

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 18 July some moderately negative external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 closed with a decrease of 0.4-0.7%, on Thursday the composite index of the Asia-Pacific region MSCI Asia Pacific lost 0.8%. The markets were pressured by the publication of The Wall Street Journal that the US-China trade negotiations were stalled because of Huawei. According to the newspaper, the White House cannot reach an agreement on which American-made semiconductors and microprocessors will be allowed to be sold to the Chinese company. Beijing, in turn, wants to see Washington's real steps towards the start of a new round of discussion of a trade deal. The Japanese market became the leader of decline in the Asian session – the Nikkei225 index fell 2% on the strengthening of the yen and weak statistics. Exports from Japan in June fell for the seventh consecutive month mainly due to trade with China. According to analysts, this was due to a slowdown in the growth of industrial production in the PRC after the increase in duties on Chinese imports to the US. September Brent futures traded around \$63.8 per barrel, \$0.5 below our 17 July closing level. Oil prices fell due to increased concerns about the demand for fuel in the US, triggered by a report by the US Department of Energy about a significant increase in gasoline stocks not typical for this time of year.

On Thursday, pessimism prevailed on world stock exchanges – during the day, the losses of the MOEX Russia Index, the European Stoxx Europe 600 Index, and the S&P500 futures averaged about one third of a percent. The markets were pressured by growing uncertainty regarding the trade deal of Washington and Beijing. As the media notes, after the G20 summit, not only was there no one-to-one personal meeting between sales representatives of the two countries, but so far there have not even been such plans. The reason for this, in particular, the WSJ writes, may be China's reluctance to move on until the US fulfills its part of the agreements reached between the leaders of the countries in Japan, including the lifting of restrictions with Huawei. At the same time, analysts point out that in the absence of progress in negotiations between the US and China, the trade conflict will continue to exert significant pressure on world trade, the problems of which are already reflected both in the current reporting and in the deterioration of company management forecasts for a number of industries.

At the end of the trading session, the electric utilities sector index outperformed. The main contribution to the MOEXEU slight increase in antiphase with the MOEX Russia Index was made by shares of Inter RAO and OGC-2.

ELECTRIC POWER INDUSTRY NEWS

The Ministry of Economic Development refused to reform payments in the electric power industry of the Russian Federation at the expense of the budget: there are no sources

The Ministry of Economic Development, which proposed eliminating cross-subsidies in the electric power industry of the Russian Federation at the expense of the federal budget the day before and estimated it at 402 billion rubles a year, removed the corresponding draft presidential decree from the federal portal of draft legal acts, there are no sources for this, explained to journalists the head of the ministry Maxim Oreshkin, as PRIME reports.

Read full text: <http://www.bigpowernews.ru/markets/document89036.phtml>

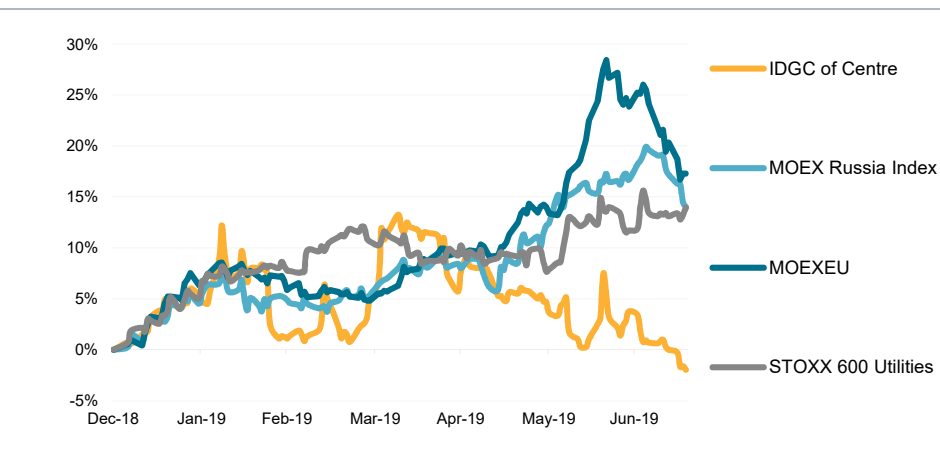
COMPANY NEWS

In the first half of the year Kurskenergo repaired 1,185 km of power lines and 161 transformer substations

The branch "Rosseti Centre Kurskenergo" summed up the implementation of the repair program for the first half of 2019. The branch fulfilled a number of key measures of the document in excess of planned targets.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/69060/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 702,59	-0,39%	14,07%
S&P 500	2 995,11	0,36%	19,48%
FTSE 100	7 493,09	-0,56%	11,37%
DAX	12 227,85	-0,92%	15,81%
DJStoxx 600	386,8	-0,22%	14,56%
Nikkei	21 046,24	-1,97%	5,15%
Sensex	38 897,46	-0,81%	7,84%
CSI300	3 768,40	-0,95%	25,17%
Bovespa	104 716,60	0,83%	19,15%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	62,95	0,21%	-9,39%
EURO/RUB	70,56	-0,17%	-11,21%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 446,10	1,37%	12,76%
Brent*, USD/bbl	61,93	-2,72%	15,11%

* - September futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,2706	30,50	484,49

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	0,61%	13,98%
MOEXEU	0,01%	17,33%
IDGC of Centre**	-0,36%	-1,96%
IDGC of Centre and Volga Region**	-0,51%	2,11%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-0,42%	54,07%
FGC UES	0,16%	21,42%
IDGC of Volga	0,05%	-3,57%
MOESK	-0,62%	8,86%
IDGC of Northern Caucasus	-4,52%	126,43%
IDGC of North-West	-1,00%	15,59%
IDGC of Urals	-0,78%	-3,58%
IDGC of Siberia	-0,18%	172,68%
IDGC of South	0,23%	19,74%
Lenenergo, ordinary shares	0,00%	7,56%
TRK, ordinary shares	1,33%	-0,97%
Kubanenergo	1,44%	29,51%

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