



REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 5 October some moderately negative external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 fell 0.7-0.8%, on Friday the composite index of the Asia-Pacific region, MSCI Asia Pacific, lost 0.6%. The growth in the yield of government bonds, according to MarketWatch, puts pressure on the market, as it can cause a decline in investors' interest in shares. The exception, experts say, is the banking sector, which usually benefits from rising interest rates. The yield on 10-year US government bonds rose above 3.2% for the first time since 2011. This was facilitated by strong statistics and statements by the Fed's leadership, which the market perceived as a signal of readiness to accelerate the pace of rate hikes. December Brent futures traded around \$85.1 per barrel, \$0.4 below our closing level on 4 October. The market, writes Bloomberg, monitors the reaction of Saudi Arabia to the calls of the US president to increase production to reduce oil prices. The country increased production in September and is preparing for another increase in October, but it will be less significant, said the Minister of Energy of Saudi Arabia.

World equity markets remain under pressure from sales – investors are moving away from risk amid rising yields on US government bonds and a stronger dollar. In the middle of the day, the MOEX Russia Index and the index of emerging markets MSCI EM lost about a percent, the European Stoxx Europe 600 Index and futures for US indices – about 0.5%. Data on the US labour market confirmed investors' concerns about a possible acceleration of the Fed's actions on the normalization of monetary policy. In September, the unemployment rate dropped to a minimum of 3.8% since 1969, the annual wage growth has only slightly slowed since August, when it was 2.9% and was a record since 2009. The number of new jobs in the American economy was below expectations, but given the improved data for August, the growth in the number of jobs in two months turned out to be higher than expected. After the publication of these statistical data, sentiment in the western markets deteriorated – the US indices began trading with a percentage decline, and the decrease of the main European stock indicators accelerated to more than a percent on average. Nevertheless, at the end of the day, the MOEX Russia Index managed to play back part of the losses following the reversal of oil prices from daily lows – in the middle of the trading session, Brent quotes tested the mark of \$84.1 per barrel on speculation about a possible increase in oil production in Russia and Saudi Arabia.

At the end of the trading session the MicexPWR Sector Index underperformed, mainly due to active sales in shares of FGC UES, Unipro and Inter RAO.

ELECTRIC POWER INDUSTRY NEWS

The government plans to redistribute the "crosssubsidies" in the electricity sector for 7 years

The Russian government decided to gradually, within seven years, redistribute the cross-subsidy burden in the power industry when other consumers pay extra for lower rates for the population, said Russian Energy Minister Alexander Novak in an interview with "Business FM" during the Russian Energy Week.

Read full text: <http://www.bigpowernews.ru/markets/document84813.phtml>

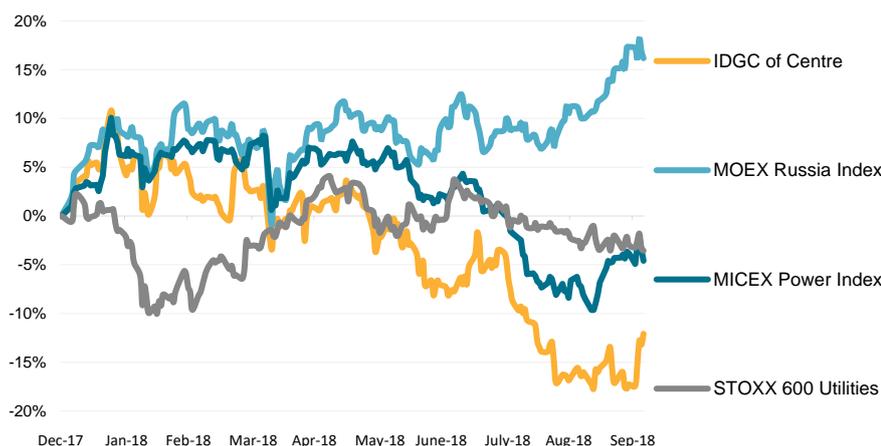
COMPANY NEWS

Measurement and diagnostics of power quality indicators - as a tool for improving the reliability of the distribution grid

Since the beginning of the year, power engineers of IDGC of Centre - Lipetskenergo division has carried out 1,205 measurements of electricity quality indicators.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/65976/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 450,90	-0,57%	16,17%
S&P 500	2 885,57	-0,55%	7,93%
FTSE 100	7 318,54	-1,35%	-4,80%
DAX	12 111,90	-1,08%	-6,24%
DJStoxx 600	376,41	-0,86%	-3,28%
Nikkei	23 783,72	-0,80%	4,48%
Sensex	34 376,99	-2,25%	0,94%
CSI300	3 438,86	0,00%	-14,69%
Bovespa	82 321,52	-0,76%	7,75%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	66,21	1,20%	14,89%
EURO/RUB	76,05	0,42%	10,56%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 203,63	0,31%	-7,61%
Brent*, USD/bbl	84,16	-0,50%	25,86%

* - November futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3130	13,21	199,58
IDGC of Centre & Volga Reg	0,2820	31,78	479,99

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-0,21%	-3,55%
MICEX POWER Index	-1,29%	-4,59%
IDGC of Centre**	1,29%	-12,08%
IDGC of Centre and Volga Region**	-1,57%	-6,53%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-0,90%	-6,14%
FGC UES	-2,61%	-0,83%
IDGC of Volga	0,00%	-2,53%
MOESK	0,14%	-21,58%
IDGC of Northern Caucasus	0,00%	-23,96%
IDGC of North-West	-2,36%	27,50%
IDGC of Urals	-0,56%	-14,80%
IDGC of Siberia	0,56%	-20,96%
IDGC of South	0,40%	27,09%
Lenenergo, ordinary shares	-1,76%	27,71%
TRK, ordinary shares	0,00%	-11,05%
Kubanenergo	-1,15%	-34,44%

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