



REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 20 July some neutral external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 fell 0.4-0.5%, led by shares of the financial sector. The reason for the correction was Donald Trump's disapproval of the Federal Reserve's policy and the raising of the base interest rate, since this could negate the economic recovery stimulated by fiscal policy, and also leads to the strengthening of the dollar. Donald Trump's statements, writes Dow Jones, have raised fears that the US will use monetary policy as a weapon in the growing trade dispute with China and the European Union, and this could jeopardize the further strengthening of the dollar. On Friday the composite stock index of the Asia-Pacific region MSCI Asia Pacific increased by 0.5%. As Bloomberg notes, shares of developing countries moved to growth after the yuan had played back intraday losses amid signs of intervention by Chinese authorities seeking to curb the fall of the national currency. September Brent futures traded near \$72.8 per barrel, at the level of our closing on 19 July. Oil quotes stabilized near the three-month low due to the dollar weakening and reports from Saudi Arabia that the kingdom will not bring additional volumes of oil to the market that exceed customers' needs.

In general, neutral sentiment on the Russian and world markets in the middle of the day deteriorated sharply after new statements by the US president. Firstly, Donald Trump in an interview with CNBC reported on the readiness to introduce additional duties for the supply of goods from China in the amount of \$500 billion a year. According to IMF analysts, if the declared duties are introduced, the global GDP in 2020 will be 0.5% below the forecast level. Then the US president accused China and the EU of manipulating their currencies and keeping low interest rates, while tightening the monetary policy by the Fed and the dollar strengthening undermines the competitiveness of the US economy and worsens the service of growing debt. After the appearance of this information losses of the MOEX Russia Index exceeded 1.2%, the European Stoxx Europe 600 Index and Brent quotes were 0.8% down. In the second half of the trading session, the MOEX Russia Index somewhat reduced the losses due to the return of oil prices to the morning levels on the sharp weakening of the dollar in the world foreign exchange market.

At the end of the day the MicexPWR Sector Index underperformed mainly due to shares of Inter RAO and FGC UES.

ELECTRIC POWER INDUSTRY NEWS

Interaction of Rosseti and consumers reached a new level

The company "Rosseti" officially launched the All-Russian Internet portal "The Light Country". It was created to simplify the interaction of the grid complex with consumers, each of which can now, in the most simple way and in a free form, report on a problem related to electricity supply.

Read full text: http://www.rosseti.ru/press/news/index.php?ELEMENT_ID=33625

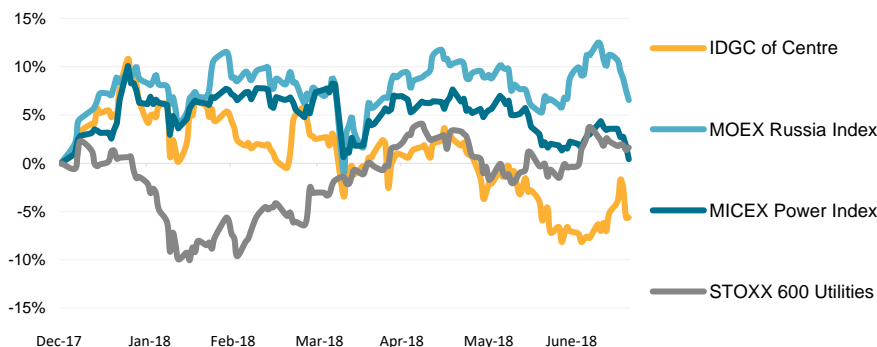
COMPANY NEWS

Smolenskenergo concluded more than 5,700 contracts for additional services for the first half of 2018

During the first half of 2018, IDGC of Centre - Smolenskenergo division concluded 5,727 contracts for provision of additional services. The most popular services among consumers are still services for replacement, installation and testing of electricity metering devices (76% of concluded contracts), the service "Execution of work related to the competence of customers in the grid connection process" (10%), maintenance and repair of outdoor lighting networks (5%).

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/64785/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 247,82	-0,95%	6,54%
S&P 500	2 801,83	-0,09%	4,80%
FTSE 100	7 678,79	-0,07%	-0,12%
DAX	12 561,42	-0,98%	-2,76%
DJStoxx 600	385,62	-0,15%	-0,91%
Nikkei	22 697,88	-0,29%	-0,29%
Sensex	36 496,37	0,40%	7,16%
CSI300	3 492,89	1,88%	-13,35%
Bovespa	78 571,29	1,40%	2,84%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	63,27	0,59%	9,80%
EURO/RUB	73,48	0,47%	6,83%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 229,53	0,54%	-5,62%
Brent*, USD/bbl	73,07	0,68%	12,83%

* - September futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre	0,3360	14,19	224,19
IDGC of Centre & Volga Reg	0,2970	33,47	528,98

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	0,23%	1,62%
MICEX POWER Index	-1,33%	0,44%
IDGC of Centre**	0,00%	-5,62%
IDGC of Centre and Volga Region**	0,51%	-1,56%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-0,96%	-4,56%
FGC UES	-2,77%	4,04%
IDGC of Volga	-0,88%	9,79%
MOESK	-0,98%	-21,02%
IDGC of Northern Caucasus	0,94%	-16,41%
IDGC of North-West	-3,50%	16,54%
IDGC of Urals	-1,07%	-11,69%
IDGC of Siberia	-0,95%	-9,17%
IDGC of South	-0,94%	5,85%
Lenenergo, ordinary shares	0,43%	21,56%
TRK, ordinary shares	0,00%	-13,75%
Kubanenergo	-0,68%	-26,02%

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