

DAILY MARKET REVIEW

4 July, Thursday



2019

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 3 July some neutral external background formed on the Russian market. The US indices DJIA and S&P500 closed Tuesday's volatile session with a 0.3% increase, the S&P500 updated the historical maximum. The market was supported by the information that the ECB may be headed by currently serving as International Monetary Fund Managing Director Christine Lagarde, who, as analysts believe, will continue Mario Draghi's soft policy. Prospects for the resumption of stimulating monetary policy by the largest central banks increase investors' interest in stocks, as noted by MarketWatch. On Wednesday the composite index of the Asia-Pacific region MSCI Asia Pacific lost 0.4% under pressure from returned concerns about the prospects for resolving the US-China trade conflict. Despite the optimistic statements by representatives of the American side about the progress achieved in the resumed negotiations, experts do not exclude that the bargain may again fail because of the tough and still uncompromising positions of Washington and Beijing. September Brent futures traded around \$62.6 per barrel, \$0.3 below our closing level on 2 July. Brent quotes are consolidating after a 4% collapse on Tuesday, triggered by weak global statistics on manufacturing activity in June and a corresponding increase in concern about the decline in global fuel demand. At the same time, the potential for a fall in oil prices was limited to news about the renewal of the OPEC+ deal until the end of the first quarter of 2020 and a message from the American Petroleum Institute about the reduction of US oil reserves last week by 5 million barrels.

On Wednesday, most of the trading session, the MOEX Russia Index, the European Stoxx Europe 600 Index and futures on the S&P500 added an average of about half a percent. Support to investors was provided by strengthening expectations of softening of monetary policy by the world's leading central banks, which was triggered by the information about candidates for leading positions in the ECB and the Fed. Firstly, on Tuesday evening, the European Council nominated Christine Lagarde as head of the European Central Bank. According to Bloomberg, analysts expect that she will not only continue the soft policy pursued by the current Central Bank chairman Mario Draghi, but also expand the use of additional incentive mechanisms. In addition, according to Reuters, the skillful diplomacy of Christine Lagarde can succeed in persuading Germany to increase government spending to combat the slowdown in the growth of the eurozone economy, which Mario Draghi could not achieve. Secondly, Donald Trump announced his intention to nominate to the Board of Governors of the Fed new candidates supporting his position on the need for a more active rate cut. In this regard, analysts are reminded of the constant criticism by the US President of the current policy of the Federal Reserve, which he considers unduly harsh in the face of economic uncertainty and growing competition with Europe and China.

During the trading session, the electric utilities sector index outperformed. The main contribution to the MOEXEU outperformance compared to the MOEX Russia Index was made by shares of FGC UES and Inter RAO.

ELECTRIC POWER INDUSTRY NEWS

Electricity consumption in the Russian Federation in 1H 2019 increased by 0.8%

In the first half of 2019, electricity consumption in Russia amounted to 551.3 billion kWh, which is 0.8% more than in the same period of 2018, according to data from the System Operator of the Unified Energy System of the country (SO UES). Electricity consumption in June amounted to 77.5 billion kWh, which is 1.3% more than in June 2018.

Read full text: <http://www.bigpowernews.ru/markets/document88809.phtml?1&q=>

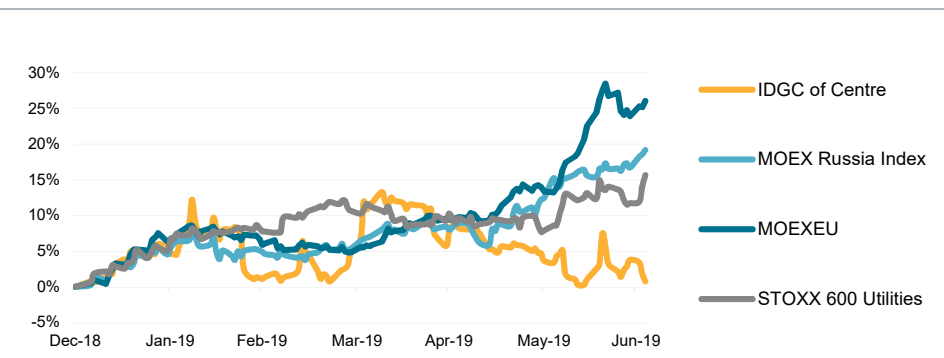
COMPANY NEWS

Voronezhenergo forms a target group of students in the specialization "Electrical equipment and electrical technologies in the agro-industrial complex"

Specialists of Rosseti Centre - Voronezhenergo division have begun to form a target group of students for full-time studies at the Voronezh State Agrarian University named after Emperor Peter I (VSAU). 20 future power engineers will get education in the specialization "Electrical equipment and electrical technologies in the agro-industrial complex" in the new academic year.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/68900/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 823,95	0,50%	19,19%
S&P 500	2 995,82	0,77%	19,51%
FTSE 100	7 609,32	0,66%	13,10%
DAX	12 616,24	0,71%	19,48%
DJStoxx 600	392,58	0,85%	16,27%
Nikkei	21 638,16	-0,53%	8,11%
Sensex	39 839,25	0,06%	10,45%
CSI300	3 893,53	-1,11%	29,33%
Bovespa	102 043,10	1,43%	16,11%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	63,23	0,27%	-8,99%
EURO/RUB	71,41	0,02%	-10,13%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 418,78	0,01%	10,63%
Brent*, USD/bbl	63,82	2,28%	18,62%

* - September futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,2649	29,85	472,17

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	1,40%	15,67%
MOEXEU Index	0,74%	26,09%
IDGC of Centre**	-1,03%	0,77%
IDGC of Centre and Volga Region**	0,00%	-0,04%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	0,79%	82,99%
FGC UES	2,56%	40,70%
IDGC of Volga	0,11%	-3,06%
MOESK	0,07%	9,85%
IDGC of Northern Caucasus	-1,90%	187,86%
IDGC of North-West	-5,23%	12,70%
IDGC of Urals	0,68%	-3,47%
IDGC of Siberia	0,07%	182,73%
IDGC of South	-0,88%	24,15%
Lenenergo, ordinary shares	0,00%	8,13%
TRK, ordinary shares	0,00%	-5,52%
Kubanenergo	-0,16%	30,74%

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