

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 30 October some moderately negative external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 fell 0.1%, while at the daily highs the indices added about a third of a percent after good reporting by a number of companies – in particular, General Motors and large pharmaceutical companies Merck and Pfizer exceeded forecasts. The reason for profit taking by investors was the message of Reuters that the interim trade deal between the US and China might not be ready for signing in November. According to the source of the agency, work on the text of the agreement may not be completed on time, but this does not mean failure of negotiations. Experts drew attention to the contradiction of this information made on the eve of the optimistic statement by Donald Trump about the expected early signing of a significant part of the deal with China. On Wednesday the main country indices in the Asia-Pacific region lost on average 0.6%. Additional pressure in the Asian session was provided by a publication of Reuters that the US president's demand for a substantial increase in agricultural purchases by China could be the main obstacle to the deal, as Beijing would like to keep the opportunity to choose the volume of orders based on its own needs and market conditions. December Brent futures were trading around \$61.6 per barrel, \$0.3 below our close on 29 October. A negative factor for the market was statistics of the American Petroleum Institute, which recorded an increase in reserves in Cushing for the fourth consecutive week.

On Wednesday, for the second day in a row, the main contribution to the rise of the Russian market – the MOEX Russia Index growth rate by the middle of the day was more than half a percent – was made by Gazprom's shares, which updated their highs since August 2008 on the news of Denmark's long-awaited permission to lay Nord Stream-2 in its exclusive economic zone. According to media reports, this decision removes the last obstacle to completing the construction of an export gas pipeline to Germany. At the same time, wait-and-see moods prevailed on the global stock markets before summing up the results of the Fed meeting – during the day the consolidated European Stoxx Europe 600 Index and S&P500 futures were trading sideways near zero. Analysts believe that if the market has no doubts regarding the decision of the Central Bank – the regulator will lower the rate by 0.25 percentage points for the third time in a row, then at a press conference Jerome Powell may give unexpected signals regarding the further path of monetary policy easing. Released American statistics were mixed and did not significantly affect the changes of trading. On the one hand, the US GDP in the third quarter grew by 1.9% with a consensus forecast of 1.6%. On the other hand, according to the ADP report on the labour market, despite the increase in the number of jobs in October above expectations, the data for September was revised immediately by a third in a smaller direction.

During the trading session, the electric utilities sector index looked significantly worse than the market. The main contribution to the MOEXEU underperformance in comparison with the MOEX Russia Index was made by shares of Inter RAO and IDGC of Centre and Volga Region. The quotes of the latter were pressured by weak RAS statements for 9M19 – net profit decreased by 38%.

ELECTRIC POWER INDUSTRY NEWS

Power plants are disconnected from grid charges

According to Kommersant, the discussion continues around the draft resolution on payment for the reserve of electric grid capacity submitted to the government. The Ministry of Economic Development is opposed to the introduction of such a fee for generating companies, fearing an increase in electricity prices. The Ministry also proposes to exclude from the draft companies connected to the grid, but using their own generation. Consumers with unit stations estimate the growth of their costs by 13-14 billion rubles a year. At Rosseti, they believe that tariffs will not rise, and the additional load will be evenly distributed among "inefficient" consumers.

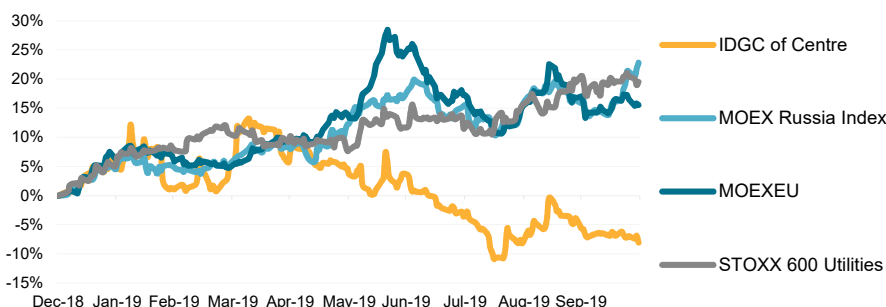
Read full text: <https://www.kommersant.ru/doc/4142621>

COMPANY NEWS

Smolenskenergo allocated about 225 million rubles for repairs of power equipment

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/70008/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2911,15	0,85%	22,87%
S&P 500	3032,45	-0,15%	20,97%
FTSE 100	7312,82	0,09%	8,69%
DAX	12892,2	-0,37%	22,10%
DJStoxx 600	397,92	-0,11%	17,85%
Nikkei	22843,12	-0,57%	14,13%
Sensex	40051,87	0,55%	11,04%
CSI300	3891,23	-0,49%	29,25%
Bovespa	107040,2	-0,48%	21,79%

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

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	63,832	-0,06%	-8,12%
EURO/RUB	70,7769	-0,09%	-10,93%

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

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1494,01	0,43%	16,50%
Brent*, USD/bbl	61,01	-0,94%	13,40%

* - December futures

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

Shares	Price**, ₽	MCap**, ₽ bln		MCap**, \$ mln
		per day	fr 31.12.18	
IDGC of Centre	0,263	11,10	173,95	
IDGC of Centre & Volga Reg	0,2242	25,27	395,83	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,21%	19,55%
MOEXEU	-0,25%	15,57%
IDGC of Centre**	-1,28%	-8,04%
IDGC of Centre and Volga Region**	-7,24%	-15,40%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	0,34%	53,84%
FGC UES	0,99%	24,22%
IDGC of Volga	-2,48%	-13,72%
MOESK	-0,63%	42,95%
IDGC of Northern Caucasus	-1,13%	138,29%
IDGC of North-West	-0,18%	-0,18%
IDGC of Urals	3,08%	-5,63%
IDGC of Siberia	0,97%	114,24%
IDGC of South	-0,35%	4,96%
Lenenergo, ordinary shares	0,86%	33,65%
TRK, ordinary shares	-1,91%	33,12%
Kubanenergo	1,85%	24,39%

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