

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 31 May some moderately negative external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 closed with a 0.2% increase in the absence of a new negative factor on the opposition to China. Statistics also supported the market – the adjusted GDP growth in the first quarter was better than expected. On Friday the composite index of the Asia-Pacific region MSCI Asia Pacific declined by 0.1%, futures for the S&P500 index lost 0.9%. The reason for pessimism was the decision of the US to introduce a 5% duty from 10 June on all Mexican imports (\$350 billion in 2018) because of the incessant flow of illegal migration from this country. Starting from July, the White House reported, the tariffs will increase by 5 percentage points monthly, up to 25% by October. At this level, according to a press release, they will remain until Mexico stops the influx of illegal immigrants entering the US through its territory. The markets were also under pressure from weak Chinese statistics, where the manufacturing PMI in May again dropped below the threshold of 50 points due to a sharp decline in export orders. Experts believe that this may be due to the recent increase in the US import tariffs on the PRC. July Brent futures traded around \$65.8 per barrel, \$1.7 below our 30 May close. The oil quotes were pressured by statistics from the US Department of Energy, which recorded much less than expected decline in oil reserves and production growth to historical highs, and increased risks of a slowdown in the global economy after the appearance of a new front of trade wars.

On Friday, sellers dominated global stock markets after the US unexpectedly opened a new front of trade war in addition to the existing disputes with China, Europe and Japan. At the same time, new risks appear in the US-China trade confrontation. On Friday, on the eve of the commencement of increased duties on Chinese imports to the US, China announced plans to create its own "blacklist" of foreign companies and people who are detrimental to national business. The unclear wording of the official report caused experts to fear that China's retaliatory sanctions could be introduced against a wide range of technology companies from the US Google to the Japanese Toshiba – in fact, everyone who stopped working with Huawei was at risk. Against this background, in the afternoon, the decline in the major US and European indices was about a percent. At the same time, the MOEX Russia Index, like the index of emerging markets MSCI EM, most of the trading session showed significantly lower losses and was able to close in a small plus after a slowdown in the fall of Western markets on good statistics from the US on the consumer confidence in May, the household income and expenditure in April.

At the end of the day, the electric utilities sector index underperformed. The main contribution to the MOEXEU decline in antiphase with the MOEX Russia Index was made by shares of ROSSETI and FGC UES.

ELECTRIC POWER INDUSTRY NEWS

Increase of fines for illegal connection to power grids to reduce losses of ROSSETI

Russian President Vladimir Putin signed a law that increases the size of administrative fines for repeated unauthorized connection to the electricity and heat networks to 300 thousand rubles. This will not only reduce the losses of power grid companies, but also decrease the incidence of electrical injuries, including fatal ones, that occur with "electricians" as a result of such connections.

Read full text: <http://www.energyland.info/news-show-tek-electro-186719>

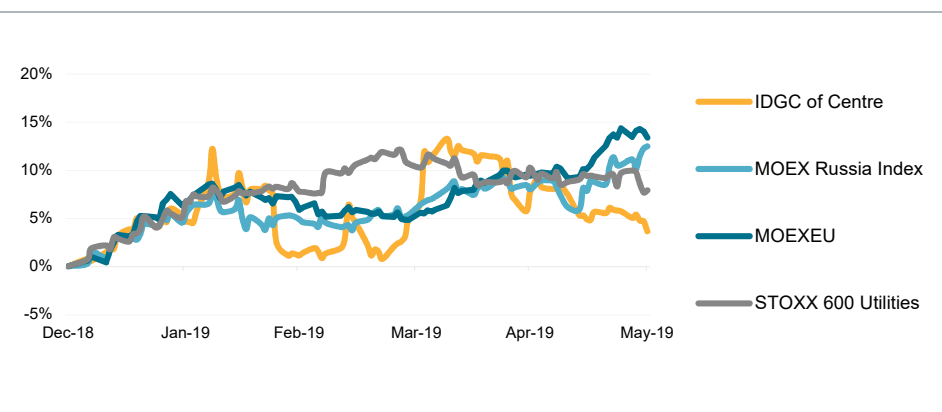
COMPANY NEWS

Governor Igor Rudenya and General Director of IDGC of Centre - the managing organization of IDGC of Centre and Volga Region Igor Makovskiy discussed the work of the power grid complex in the Tver region

On 31 May, in the Government of the Tver Region there was a meeting held between Governor Igor Rudenya and General Director of IDGC of Centre - the managing organization of IDGC of Centre and Volga Region Igor Makovskiy. The parties discussed the implementation of the company's investment program in the Tver region.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/68518/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 665,33	0,22%	12,49%
S&P 500	2 752,06	-1,32%	9,78%
FTSE 100	7 161,71	-0,78%	6,44%
DAX	11 726,84	-1,47%	11,06%
DJStoxx 600	369,06	-0,81%	9,30%
Nikkei	20 601,19	-1,63%	2,93%
Sensex	39 714,20	-0,30%	10,11%
CSI300	3 629,79	-0,31%	20,56%
Bovespa	97 030,32	-0,44%	10,40%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	65,06	0,23%	-6,35%
EURO/RUB	72,42	0,02%	-8,86%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 305,58	1,31%	1,80%
Brent*, USD/bbl	64,49	-3,56%	19,87%

* - July futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln	
			per day	fr 31.12.18
IDGC of Centre	0,2964	12,51	192,34	
IDGC of Centre & Volga Reg	0,2839	31,99	491,79	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,20%	7,91%
MOEXEU Index	-0,55%	13,40%
IDGC of Centre**	-1,00%	3,64%
IDGC of Centre and Volga Region**	0,11%	7,13%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-3,27%	60,27%
FGC UES	-1,85%	16,58%
IDGC of Volga	0,56%	9,64%
MOESK	0,14%	10,61%
IDGC of Northern Caucasus	-4,17%	80,71%
IDGC of North-West	-1,63%	8,47%
IDGC of Urals	-0,67%	-3,90%
IDGC of Siberia	1,88%	190,24%
IDGC of South	0,34%	34,16%
Lenenergo, ordinary shares	-0,86%	9,26%
TRK, ordinary shares	0,33%	-0,65%
Kubanenergo	0,64%	29,71%

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