

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 31 October some neutral external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 added 0.3-0.4%, the S&P500 index updated its historical record after the Fed announced another decrease in the interest rate by 0.25 percentage points, to 1.50-1.75%. This decision of the Federal Reserve coincided with the market expectations, at the same time, analysts drew attention to the fact that the phrase about the Central Bank's readiness to "act on necessity to support economic growth" disappeared from the text of the statement, which was regarded as an allusion to the intention to take a break in the monetary policy easing cycle. The validity of such judgments was confirmed by the head of the Fed at a press conference – according to him, a further reduction in the rate can occur only if the economic forecast worsens significantly. At the same time, Jerome Powell said that the Federal Reserve has no plans to move on to raising the rate – this will require a really significant acceleration of inflation. On Thursday the main country indices of the Asia-Pacific region showed multidirectional changes. The positive rate cut by the US Central Bank was offset by weak Chinese statistics. In October the official PMI in the PRC industry dropped to 49.3 points, remaining the sixth month below the level of 50 points, the PMI in the services sector – to 52.8 points, a minimum since February 2016. Both indicators were worse than expected. December Brent futures were trading around \$60.8 per barrel, \$0.1 below our close on 30 October. Negative background for the market was the message of the US Department of Energy about the growth of oil reserves above forecasts – by 5.7 million barrels.

A slight increase in the Russian and European markets in the morning gave way to sales, triggered by increased investors' skepticism about the ability of the US and China to enter into a full-fledged trade deal. The reason for this was Bloomberg's publication, which reported that in private conversations with various intermediaries who visited Beijing in recent weeks, representatives of the PRC warned that China would not make concessions on the most pressing issues. In addition, Bloomberg said Beijing insists on including in the next phase of the agreement the removal of part of the already imposed tariffs on Chinese goods and the cancellation of the next part of duties, which will enter into force in December. At the same time, analysts recall that the American side has always insisted that increased tariffs on Chinese imports should be maintained for a long period of time as a way to ensure that China complies with its obligations under a possible trade deal. Additional pressure on the markets was provided by weak statistics from the US, where the Chicago manufacturing activity index in October fell significantly below forecasts, to a minimum since December 2015. Against this background, in the afternoon, the loss of the MOEX Russia Index, the consolidated European Stoxx Europe 600 Index and major US indices averaged about half a percent.

According to the results of the trading session, changes of the electric utilities sector index corresponded to the market. The main contribution to the MOEXEU decline was made by shares of Inter RAO and IDGC of Centre and Volga Region.

ELECTRIC POWER INDUSTRY NEWS

Rosseti disconnects losses

Rosseti is considering possible options for allocating distressed assets. The main scenario is transferring them to individual state-owned companies, which Rosseti will be able to take over. According to analysts, the separation of only unprofitable Kubanenergo and IDGC of North Caucasus will be able to increase the capitalization of Rosseti by 30-40 billion rubles. But the minority shareholders of Rosseti are worried: they believe that the holding itself should be responsible for improving the financial condition of subsidiaries, otherwise they should be transferred to private investors.

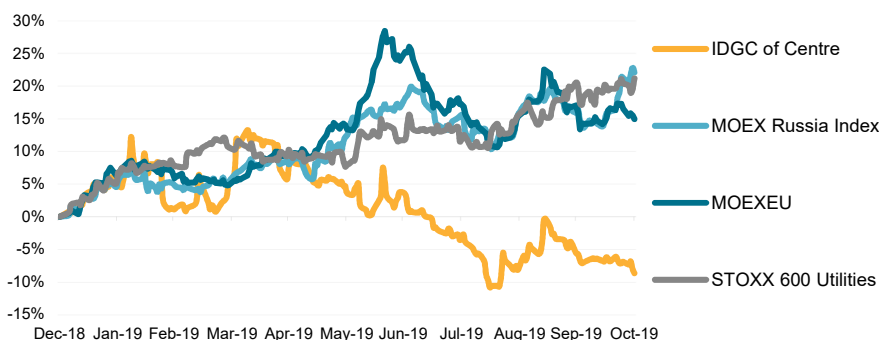
Read full text: <https://www.kommersant.ru/doc/4143410>

COMPANY NEWS

Kurskenergo's specialists teach students of the Southwest State University the basics of digital transformation of the electric grid complex

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/70036/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2893,98	-0,59%	22,14%
S&P 500	3033,94	-0,42%	21,03%
FTSE 100	7258,87	-0,98%	7,89%
DAX	12905,01	-0,04%	22,22%
DJStoxx 600	397,65	-0,26%	17,77%
Nikkei	22927,04	0,37%	14,55%
Sensex	40129,05	0,19%	11,26%
CSI300	3886,75	-0,12%	29,10%
Bovespa	106837,2	-1,45%	21,56%

Source: Bloomberg, Company calculations (19:00 MSK)

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	63,8734	0,06%	-8,06%
EURO/RUB	71,0081	0,33%	-10,64%

Source: Bloomberg, Company calculations (19:00 MSK)

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1510,34	0,98%	17,77%
Brent*, USD/bbl	60,32	-0,48%	12,12%

* - December futures

Source: Bloomberg, Company calculations (19:00 MSK)

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln	
			per day	fr 31.12.18
IDGC of Centre	0,2612	11,03	172,64	
IDGC of Centre & Volga Reg	0,2134	24,05	376,52	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	1,04%	21,23%
MOEXEU	-0,50%	14,99%
IDGC of Centre**	-0,68%	-8,67%
IDGC of Centre and Volga Region**	-4,82%	-19,47%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	0,04%	53,90%
FGC UES	0,27%	24,56%
IDGC of Volga	-2,96%	-16,28%
MOESK	-2,17%	39,85%
IDGC of Northern Caucasus	0,54%	139,57%
IDGC of North-West	-1,99%	-2,16%
IDGC of Urals	-1,38%	-6,93%
IDGC of Siberia	-0,41%	113,37%
IDGC of South	-0,61%	4,32%
Lenenergo, ordinary shares	0,28%	34,03%
TRK, ordinary shares	-0,98%	31,82%
Kubanenergo	0,16%	24,59%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

IDGC of Centre, PJSC
127018, Moscow, 2nd Yamskaya, 4
+7 (495) 747 92 92
www.mrsk-1.ru/en/investors/

IR Division
+7 (495) 747 92 92, ext. 33-34
ir@mrsk-1.ru

Tickers
Moscow Exchange (MOEX)
Bloomberg
Reuters

MRKC
MRKC:RM
MRKC:MM