



REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 19 July some moderately positive external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 increased by 0.2-0.3% mainly due to growth in the financial sector, supported by strong quarterly statements of Morgan Stanley. The second for the week speech of the chairman of the Federal Reserve in the Congress did not give investors special surprises. According to the media, the main conclusion that market participants made from his speech and the answers to questions in the Senate: interest rates in the US will increase now, as the outlook for the US economy remains fairly positive, despite uncertainties and risks associated with the world trade war and fiscal policy. On Thursday the composite index of the Asia-Pacific region, MSCI Asia Pacific, lost 0.1% with mixed changes of the main country indices. September Brent futures traded near \$72.8 per barrel, \$0.4 above our closing level on 18 July. Oil quotes increased on ambiguous data of the US Department of Energy. On the one hand, gasoline and distillate stocks in the country declined last week, contrary to the forecast. On the other hand, oil reserves unexpectedly increased, while production in the US rose to a record 11 million barrels per day.

On Thursday, the Russian market, as well as emerging markets in general, was under pressure from fears of expanding trade wars. In the middle of the day, MOEX Russia Index and the index of emerging markets MSCI EM lost more than a percent. The day before, the US economic adviser accused the PRC chairman of dragging out talks aimed at easing trade confrontation between the two countries. In turn, the Central Bank of China continued devaluation of the yuan against the dollar – the rate updated the minimum for the year. In addition, Donald Trump confirmed his threat to introduce additional duties on European exports and, in particular, cars, if the European Union does not make some concessions during the meeting of his representatives with Donald Trump, scheduled for next week, writes Dow Jones. Prospects for a slowdown in the global economy, coupled with the strengthening of the dollar – the DXY index renewed its annual high due to plans to tighten the Fed's monetary policy – put pressure on risky assets and commodities. The Bloomberg Commodities index fell to an annual low, Brent quotations were going down to \$72 per barrel. An additional negative factor for our market was the media reports on the promotion by US senators of new sanctions against the Russian Federation for interference in the American elections.

During the trading session changes of the MicexPWR Sector Index in general corresponded to the MOEX Russia Index. The main contribution to the final decline in the sector indicator was made by shares of RusHydro, FGC UES and Inter RAO.

ELECTRIC POWER INDUSTRY NEWS

The Ministry of Energy of the Russian Federation received the authority to approve the rules for operation through the autumn-winter period

The government has assigned the Ministry of Energy of the Russian Federation with powers to approve the rules for operating through the autumn-winter period, Energy Minister Alexander Novak said today at a meeting on the results of the autumn-winter operation period.

Read full text: <http://www.bigpowernews.ru/news/document83848.phtml>

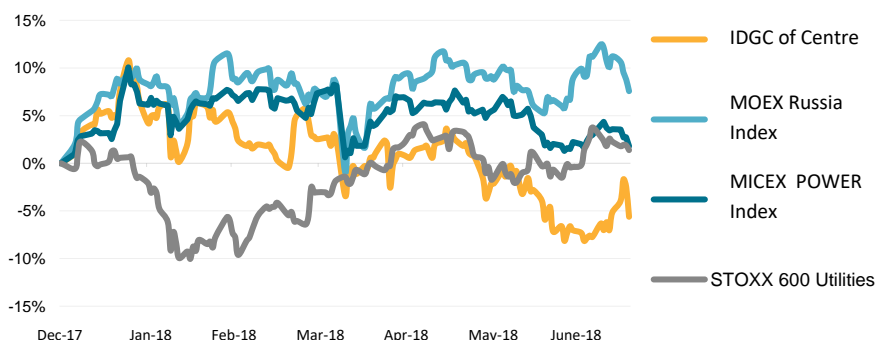
COMPANY NEWS

IDGC of Centre assists the development of the telecommunications infrastructure of the Voronezh region

Specialists of IDGC of Centre - Voronezhenergo division completed a set of works on connection to the electric grid of three new cell towers in Rossoshansky district of the Voronezh region. The new base stations will provide wireless communication and the possibility of using high-speed Internet in remote villages of the district - Krinichnoe, Tsapkovo and Aleynikovo, as well as in the adjacent territory.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/64791/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 269,45	-1,10%	7,57%
S&P 500	2 804,49	-0,40%	4,90%
FTSE 100	7 683,97	0,10%	-0,05%
DAX	12 686,29	-0,62%	-1,79%
DJStoxx 600	386,18	-0,23%	-0,77%
Nikkei	22 764,68	-0,13%	0,00%
Sensex	36 351,23	-0,06%	6,74%
CSI300	3 428,34	-0,09%	-14,95%
Bovespa	77 486,84	0,16%	1,42%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	62,90	0,75%	9,15%
EURO/RUB	73,13	-0,15%	6,32%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 222,97	-0,37%	-6,13%
Brent*, USD/bbl	72,58	-0,44%	12,08%

* - September futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln	
			per day	fr 31.12.17
IDGC of Centre	0,3360	14,19	225,52	
IDGC of Centre & Volga Reg	0,2955	33,30	529,44	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-0,49%	1,38%
MICEX POWER Index	-0,92%	1,79%
IDGC of Centre**	-3,17%	-5,62%
IDGC of Centre and Volga Region**	-1,66%	-2,06%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	1,28%	-3,63%
FGC UES	-0,63%	7,00%
IDGC of Volga	-2,57%	10,76%
MOESK	-1,78%	-20,24%
IDGC of Northern Caucasus	-0,31%	-17,19%
IDGC of North-West	-1,88%	20,77%
IDGC of Urals	-0,80%	-10,74%
IDGC of Siberia	0,48%	-8,30%
IDGC of South	-1,69%	6,86%
Lenenergo, ordinary shares	0,09%	21,04%
TRK, ordinary shares	0,00%	-13,75%
Kubanenergo	0,69%	-25,51%

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