

DAILY MARKET REVIEW

8 July, Monday



2019

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 5 July some neutral external background formed on the Russian market. On Thursday the US stock exchanges were closed due to the celebration of Independence Day. On Friday the composite index of the Asia-Pacific region MSCI Asia Pacific and futures for the S&P500 index showed zero changes. In the absence of significant news, investors' attention was focused on the upcoming events – Friday's statistics on the US labour market and a new round of US-PRC trade negotiations, which starts this week in Beijing. At the same time, analysts note that the negotiations are resuming in difficult conditions – the parties continue to exchange sharp statements, emphasizing the ongoing contradictions. In particular, Washington requires Beijing to address issues related to the change of laws and protection of intellectual property, in turn, China insists on the abolition of previously introduced duties and exclusion of Huawei from the "blacklist". September Brent futures traded around \$63.4 per barrel, \$0.2 below our 4 July close. Investors' concerns continue to put pressure on the market that the slowdown in the global economy will affect the growth in global fuel demand. At the same time, some support to the market was provided by news indicating that tensions persist in the Middle East. According to media reports, the authorities of Gibraltar detained an Iranian tanker suspected of transporting oil to Syria, bypassing the EU sanctions. In response, Tehran threatened to seize a British tanker.

On Friday, prior to the publication of statistics on the US labour market, the MOEX Russia Index, the European Stoxx Europe 600 Index, and futures for the S&P500 lost on average about a third of a percent. According to forecasts, the number of jobs in the US in June increased by 165 thousand after growing by 75 thousand in May. Statistics turned out to be significantly better than forecasts – the number of jobs in the US economy increased by 224 thousand, the highest rate since January. These data became the basis for a sharp revision of expectations on the decisions of the Fed in July. According to the Chicago Stock Exchange, prior to the release of statistics, traders estimated the probability of a rate cut by 0.25 pp and 0.5 pp at the level of 75% and 25%, respectively. After its publication, the market participants no longer expect a rate cut of 0.5 pp and for the first time since mid-June projections on keeping the rates have returned. In turn, such a substantial revision of expectations at the Fed rate provoked a surge in volatility in the financial markets: the dollar index DXY rose by three-fourth of a percent, the profitability of 10-year US government bonds jumped by almost 6%, the loss of gold accounted for about 2%, almost a percent – the MSCI All Country World Index. At the end of the day, the decrease in the MOEX Russia Index was limited to 0.3% – the Russian market was supported by the growth of Brent quotes to \$64.4 per barrel on strong statistics from the US, which weakened investors' concerns about the first global economy.

During the day, the electric utilities sector index underperformed. Shares of Enel Russia and Rosseti, which fell after the ex-dividend date, made the main contribution to the MOEXEU underperformance in comparison with the MOEX Russia Index.

ELECTRIC POWER INDUSTRY NEWS

Payments of entrepreneurs for connection to grids in the Russian Federation can grow threefold, says the newspaper

Payments of businessmen for connection to power grids in the Russian Federation may increase about three times - by 80 billion rubles a year, the Vedomosti newspaper wrote on Friday citing the draft law of the Ministry of Energy of Russia.

Read full text: <http://www.bigpowernews.ru/markets/document88845.phpml>

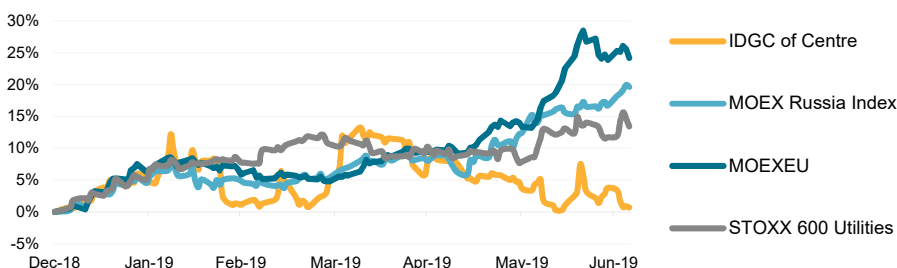
COMPANY NEWS

Governor of the Bryansk region Alexander Bogomaz and General Director of Rosseti Centre - the managing organization of Rosseti Centre and Volga Region Igor Makovskiy discussed the implementation of pilot projects for the digital transformation concept

On 4 July, in the Government of the Bryansk region there was a working meeting held between Governor Alexander Bogomaz and General Director of Rosseti Centre - the managing organization of Rosseti Centre and Volga Region Igor Makovskiy.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/68934/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 835,35	-0,26%	19,67%
S&P 500	2 990,41	-0,18%	19,29%
FTSE 100	7 553,14	-0,66%	12,26%
DAX	12 568,53	-0,49%	19,03%
DJStoxx 600	390,11	-0,72%	15,54%
Nikkei	21 746,38	0,20%	8,65%
Sensex	39 513,39	-0,99%	9,55%
CSI300	3 893,20	0,52%	29,31%
Bovespa	104 089,50	0,44%	18,44%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	63,40	-0,15%	-8,74%
EURO/RUB	71,54	-0,09%	-9,97%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 399,45	-1,17%	9,12%
Brent*, USD/bbl	64,23	1,47%	19,39%

* - September futures

Source: Bloomberg, Company calculations

Shares	Price**, P	MCap**, P bln	Change	
			per day	fr 31.12.18
IDGC of Centre	0,2880	12,16	191,77	
IDGC of Centre & Volga Reg	0,2622	29,55	466,07	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-1,10%	13,45%
MOEXEU Index	-1,12%	24,18%
IDGC of Centre**	-0,21%	0,70%
IDGC of Centre and Volga Region**	2,58%	-1,06%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-3,56%	74,11%
FGC UES	-0,11%	38,20%
IDGC of Volga	-0,11%	-3,32%
MOESK	0,27%	11,52%
IDGC of Northern Caucasus	-2,91%	167,00%
IDGC of North-West	0,96%	13,96%
IDGC of Urals	-1,01%	-4,23%
IDGC of Siberia	0,25%	177,07%
IDGC of South	-0,22%	24,43%
Lenenergo, ordinary shares	0,00%	9,07%
TRK, ordinary shares	0,00%	-5,52%
Kubanenergo	1,75%	31,15%

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