

DAILY MARKET REVIEW

5 June, Wednesday

2019



REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 4 June some moderately negative external background formed on the Russian market. On Monday major US indices closed with multidirectional changes: the DJIA added 0.02%, the S&P500 and Nasdaq Composite decreased by 0.3% and 1.6%, respectively. The changes of the indices were mainly determined by the presence and weight in their bases of the calculation of shares of high-tech companies, which were under pressure from the media about upcoming antitrust checks. According to The Wall Street Journal, claims first arose against Big Tech – the four largest IT companies – Apple, Amazon, Google and Facebook. On Tuesday the composite index of the Asia-Pacific region MSCI Asia Pacific lost 0.1%. The Chinese CSI300 fell 0.9% after Beijing's mutual exchange with Washington of accusations of disrupting trade negotiations with no signs of a possible resolution of the conflict. August Brent futures traded around \$61.1 per barrel, \$0.7 below our 3 June close. Oil prices continue to fall on fears of a sharp slowdown in global economic growth. According to Bloomberg, trade conflicts between the US and its main partners, including China and Mexico, are alarming among experts. In particular, JPMorgan's analysts raised the estimate of the probability of a recession in the US in the second half of 2019 to 40% from 25% expected a month ago. In addition, the market was pressured by information from the media that the Norwegian oil workers union reached an agreement with employers to increase wages, thus avoiding a strike and a possible reduction in oil production in the country by 0.4 million barrels per day.

On Tuesday, the Russian market was adjusting after steady growth on Monday. Most of the day, the MOEX Russia Index spent in a percent minus after active profit taking in shares of Gazprom and Sberbank. At the same time, the sellers' activity was restrained by positive trends of the western exchanges – the MSCI World index added more than a percent in the second half of the day due to expectations of softening of monetary policy by the Fed and the resolution of the US-Mexico trade conflict. The head of the Federal Reserve Bank of St. Louis said that the reduction in the interest rate by the Fed "may be justified in the near future," given the growing threat to economic growth caused by global trade tensions. Reuters, citing Mexican officials, reported that Mexico could reach an agreement with the US to resolve a dispute regarding illegal migration, which was the reason for Washington's threats to impose 5% tariffs on all Mexican imports.

During the trading session, the electric utilities sector index outperformed. The main contribution to the final MOEXEU growth in antiphase with the MOEX Russia Index was made by shares of FGC UES and ROSSETI.

ELECTRIC POWER INDUSTRY NEWS

In January-May 2019 electricity consumption in the Russian Federation decreased by 0.4%; in May it increased by the same amount

According to the operational data of JSC SO UES, electricity consumption in the Unified Energy System of Russia in May 2019 amounted to 80.7 billion kWh, which is 0.9% more than consumption in May 2018. Electricity consumption in May 2019 in Russia as a whole amounted to 81.9 billion kWh, which is 0.4% more than in 2018, the System Operator said in a statement.

Read full text: <http://www.bigpowernews.ru/markets/document88415.phpml>

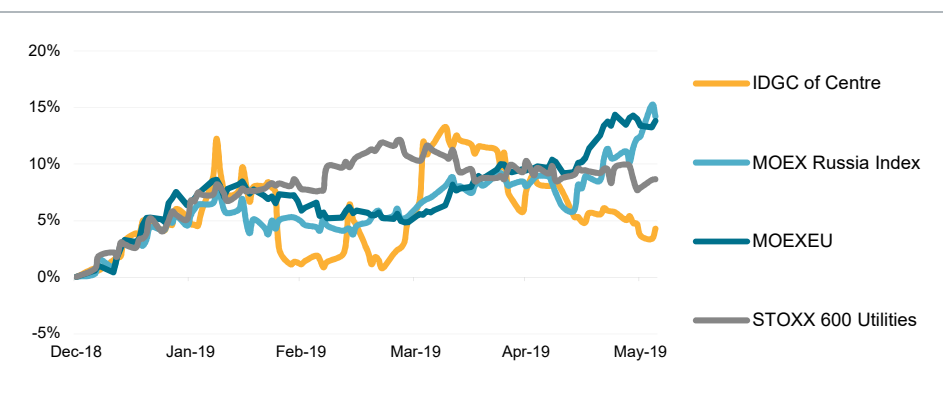
COMPANY NEWS

The management system of IDGC of Centre successfully passed the test for compliance with international standards

IDGC of Centre has successfully passed a regular inspection audit for compliance with the requirements of the international standard ISO 9001:2015 (the quality management system, implemented since 2007) and ISO 50001:2011 (the energy management system, implemented since 2015). The audit was carried out in order to improve the efficiency of the quality management system and the energy management system, in 2019 it was covered by the executive office of the company and the branches "Voronezhenergo", "Tambovenergo" and "Tverenergo".

Read full text: <https://www.mrsk-1.ru/press-center/news/company/68531/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 706,29	-0,87%	14,22%
S&P 500	2 803,27	2,14%	11,82%
FTSE 100	7 214,29	0,41%	7,23%
DAX	11 971,17	1,51%	13,37%
DJStoxx 600	372,67	0,59%	10,37%
Nikkei	20 408,54	-0,01%	1,97%
Sensex	40 083,54	-0,46%	11,13%
CSI300	3 598,47	-0,92%	19,52%
Bovespa	97 380,28	0,37%	10,80%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	65,55	0,26%	-5,64%
EURO/RUB	73,22	0,51%	-7,86%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 325,52	0,02%	3,36%
Brent*, USD/bbl	61,97	1,13%	15,19%

* - August futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln	
			per day	fr 31.12.18
IDGC of Centre	0,2982	12,59	192,04	
IDGC of Centre & Volga Reg	0,2823	31,81	485,31	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,06%	8,65%
MOEXEU Index	0,51%	13,82%
IDGC of Centre**	0,88%	4,27%
IDGC of Centre and Volga Region**	0,07%	6,53%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	1,56%	59,15%
FGC UES	2,51%	20,85%
IDGC of Volga	-0,79%	9,18%
MOESK	-0,21%	9,09%
IDGC of Northern Caucasus	3,60%	85,00%
IDGC of North-West	3,18%	11,17%
IDGC of Urals	-0,23%	-5,63%
IDGC of Siberia	-0,37%	191,61%
IDGC of South	-0,14%	32,05%
Lenenergo, ordinary shares	0,86%	10,59%
TRK, ordinary shares	-0,68%	-4,87%
Kubanenergo	0,32%	27,87%

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