0,00%	32,33%
TRK, ordinary shares	2,73%	46,75%
Kubanenergo	1,51%	23,98%

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