

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 22 July some moderately negative external background formed on the Russian market. On Friday the US indices DJIA and S&P500 closed trading with a decline of 0.3-0.6%, on Monday the composite index of the Asia-Pacific region MSCI Asia Pacific lost 0.5%. The reason for the pessimism of investors was the reduction in the chances of a decrease in the Fed rate at the July meeting by 0.5 percentage points at once. The newspaper The Wall Street Journal summed up the latest speeches of the FOMC members – most are not ready to cut rates in July by more than 0.25 percentage points. Moreover, the head of the Boston Federal Reserve Bank said that the US economy does not need the support of the Federal Reserve, when unemployment is at the 50-year lows, and stocks are at the historic highs. The decline in the Chinese index of blue chips CSI300 was additionally due to the flow of funds to the new technology exchange. On the first day of the Nasdaq analog performance, shares of 25 companies were placed with more than \$5 billion, and increased investors' demand led to an explosive growth of these securities – an average of 140%. September Brent futures traded around \$63.4 per barrel, \$1.3 above our closing level on Friday, 19 July. The oil quotes were supported by increased geopolitical tensions in the Middle East, provoked by Iran's detention of a British tanker in the Strait of Hormuz.

Most of the trading session, the MOEX Russia Index, as well as the emerging markets index MSCI EM, was held in a small minus on average within a third of a percent in the framework of the general deterioration of investors' risk-taking attitude. Confirmation by the S&P agency of the Russian Federation rating at the bottom of the investment level did not come as a surprise to our market. As noted in the agency's review, Russia's traditionally strong points – a substantial amount of gold reserves and a low level of public debt – are so far compensated for by the structural weakness of the economy and geopolitical risks. At the beginning of the week, all global platforms showed close to zero trends – analysts believe that investors will refrain from active actions in anticipation of the Fed meeting at the end of July. Against this background, information about some progress in the negotiating process of the US and China on trade issues did not have a significant impact on the changes of the markets. Firstly, according to Bloomberg, China is negotiating with the US companies, discussing the possibility of increasing purchases of the US agricultural products. Secondly, according to media reports, representatives of a number of major US technology companies, including Intel and Qualcomm, were invited to the White House to discuss the resumption of sales of American equipment to Chinese Huawei. At the end of the day, the decline in the MOEX Russia Index accelerated to 0.6%, despite a slight increase in the US indices at the beginning of the trading session.

At the end of the trading session, the electric utilities sector index underperformed. The main contribution to the MOEXEU underperformance compared to the MOEX Russia Index was made by shares of RusHydro and Inter RAO.

ELECTRIC POWER INDUSTRY NEWS

The Ministry of Justice registered an order of the Ministry of Energy, approving the rules for conducting technical inspection of electric power facilities

On 16 July 2019, the Ministry of Justice of the Russian Federation registered Order of the Ministry of Energy of Russia No. 465 of 14.05.2019 "On Approval of the Rules for Technical Inspection of Equipment, Buildings and Structures of Electric Power Facilities".

Read full text: <http://www.bigpowernews.ru/news/document89059.phtml>

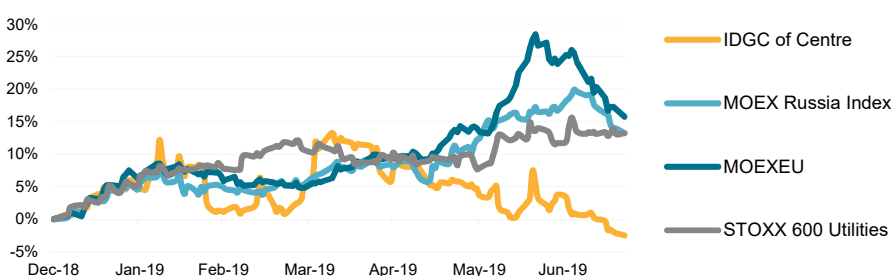
COMPANY NEWS

Lipetskenergo ahead of schedule connected a school under construction to Rosseti Centre's grid

The school with a pool and gym will accommodate 800 pupils. For just eight months, instead of the year stipulated by the agreement, power engineers carried out work on connection to the power grid of the school under construction in Usman. Its capacity is 604 kW. To this end, the specialists of the branch "Rosseti Centre Lipetskenergo" developed a project, constructed several kilometres of overhead power lines, laid a new cable line, and reconstructed 10 kV power lines. This will allow builders to speed up the completion of finishing work in the new school.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/69082/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 684,25	-0.60%	13,29%
S&P 500	2 985,03	0.28%	19,07%
FTSE 100	7 514,93	0.08%	11,69%
DAX	12 289,40	0.24%	16,39%
DJStoxx 600	387,74	0.13%	14,83%
Nikkei	21 416,79	-0.23%	7,00%
Sensex	38 031,13	-0.80%	5,44%
CSI300	3 781,68	-0.69%	25,61%
Bovespa	103 949,50	0.48%	18,28%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	62,67	0.06%	-9,51%
EURO/RUB	70,79	0.27%	-10,91%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 424,88	-0.03%	11,10%
Brent*, USD/bbl	63,26	1.26%	17,58%

* - September futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln	
			IDGC of Centre	IDGC of Centre & Volga Reg
IDGC of Centre	0,2788	11,77	187,23	
IDGC of Centre & Volga Reg	0,264	29,75	473,26	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0.12%	13,24%
MOEXEU	-0.98%	15,80%
IDGC of Centre**	-0.36%	-2,52%
IDGC of Centre and Volga Region**	-2.04%	-0,38%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-1.06%	53,58%
FGC UES	1.25%	22,48%
IDGC of Volga	-0.48%	-3,98%
MOESK	0.21%	9,70%
IDGC of Northern Caucasus	-3.71%	126,43%
IDGC of North-West	0.16%	14,41%
IDGC of Urals	1.56%	-1,19%
IDGC of Siberia	1.12%	172,88%
IDGC of South	-0.15%	19,01%
Lenenergo, ordinary shares	-0.18%	6,99%
TRK, ordinary shares	0.00%	-0,97%
Kubanenergo	-1.61%	25,00%

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