

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 31 July some moderately negative external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 fell 0.1-0.3% – positive background of good statistics on incomes and expenditures of the population in June and consumer confidence in July were offset by increased fears of the implementation of the “hard” Brexit scenario and investors’ doubts about the productivity of the new round US-China trade negotiations. On the eve of the resumption of the negotiations, the US president again criticized China, accusing Beijing of delaying them. In addition, Donald Trump said that China, despite the agreement, does not purchase American agricultural products. On Wednesday the composite stock index of the Asia-Pacific region MSCI Asia Pacific lost 0.6%. An additional negative factor for investors in the Asian session was statistics from China, where, according to the official version, the index of production activity, despite a slight increase in July, has remained below the threshold of 50 points for the third month in a row. Analysts called the declining export orders for the 14th month in a row as the key factor, affecting the production activity. The experts believe that this trend will continue until some progress is achieved in trade negotiations with the US. September Brent futures traded around \$65.1 per barrel, \$1.0 higher than our 30 July close. The market was supported by a report of the American Petroleum Institute about a sharp decline in US oil reserves last week – by 6.0 million barrels.

On Wednesday, the Russian market was dominated by moderately positive sentiment. Replaying the negative changes of the American and Asian markets, the MOEX Russia Index began trading with a slight decrease. However, already in the middle of the day the indicator moved to the green zone following the increase in oil prices and the weakly positive changes of European indices and futures for the US indices. Western investors were supported by expectations of a decrease in the Fed interest rate by 25 bps at the meeting ending on Wednesday, official statements by the US and China on the constructiveness of the held trade negotiations. In particular, the White House reported that the meeting discussed the increase in China’s purchases of American agricultural products, the problems of forced technology transfer, intellectual property rights and non-tariff barriers. At the same time, the growth of markets was limited by uncertainty regarding the Fed’s further actions – investors are trying to understand whether the rate cut will be a one-time step or this will be the beginning of a real reversal of monetary policy of the US Central Bank. According to analysts, most market participants expect a rate cut of 100 bps until mid-2020, and the lack of confirming signals from the Federal Reserve may be an occasion for active profit taking.

The electric utilities sector index closed trading near zero against the background of mixed changes of the main “heavy” index securities – the decline in shares of Inter RAO, RusHydro and Unipro was offset by an increase in shares of FGC UES and Rosseti. Rosseti’s shares were supported by the RAS statements for the first half of the year – the holding’s net profit increased 2.9 times, to 123.15 billion rubles.

ELECTRIC POWER INDUSTRY NEWS

Rosseti tripled net profit under RAS following the results of the first half of 2019

Rosseti (MOEX: RSTI) presents financial results for the first six months 2019 calculated according to Russian Accounting Standards.

Read full text: http://www.rosseti.ru/press/news/index.php?ELEMENT_ID=35781

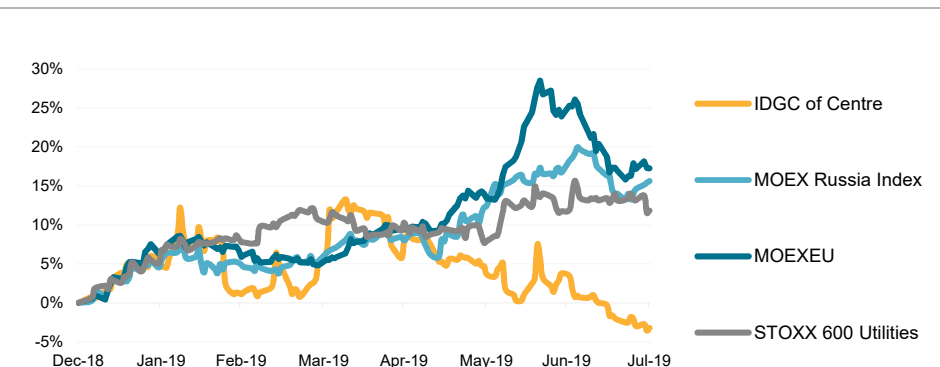
COMPANY NEWS

Igor Makovskiy: “Innovative storage technologies will become an important structural element of the digital energy industry”

In 2019, Rosseti Centre and Rosseti Centre and Volga Region will install innovative energy storage systems in the Belgorod and Vladimir regions to increase the reliability and quality of power supply to consumers. These projects are included in the program of digital transformation of grid companies.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/69164/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 739,50	0,18%	15,62%
S&P 500	2 980,38	-1,09%	18,89%
FTSE 100	7 586,78	-0,78%	12,76%
DAX	12 189,04	0,34%	15,44%
DJStoxx 600	385,77	0,17%	14,25%
Nikkei	21 521,53	-0,86%	7,53%
Sensex	37 481,12	0,22%	3,92%
CSI300	3 835,36	-0,90%	27,39%
Bovespa	101 812,10	-1,09%	15,84%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	63,38	-0,22%	-6,77%
EURO/RUB	70,60	-0,06%	-11,15%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 413,78	-1,20%	10,24%
Brent*, USD/bbl	65,17	0,70%	21,13%

* - September futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,2598	29,28	461,96

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,24%	11,83%
MOEXEU	-0,02%	17,26%
IDGC of Centre**	0,36%	-3,22%
IDGC of Centre and Volga Region**	0,50%	-1,96%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	0,79%	53,69%
FGC UES	1,79%	24,22%
IDGC of Volga	0,11%	-4,18%
MOESK	0,40%	14,85%
IDGC of Northern Caucasus	-3,56%	112,57%
IDGC of North-West	0,00%	22,34%
IDGC of Urals	0,11%	-1,41%
IDGC of Siberia	-0,95%	174,93%
IDGC of South	0,08%	14,88%
Lenenergo, ordinary shares	0,85%	11,53%
TRK, ordinary shares	-1,00%	-3,25%
Kubanenergo	-0,16%	24,59%

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