

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 4 October some moderately positive external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 rose by 0.5-0.8%, on Friday the main country indices in the Asia-Pacific region added on average about 0.3%. Support for the stock markets was provided by the growing confidence that the Fed would be forced to expand stimulus measures after the publication of weak statistics indicating an increase in the risks of a slowdown in the US economy. The index of business activity in the services sector in September fell to 52.6 points, the lowest level since August 2016. In conjunction with the collapse of the ISM Manufacturing to the minimum since June 2009, 47.8 points, these data, according to analysts, were another signal that the US trade conflict with China and the associated uncertainty negatively affect the US economy. Against this background, the probability of a decrease in the Fed rate by 0.25 percentage points at the October meeting, according to the Chicago Stock Exchange, was estimated by traders at almost 100%. December Brent futures were trading around \$57.8 per barrel, \$0.7 higher than our closing level on 3 October.

On Friday, before the publication of statistics on the American labour market, the MOEX Russia Index, like most major global stock indicators, showed sideways changes near zero. The published data turned out to be quite strong, reducing fears of a sharp slowdown in the US economy: in September, unemployment fell to 3.5%, updating the 50-year low, taking into account the revision, data on job growth in July-September were better than expected. At the same time, analysts noted that statistics should not be an obstacle to a possible Fed rate cut in October, taking into account the reduction in wage growth to a minimum since July 2018. Following the release of these data, the global market sentiment improved, the consolidated MSCI All Country World Index added about 0.5% in the afternoon. At the same time, the losses of the MOEX Russia Index exceeded 0.5%, despite the external positive background and the restoration of Brent quotes to around \$59 per barrel. The Russian export-oriented market was under pressure from an almost percent ruble appreciation due to an increase in demand for local government debt after the statement by Central Bank Deputy Chairman K. Yudaeva about "space for a further reduction" of the key rate and publication of the Rosstat data that recorded a decrease in annual inflation in September to the target level of 4%. In addition, shares of Norilsk Nickel, which fell 4.3% after the ex-dividend date, made a significant contribution to the decline in the MOEX Russia Index.

Following the results of the trading session, the electric utilities sector index outperformed, mainly due to growth of shares of Inter RAO and Unipro.

ELECTRIC POWER INDUSTRY NEWS

Pavel Livinskiy: "Rosseti is fully prepared for the autumn-winter period of 2019/2020"

At the International Forum "Russian Energy Week - 2019", Director General of Rosseti, Pavel Livinskiy, reported to the Minister of Energy of the Russian Federation Alexander Novak and the Minister of Construction Industry, Housing and Utilities Sector of the Russian Federation Vladimir Yakushev about 100% readiness of the electric grid complex for the upcoming heating season and peak loads.

Read full text: http://www.rosseti.ru/press/news/index.php?ELEMENT_ID=36087

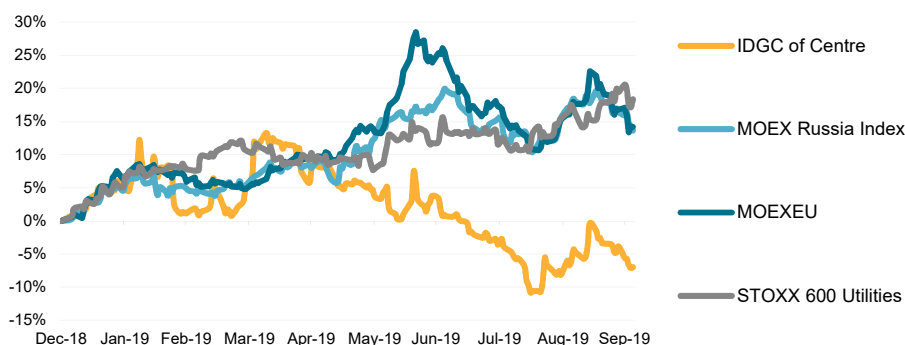
COMPANY NEWS

Since the beginning of the year Voronezhenergo's specialists stopped more than 980 cases of electricity theft in excess of 7.4 million kWh

The branch "Rosseti Centre Voronezhenergo" carries out systematic work to combat the theft of electricity. Since the beginning of 2019, specialists from the electricity metering department, together with specialists from the security unit, have revealed 987 facts of non-metered and non-contracted electricity consumption in excess of 7.4 million kWh. The damage caused amounted to 16.5 million rubles.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/69785/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 692,55	-0,55%	13,64%
S&P 500	2 952,01	1,42%	17,76%
FTSE 100	7 155,38	1,10%	6,35%
DAX	12 012,81	0,73%	13,77%
DJStoxx 600	380,22	0,73%	12,61%
Nikkei	21 410,20	0,32%	6,97%
Sensex	37 673,31	-1,14%	4,45%
CSI300	3 814,53	0,00%	26,70%
Bovespa	102 551,30	1,02%	16,69%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	65,13	-0,47%	-6,25%
EURO/RUB	71,30	-0,23%	-10,27%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 504,66	-0,04%	17,32%
Brent*, USD/bbl	58,37	1,14%	8,49%

* - December futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	MCap**, \$ mln	
			per day	fr 31.12.18
IDGC of Centre	0,2660	11,23	172,42	
IDGC of Centre & Volga Reg	0,243	27,39	420,47	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	1,03%	18,37%
MOEXEU	-0,06%	14,23%
IDGC of Centre**	0,15%	-6,99%
IDGC of Centre and Volga Region**	-0,49%	-8,30%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	-0,58%	52,56%
FGC UES	-0,90%	21,97%
IDGC of Volga	-0,33%	-6,43%
MOESK	-0,53%	28,79%
IDGC of Northern Caucasus	2,27%	144,86%
IDGC of North-West	-0,41%	10,00%
IDGC of Urals	-0,23%	-7,15%
IDGC of Siberia	1,28%	115,90%
IDGC of South	-2,60%	3,03%
Lenenergo, ordinary shares	2,88%	28,17%
TRK, ordinary shares	-6,36%	33,77%
Kubanenergo	0,17%	23,98%

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