



REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 01 October some moderately positive external background formed on the Russian market. On Friday 28 September major US indices closed in different directions with changes in the range of 0.1% on ambiguous statistics. The rate of increase in expenditures of the US population in August slowed to a minimum level in six months; the income growth rate fell short of forecasts. The consumer confidence index in September was worse than expectations, however its value is the highest in six months. On Monday the composite stock index of the Asia-Pacific region, MSCI Asia Pacific, added 0.3%, mainly due to an increase in the value of Japanese stocks on the weakening of the yen against the dollar to a minimum in almost a year. The growth of futures for US indices exceeded 0.5% on the information that Canada agreed to join the trade agreement concluded between the US and Mexico. According to media reports, the new US-Mexico-Canada Agreement (USMCA), which comes to replace the NAFTA agreement in force since 1994, should be signed on 30 November. The rise in Asian markets was held back by weak regional statistics. In Japan, the Tankan index, which assesses the level of confidence in the economy among large industrial companies, decreased in July-September following the results of the third quarter in a row. In China, the industrial PMI in September, according to the official version, dropped to 50.8 points – the lowest level since February, according to Caixin/Markit – to the threshold 50 points, the minimum in 16 months. December Brent futures traded near \$83.1 per barrel, \$0.2 above our closing level on Friday, 28 September. Oil prices continue to rise on fears of a reduction in world supplies after the entry into force of the US sanctions against Iran. In addition, the market was supported by a report of the oilfield services company Baker Hughes on reduction of the number of operating oil rigs in the US for the second week in a row.

The Russian market still has corrective moods. After a half-percent growth of the MOEX Russia Index at the beginning of the trading session, profit taking began on the market following the decline in Brent quotes to \$82.7 per barrel. In the afternoon, the loss of the MOEX Russia Index exceeded 0.5%, despite on average a percent growth in futures for US indices and the European Stoxx Europe 600 Index on the information on the conclusion of the US-Mexico-Canada trade agreement. At the same time, the reduced fears of escalating global trade disputes allowed Western investors to ignore business and industry statistics in the US and the Eurozone, which were worse than expected in September. At the end of the day, the MOEX Russia Index was able to play most of the daily losses back after the resumption of the rise in oil prices – Brent quotes tested the mark of \$84.5 per barrel.

During the trading session the MicexPWR Sector Index underperformed. The main contribution to the final MicexPWR underperformance compared to the MOEX Russia Index was made by shares of FGC UES, Inter RAO and RusHydro.

ELECTRIC POWER INDUSTRY NEWS

The Government began the reform of energy tariffs for the population again

As "Kommersant" found out, in Russia they can once again try to introduce a social standard of energy consumption for the population, when tariffs rise sharply when the limit is exceeded. The scheme was approved by Deputy Prime Minister Dmitry Kozak, the departments must submit draft documents in January 2019. The new version of the social norms will apparently be softer than the scheme, which was introduced in 2013–2014. But at the same time, the government can reduce the list of consumers, equal to the population, and refuse discounts for villagers and apartments with electric stoves.

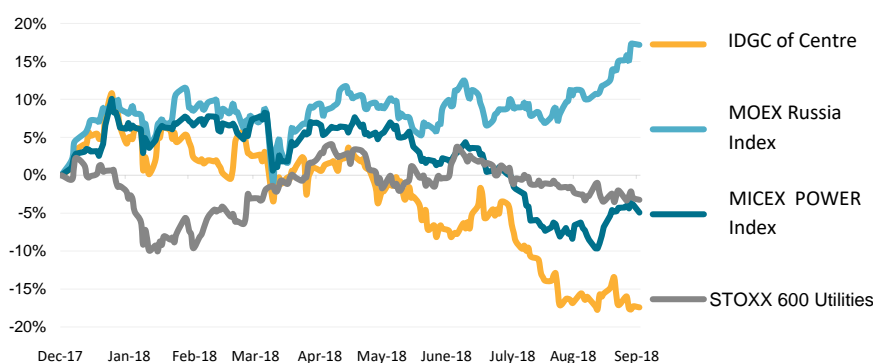
Read full text: <https://www.kommersant.ru/doc/3758393>

COMPANY NEWS

First 1,500 hectares of ROWs within the power engineers' exercises cleared in the Tver region

Read full text: <https://www.mrsk-1.ru/press-center/news/company/65889/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 472,22	-0,13%	17,18%
S&P 500	2 924,59	0,36%	9,39%
FTSE 100	7 495,67	-0,19%	-2,50%
DAX	12 339,03	0,75%	-4,48%
DJStoxx 600	383,94	0,20%	-1,35%
Nikkei	24 245,76	0,52%	6,50%
Sensex	36 526,14	0,83%	7,25%
CSI300	3 438,86	0,00%	-14,69%
Bovespa	78 623,66	-0,91%	2,91%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	65,59	-0,37%	13,82%
EURO/RUB	76,23	-1,05%	10,82%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 188,99	-0,16%	-8,74%
Brent*, USD/bbl	84,98	2,72%	33,53%

* - November futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	Change	
			per day	fr 31.12.17
IDGC of Centre	0,2940	12,41		189,24
IDGC of Centre & Volga Reg	0,2810	31,67		482,81

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-0,27%	-3,24%
MICEX POWER Index	-1,13%	-4,94%
IDGC of Centre**	-0,17%	-17,42%
IDGC of Centre and Volga Region**	0,36%	-6,86%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-0,97%	-13,27%
FGC UES	-2,56%	-0,12%
IDGC of Volga	0,71%	-3,65%
MOESK	-1,00%	-22,80%
IDGC of Northern Caucasus	-1,05%	-26,04%
IDGC of North-West	-0,60%	26,73%
IDGC of Urals	-1,67%	-15,75%
IDGC of Siberia	1,68%	-20,52%
IDGC of South	-2,59%	25,92%
Lenenergo, ordinary shares	-0,08%	31,15%
TRK, ordinary shares	0,00%	-13,21%
Kubanenergo	-2,93%	-32,40%

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