

## REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 17 January some moderately positive external background formed on the Russian market. The US indices DJIA and S&P500, having updated their historical highs, closed Thursday with an increase of 0.8-0.9% on good quarterly reporting by a number of companies and strong statistics. Data on retail sales in November-December, the Philadelphia business activity index in January were better than expected, the number of applications for unemployment benefits fell to a minimum since the end of November. In addition, the US Congress approved a trade agreement (USMCA) with neighbouring Canada and Mexico. According to the US Treasury Department, the total positive effect for the US economy from trade agreements with China, Canada and Mexico will be 0.5-0.75 percentage points. On Friday the composite index of the Asia-Pacific region MSCI Asia Pacific added 0.2%. Ambiguous Chinese statistics did not have a significant impact on the changes of Asian markets: the country's GDP in 2019, according to forecasts, increased by 6.1%, the minimum for 30 years, in December the growth in retail sales and industrial production was better than expected. March Brent futures were trading around \$64.6 per barrel, at the level of our close on 16 January.

Optimistic sentiment remains on global stock markets, the main driver is still mitigating risks of escalating trade conflicts. After the US and China signed a trade agreement, Fitch improved its forecast for global economic growth for 2020 by 0.1 percentage points compared with the December's estimate up to 2.6%. In addition, the European Commissioner for Trade announced good negotiations with Washington and Brussels's desire to agree on a series of open trade disputes between the United States and the European Union. In the afternoon, moods in the western markets worsened somewhat after the publication of conflicting American statistics. On the one hand, the number of new buildings in December rose to a maximum of 13 years, on the other hand, the pace of decline in industrial production in December exceeded expectations, the data on the consumer confidence index in January were worse than forecasts. Nevertheless, the MOEX Russia Index, updating the historical record, completed trading near daily highs.

During the trading session, the electric utilities sector index outperformed. The main contribution to the final MOEXEU outperformance in comparison with the MOEX Russia Index was made by shares of FGC UES and Rosseti. These securities are still supported by media information that the FAS has prepared amendments to the Federal Law "On the Electric Power Industry", which will allow electric grid companies to spend their saved expenses on dividend payments. "We believe that these regulatory changes are favourable for subsidiaries of Rosseti. Investors are likely to positively accept the fact of a certain shift in the right direction in regulating the operation of the electric grid complex," Sberbank noted.

## ELECTRIC POWER INDUSTRY NEWS

### Rosseti's Group may receive the right to spend cost savings on dividends from 2021

Companies of Rosseti's Group may receive the right to allocate funds received from savings in operating costs and expenses for payment of losses in electric grids to pay dividends. This is stated in the draft amendments to the Federal Law "On the Electric Power Industry", posted on the single portal of draft regulatory and legal acts. The document was prepared by the FAS Russia. It is anticipated that changes to the law will come into force in 2021.

Read full text: <http://www.bigpowernews.ru/news/document91512.phtml>

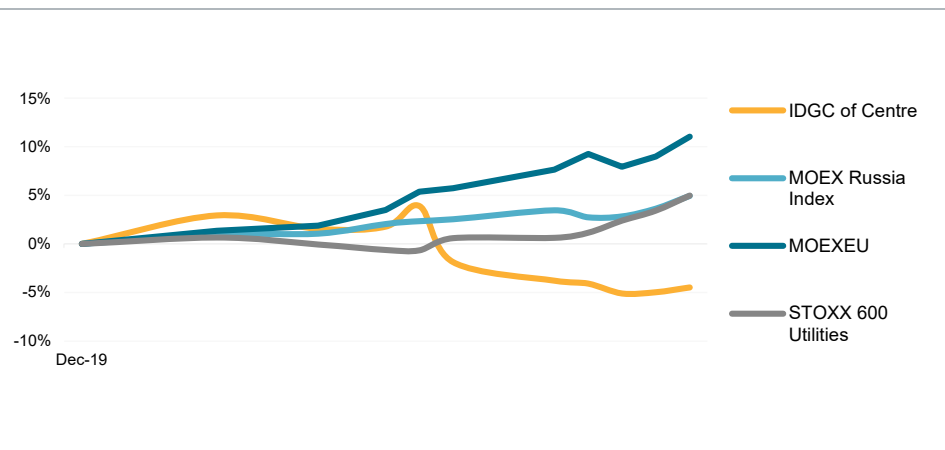
## COMPANY NEWS

### More than 60 thousand children and adolescents became participants in electrical safety events organized by Rosseti Centre in 2019

Rosseti Centre summed up the work on prevention of children's electrical injuries in 2019. During this period, power engineers held about 3 thousand thematic events, including jointly with regional and local authorities and relevant departments. Their participants were over 60 thousand children and adolescents. 1,200 events were organized during the summer holidays in children's recreation and school camps.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/71184/>

## CHANGES OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.19
MOEX Russia	3 196,88	1,26%	4,96%
S&P 500	3 322,21	0,16%	2,83%
FTSE 100	7 680,3	0,93%	1,83%
Nikkei	24 041,26	0,45%	1,63%
Sensex	41 945,37	0,03%	1,68%
CSI300	4 154,85	0,14%	1,42%
Bovespa	117 594,1	0,76%	1,69%

Source: Company calculations (19:00 MSK)

Currency rates	Value	Change	
		per day	fr 31.12.19
USD/RUB	61,5694	0,22%	-0,54%
EURO/RUB	68,656	0,41%	-0,99%

Source: Company calculations (19:00 MSK)

Liquidity	IDGC of Centre		IDGC of Centre & Volga Region	
	Value	Change	Value	Change
Number of transactions, pcs.	1 271		1 387	
Trading volume, ₺ mln	15,4		39,0	
Trading volume, mln pcs.	51,3		165,9	
Average trading volume over the last 30 days, mln pcs.	69,4		291,9	
% of the authorized capital	0,12%		0,15%	

Source: Company calculations

Shares	Price**, ₺	MCap**, ₺ bln		MCap**, \$ mln	
		Value	Change	Value	Change
IDGC of Centre	0,3028	12,78	207,63		
IDGC of Centre & Volga Reg	0,236	26,60	431,98		

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.19
STOXX 600 Utilities	1,43%	5,00%
MOEXEU	1,89%	11,09%
IDGC of Centre**	0,53%	-4,48%
IDGC of Centre & Volga Region**	0,73%	-1,26%

Source: Company calculations

Grid companies	Change**	
	per day	fr 31.12.19
Rosseti, ordinary shares	3,94%	14,16%
FGC UES	6,40%	9,65%
IDGC of Volga	0,41%	-3,10%
MOESK	-0,78%	0,84%
IDGC of Northern Caucasus	4,64%	3,80%
IDGC of North-West	0,56%	0,28%
IDGC of Urals	0,83%	3,03%
IDGC of Siberia	-0,37%	-12,30%
IDGC of South	1,06%	-0,16%
Lenenergo, ordinary shares	-0,28%	-0,28%
TRK, ordinary shares	0,99%	-5,35%
Kubanenergo	0,88%	7,55%

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