

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 25 October some neutral external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 closed with mixed changes within 0.2% – ambiguous statements and statistics did not allow the indices to determine the direction of movement. As noted in MarketWatch, Thursday was one of the busiest days in the current reporting season – four companies from the DJIA and 45 companies from the S&P500 presented their financial results. Moreover, the published results were mostly mixed in nature. As for the published statistics, on the one hand, investors noted a decrease in the number of applications for unemployment, on the other hand, they paid attention to the first reduction in three-month orders for durable goods in September. On Friday major Asia-Pacific country indices added on average about half a percent on expectations of progress in the US-China trade negotiations. December Brent futures were trading around \$61.5 per barrel, at the level of our close on 24 October.

On Friday, the Russian market was adjusting after updating records with the MOEX Russia Index the day before – the ruble stock indicator spent most of the trading session in more than half a percent minus. The reason for taking profit, among other things, was the uncertain changes of the western markets in anticipation of the decision of the European Union to postpone the Brexit date. According to media reports, all EU countries agreed to another extension of Brexit, but to determine the specific date for the postponement, the EU would like to get more clarity on the position of the UK, given the desire of the British Prime Minister to hold early parliamentary elections on 12 December. The decision of the Central Bank to reduce the interest rate immediately by 50 bp did not have a visible effect on the changes of the MOEX Russia Index and the ruble, although, as the media note, a number of analysts doubted that the regulator would take such a step. At the same time, Interfax noted that the Central Bank did not make the signal for monetary policy to be harder for the future. At the end of the day, the MOEX Russia Index was able to reduce losses to 0.1% after the confident growth of the US market at the beginning of trading on good reporting and statements by the White House representatives that the US and China are close to completing coordination of some stages of the first phase of the trade deal.

During the day, the electric utilities sector index underperformed, the main contribution to the final MOEXEU underperformance compared to the MOEX Russia Index was made by Inter RAO's shares, which lost 3% after the publication of weak RAS statements for 9M2019. Support for Rosseti's shares, which closed trading with slight growth in antiphase with the market, could have been provided by Kommersant's message, citing industry sources that Rosseti intends to fully consolidate the shares of subsidiaries, including FGC UES. According to Kommersant, a specific grid assets consolidation program will be created as a separate roadmap in the first quarter of 2020. Of the total changes of the MOEXEU Index securities, a 6% increase in MOESK's shares was highlighted on the company's announcement that the board of directors recognized that it would be appropriate to pay interim dividends for 9M2019 in the amount of "at least 50% of the total annual dividends planned for 2019."

ELECTRIC POWER INDUSTRY NEWS

How Rosseti consolidates the entire electric grid facilities of the country

The state holding Rosseti begins a new stage in the struggle for the complete consolidation of its subsidiaries, which may ultimately lead to a transition to a single share. According to Kommersant's information, the holding company has already begun discussing with investors a scheme according to which the shares of minority shareholders of subsidiaries of interregional grid companies will be converted into shares of Rosseti through a large-scale additional issue. The management of the holding is considering the possibility of consolidation of the key asset, the Federal Grid Company, but the issue has not been resolved, since it risks provoking a tough conflict in the electric grid complex. Plans have not been fully agreed with the authorities either: the Federal Antimonopoly Service and the Ministry of Economic Development want to continue the privatization of IDGCs, as provided for by the energy reform.

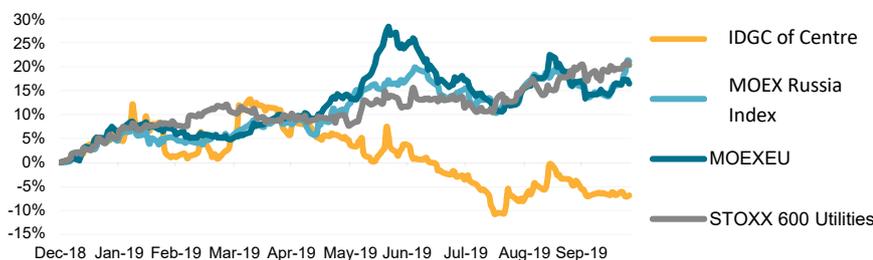
Read full text: <https://www.kommersant.ru/doc/4135428>

COMPANY NEWS

Rosseti Centre published its financial statements for 9 months of 2019 under RAS, EBITDA increased to 12,7 bln RUB

Read full text: <https://www.mrsk-1.ru/press-center/news/company/69976/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 873,41	-0,13%	21,28%
S&P 500	3 022,55	0,41%	20,57%
FTSE 100	7 324,47	-0,05%	8,86%
DAX	12 894,51	0,17%	22,12%
DJStoxx 600	398,01	0,16%	17,88%
Nikkei	22 799,81	0,22%	13,91%
Sensex	39 058,06	0,10%	8,29%
CSI300	3 896,79	0,67%	29,43%
Bovespa	107 363,80	0,35%	22,16%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	63,86	0,09%	-8,06%
EURO/RUB	71,14	0,25%	-10,47%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 504,63	0,04%	17,32%
Brent*, USD/bbl	62,02	0,57%	15,28%

* - December futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,2515	28,34	443,84

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	-0,55%	20,46%
MOEXEU	-0,67%	16,55%
IDGC of Centre**	0,23%	-6,92%
IDGC of Centre and Volga Region**	0,92%	-5,09%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	0,41%	52,93%
FGC UES	-0,98%	22,87%
IDGC of Volga	-0,48%	-5,05%
MOESK	5,94%	41,97%
IDGC of Northern Caucasus	9,10%	148,43%
IDGC of North-West	0,40%	12,97%
IDGC of Urals	0,00%	-5,53%
IDGC of Siberia	0,69%	113,27%
IDGC of South	-1,37%	5,42%
Lenenergo, ordinary shares	-0,14%	32,89%
TRK, ordinary shares	-2,58%	34,74%
Kubanenergo	0,17%	22,95%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers
Moscow Exchange (MOEX)
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MRKC
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