

# DAILY MARKET REVIEW

3 July, Wednesday



2019

## REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 2 July some neutral external background formed on the Russian market. The US indices DJIA and S&P500 closed Monday with growth of 0.4-0.8% in the framework of global optimism after the G20 summit, at which the US and China agreed to resume trade negotiations. On Tuesday the major country indices in the Asia-Pacific region showed close to zero changes on mixed news. On the one hand, some support was given to the market by statements by the US President that the US-China trade negotiations had already begun and that he was optimistic about the deal. On the other hand, this positive factor was largely offset by information from the media about the increasing US trade pressure on the European Union now – the White House threatens to expand the list of European goods that may be affected by the increase in duties if the EU does not stop subsidizing the Airbus concern. September Brent futures traded around \$65.3 per barrel, \$0.4 above our closing level on 1 July. Brent quotes are supported by expectations of an extension of the OPEC+ deal after on Monday the OPEC countries approved the restriction of production until March 2020. Analysts say, however, that the market is constrained by fears of a weaker global economic recovery, which increase uncertainty about future oil demand. According to JPMorgan, which summed up the weak statistics on business activity in industry, published by a number of countries, the global manufacturing activity index in June shows the worst trends over the past six and a half years.

On Tuesday, the MOEX Russia Index, like most of the major global stock indicators, showed sideways changes near zero. Investors' enthusiasm caused by the outcome of the G20 summit, begins to subside, analysts say. Firstly, experts draw attention to the lack of clarity on key aspects of the US-China trade truce and the prospects for the trade deal as a whole. In particular, Morgan Stanley believes that a truce is not enough to eliminate the uncertainty surrounding trade policy, which will affect the prospects for economic growth, regardless of the possible mitigation of monetary policy by world central banks, including the Fed. In this regard, Morgan Stanley expects the growth of the global economy to slow to a six-year low of 2.9% by the end of the year from 3.2% in the first quarter of 2019. Secondly, analysts believe that the next manifestation of the US protectionism policy towards the European Union devaluates to a great extent the successes of the last G20 summit, recalling the unpredictability of the actions of the White House administration. The MOEX Russia Index was able to close trading in a positive area, despite the fall in Brent quotes to \$62.6 per barrel, which was provoked, according to Reuters, by weak global statistics on production activity.

At the end of the trading session, the electric utilities sector index underperformed. The main contribution to the MOEXEU reduction in antiphase with the MOEX Russia Index was made by shares of OGC-2 and Unipro.

## ELECTRIC POWER INDUSTRY NEWS

### RSPP called for the development of new measures to reduce “cross-subsidies” instead of those proposed by the Ministry of Energy and Rosseti

The Russian Union of Industrialists and Entrepreneurs asked the Government of the Russian Federation to suspend the adoption of regulatory acts on the differentiation of FGC UES's tariffs proposed by the Ministry of Energy and Rosseti and calls for developing new measures to reduce cross-subsidization, which will be agreed with the business.

Read full text: <http://www.bigpowernews.ru/markets/document88806.phtml>

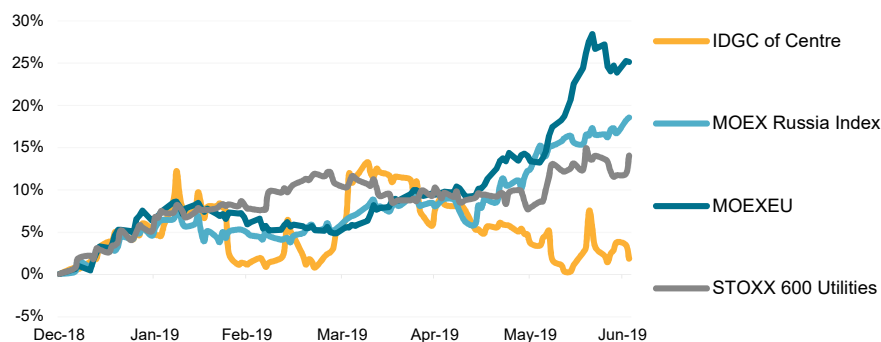
## COMPANY NEWS

### Kurskenergo's exposition at the Kursk Korenskaya Fair was marked by the regional administration

The main theme of the exposition of Rosseti Centre - Kurskenergo division at the 19th Interregional Kursk Korenskaya Fair, held on 28-30 June 2019 in the Kursk region, is the digital transformation of electric grids.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/68897/>

## DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 809,81	0,30%	18,59%
S&P 500	2 973,01	0,29%	18,60%
FTSE 100	7 559,19	0,82%	12,35%
DAX	12 526,72	0,04%	18,64%
DJStoxx 600	389,29	0,37%	15,29%
Nikkei	21 754,27	0,11%	8,69%
Sensex	39 816,48	0,33%	10,39%
CSI300	3 937,17	0,03%	30,77%
Bovespa	100 605,20	-0,72%	14,47%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	63,05	-0,03%	-9,24%
EURO/RUB	71,40	-0,59%	-10,15%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 418,65	2,49%	10,62%
Brent*, USD/bbl	62,4	-4,09%	15,99%

\* - September futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln	
			per day	fr 31.12.18
IDGC of Centre	0,2912	12,29	194,97	
IDGC of Centre & Volga Reg	0,2649	29,85	473,46	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	1,92%	14,07%
MOEXEU Index	-0,11%	25,17%
IDGC of Centre**	-1,56%	1,82%
IDGC of Centre and Volga Region**	0,08%	-0,04%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-1,00%	81,56%
FGC UES	1,03%	37,19%
IDGC of Volga	0,00%	-3,16%
MOESK	0,49%	9,77%
IDGC of Northern Caucasus	-0,68%	193,43%
IDGC of North-West	-2,58%	18,92%
IDGC of Urals	0,34%	-4,12%
IDGC of Siberia	1,33%	182,54%
IDGC of South	0,89%	25,14%
Lenenergo, ordinary shares	0,35%	8,13%
TRK, ordinary shares	-2,02%	-5,52%
Kubanenergo	-1,69%	30,94%

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