

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 2 December some neutral external background formed on the Russian market. In the shortened trading session on Friday, the US indices DJIA and S&P500 fell 0.4% under pressure from Beijing's fears after Donald Trump signed the Hong Kong bills. In general, the aggravation of the situation around Hong Kong, according to experts, could adversely affect the prospects of a trade deal. On Monday the composite index of the Asia-Pacific region MSCI Asia Pacific added 0.4% after publication of strong statistics from China. The official PMI in the industry for the first time since April exceeded the threshold of 50 points and reached 50.2 points, in turn, according to Caixin/Markit, the manufacturing PMI rose to its maximum of 51.7 points since December 2016. February Brent futures were trading around \$61.2 per barrel, \$0.1 below our close on Friday, 29 November. On Friday Brent quotes fell more than 4% after Bloomberg reported that Saudi Arabia no longer intends to compensate for the production of other OPEC+ countries in excess of the quotas approved by the agreement. On Monday oil prices recovered after a statement by the Iraqi oil minister that the OPEC+ countries considered the possibility of reducing production by an additional 400 thousand barrels per day.

On Monday, in the first half of the trading session, the MOEX Russia Index, the consolidated European Stoxx Europe 600 Index and the S&P500 futures added on average about half a percent on positive signals of improved business activity in global industry. In addition to Chinese statistics, the data on the Eurozone turned out to be higher than forecasts – the manufacturing PMI of the region rose to 46.9 points from October 45.9 points, while the PMI in the manufacturing sector in Germany rose to 44.1 points compared to 42.1 points a month earlier. Experts noted encouraging signs of recovery in the industrial locomotive of Europe, indicating that this could indicate a stabilization of the situation in the country's economy and the passage of the lower point of the economic cycle. In the afternoon, investors' sentiment worsened significantly after another reminder of trade risks – Donald Trump announced the return of protective duties on steel and aluminum from Argentina and Brazil. According to analysts, this rather unexpected decision raises doubts about the agreement of the American president on one of the main conditions of Beijing in the framework of the first phase of the deal – the cancellation of tariffs previously introduced by the White House. Additional pressure on the markets was put by worse than expected statistics on manufacturing activity in the US in November. Against this background, the loss of the consolidated European Stoxx Europe 600 Index approached 1.5%, the main US indices lost in excess of three quarters of a percent, the MOEX Russia Index closed trading by a decrease of 0.5%. The activity of sellers in the Russian market was limited by the stability of Brent quotes above \$61 per barrel. According to Reuters, Saudi Arabia in anticipation of the IPO of the world's largest oil company Saudi Aramco is trying to persuade other OPEC+ participants to decide on a more significant reduction in production.

At the end of the day, the electric utilities sector index outperformed. The main contribution to the slight MOEXEU growth in antiphase with the MOEX Russia Index was made by shares of Inter RAO.

ELECTRIC POWER INDUSTRY NEWS

Rosseti plays for a fall

A corporate conflict is brewing at Rosseti: investors suspected the state holding of intentionally lowering the capitalization of subsidiaries and trying to delist them amid plans for their large-scale consolidation.

Read full text: <https://www.kommersant.ru/doc/4179577>

COMPANY NEWS

Rosseti Centre installed the first electric energy storage device in the Central Federal District in the Belgorod region

Rosseti Centre Belgorodenergo implemented the first project in the Central Federal District to introduce an electric power storage system in 0.4 kV electric grids of Belgorod.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/70371/>

CHANGES OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 921,16	-0,46%	23,29%
S&P 500	3 113,87	-0,86%	24,21%
FTSE 100	7 285,94	-0,82%	8,29%
Nikkei	23 529,50	1,01%	17,56%
Sensex	40 802,17	0,02%	13,12%
CSI300	3 836,06	0,19%	27,42%
Bovespa	108 927,80	0,64%	23,94%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	64,08	-0,03%	-7,76%
EURO/RUB	70,55	-0,04%	-11,22%

Source: Bloomberg, Company calculations

Liquidity	IDGC of Centre	IDGC of Centre & Volga Region
	Number of transactions, pcs.	1 189
Trading volume, ₺ mln	10,8	29,4
Trading volume, mln pcs.	38,4	137,0
Average trading volume over the last 30 days, mln pcs.	28,0	251,5
% of the authorized capital	0,09%	0,12%

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
		IDGC of Centre	0,2812
IDGC of Centre & Volga Reg	0,2145	24,17	377,23

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-2,74%	16,95%
MOEXEU	0,40%	19,67%
IDGC of Centre**	0,43%	-1,68%
IDGC of Centre & Volga Region**	1,47%	-19,06%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	0,72%	54,69%
FGC UES	-0,67%	30,97%
IDGC of Volga	1,65%	-15,15%
MOESK	-0,22%	68,26%
IDGC of Northern Caucasus	-2,77%	115,29%
IDGC of North-West	0,39%	-6,31%
IDGC of Urals	-0,94%	-8,99%
IDGC of Siberia	0,73%	101,46%
IDGC of South	0,17%	10,74%
Lenenergo, ordinary shares	1,01%	32,70%
TRK, ordinary shares	-0,27%	17,86%
Kubanenergo	-2,74%	23,57%

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