



REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 12 October some moderately positive external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 continued falling after a 3% collapse on Wednesday – losses amounted to 2.1%. According to MarketWatch, investors are still worried about the growing yield of bonds, the prospects for raising interest rates and the consequences of the trade war with China. However, on Friday the markets had already shown correctional growth – the composite index of the Asia-Pacific region, MSCI Asia Pacific, and futures for US indices added more than a percent. The reason for optimism was, including, the information of the media that the US Treasury contrary to the requirements of Donald Trump could refuse to recognize China as a currency manipulator. According to experts, such a decision by the Treasury will prevent the escalation of the trade war between the US and China and eliminate a source of fear for emerging markets. An additional positive factor for traders was strong statistics of China on foreign trade – in September, exports, imports and trade surpluses were better than expected, easing concerns about the effects of world trade wars. December Brent futures traded around \$81.5 a barrel, \$0.5 above our closing level on 11 October. Brent quotes, which lost almost 6% in two days, rose both on the recovery of investors' interest in risky assets and on the weakening dollar in the world currency market.

On Friday, the Russian and European markets were adjusting after active sales on 11 October thanks to the return of investors' demand for risky assets. In the middle of the day, the rise of the MOEX Russia Index was about 1.5%, the index of emerging markets MSCI EM – 2.5%, the European Stoxx Europe 600 Index – 0.5%. Good statistics also provided support to traders – industrial production growth in the Eurozone in August was twice as high as the forecast, and strong quarterly reports by several of the largest US banks – JPMorgan, Citigroup and Wells Fargo. In general, analysts expect the third quarter to be as successful for US companies as the previous one – in particular, the consensus forecast from FactSet provides for an increase in profits of companies of the S&P500 Index by 19%, and revenue – by 7%. The MOEX Russia Index closed trading at daily highs, despite worsening sentiment in western markets and reduction of Brent quotes to \$80 a barrel.

During the trading session the MicexPWR Sector Index underperformed. Firstly, the activity of buyers was mainly concentrated in the first-tier shares, and secondly, the MicexPWR trend was pressured by almost a 2% drop in shares of Inter RAO.

ELECTRIC POWER INDUSTRY NEWS

Dmitry Kozak heard the industry

The government will take into account the comments of large energy consumers to the plans for the introduction of payment for grid power reserve.

Read full text: http://www.ng.ru/economics/2018-10-14/4_7331_kozak.html

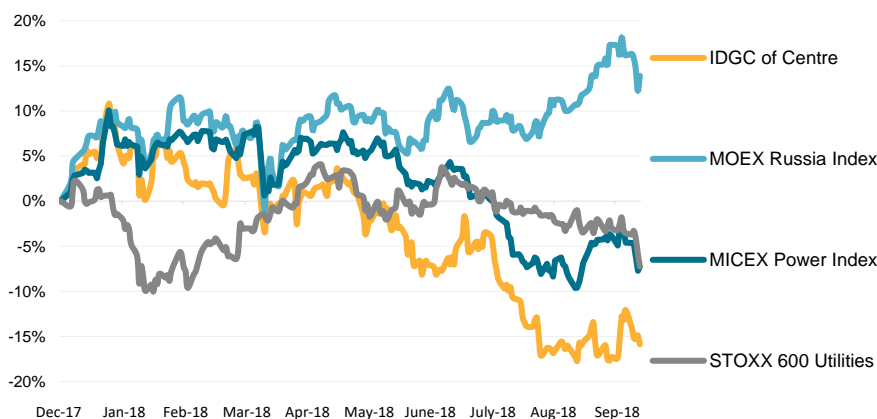
COMPANY NEWS

During the exercises in the Tver region, additional areas of ROWs of overhead power lines to be cleared

This was stated by General Director of IDGC of Centre Igor Makovskiy during the meeting of the Headquarters of IDGC of Centre - the managing organization of IDGC of Centre and Volga Region, which took place in Ostashkovsky Distribution Zone. The head of the company instructed the staff in the coming days to concentrate on clearing most of the emergency sections of the ROWs of the overhead lines where wood sprouting threatens the operation of the power grid complex.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/66100/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 403,02	1,54%	13,90%
S&P 500	2 767,13	1,42%	3,50%
FTSE 100	6 995,91	-0,16%	-9,00%
DAX	11 523,81	-0,13%	-10,79%
DJStoxx 600	358,95	-0,19%	-7,77%
Nikkei	22 694,66	0,46%	-0,31%
Sensex	34 733,58	2,15%	1,99%
CSI300	3 170,73	1,49%	-21,34%
Bovespa	82 921,08	0,00%	8,53%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	66,77	0,89%	15,87%
EURO/RUB	77,08	1,33%	12,06%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 217,05	-0,58%	-6,58%
Brent*, USD/bbl	80,43	0,21%	20,28%

* - December futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,2815	31,72	475,11

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-1,54%	-7,25%
MICEX POWER Index	0,48%	-7,27%
IDGC of Centre**	-1,16%	-15,87%
IDGC of Centre and Volga Region**	0,72%	-6,70%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	0,34%	-14,86%
FGC UES	2,99%	-4,38%
IDGC of Volga	1,84%	-2,78%
MOESK	-0,29%	-23,25%
IDGC of Northern Caucasus	0,00%	-26,04%
IDGC of North-West	0,45%	27,88%
IDGC of Urals	0,86%	-16,23%
IDGC of Siberia	1,70%	-21,83%
IDGC of South	-1,30%	26,59%
Lenenergo, ordinary shares	3,17%	28,75%
TRK, ordinary shares	0,00%	-11,05%
Kubanenergo	0,39%	-33,93%

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