

DAILY MARKET REVIEW

18 May, Wednesday



2016

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 17 May some moderately positive external background formed on the Russian market. On Monday the European Stoxx Europe 600 Index closed in conditional plus, the US indices DJIA and S&P500 finished trading with a percent rise, despite evidence of weakening in manufacturing activity in New York in May. At the same time indicators of all 10 major industry groups of the S&P500 index increased by the market close, the subindex of energy companies gained 1.6% due to the rise in oil prices, the subindex of technology companies rose by 1.4% after a jump in value of Apple's shares. On Tuesday most Asian stock indices grew up. The market was supported, in particular, by statements on the readiness of the Central Bank of China to support the economy if necessary. July Brent futures traded at \$49.4 per barrel, or \$0.2 higher than the closing level on 16 May. The oil quotations were supported by expectations of further reduction in the excess supply of raw materials in the market and restoration of the balance of supply and demand due to lower oil production in the US, supply disruption of raw materials from a number of countries, and growth of demand in Asia.

The Russian market started trading lower after turned the other way oil quotations after their update of the six-month maximum. Additional pressure on the MICEX Index was put by a fall in Gazprom's shares on the news about dividends, which can be 50% of adjusted profit under RAS, or 7.4 rubles per share, which is significantly worse than the market expectations - the allocation for the dividends of 50% of net profit under IFRS provides for the payment of 16.6 rubles per share. In the afternoon selling pressure eased somewhat against the background of a renewed rise in oil prices, as well as positive dynamics of the European markets, which allowed the MICEX Index to play back most of the losses. The negative opening of US exchanges after the publication of strong April statistics on new buildings, consumer price inflation and industrial production, which raised concerns over imminent hiking interest rates by the Fed, could not have a significant impact on our market.

At the end of the trading session the MicexPWR Sector Index underperformed. The main contribution to the advanced negative dynamics of the sector indicator was made by a decline in shares of RusHydro and FGC UES.

ELECTRIC POWER INDUSTRY NEWS

Electricity by standards

The FAS has prepared a mechanism of transition in 2017-2020 to unified ("standard") surplus for electricity suppliers of last resort. This would eliminate the annual debate of power sales companies with tariff regulators for calculation of the cost that they need to lay in tariffs. But market participants are requesting at calculation of standards to wisely consider regional specificities, as well as, for example, to install only limits of surplus allowing to give discounts to customers.

Read full text: <http://www.kommersant.ru/doc/2989618>

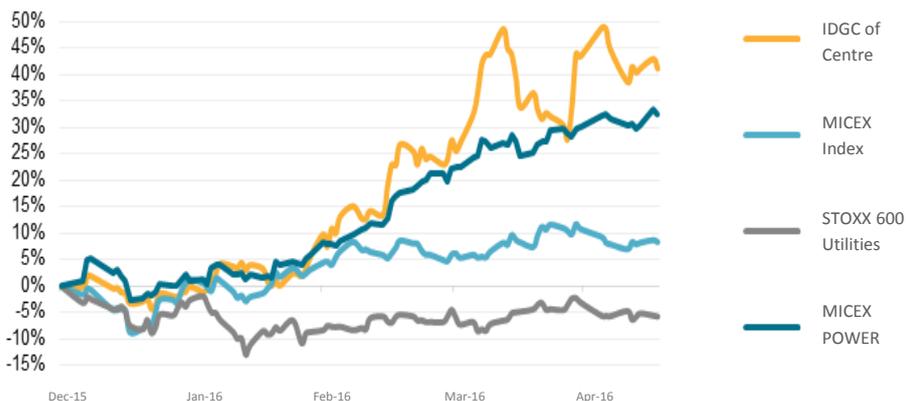
COMPANY NEWS

Bryanskenergo is ready for the season of mass repairs

IDGC of Centre - Bryanskenergo division has completed preparations for the mass maintenance and repair work. Within the check of readiness of units of the branch for safe and high-quality performance of repairs the power engineers have implemented a set of technical and organizational measures.

Read full text: <http://www.bryansktoday.ru/2016051635499/society/Bryanskenergo-gotovo-k-sezonu-massovyh-remontnyh-rabot.html>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.15
MICEX	1 909,00	-0,33%	8,38%
S&P 500	2 047,21	-0,94%	0,16%
FTSE 100	6 167,77	0,27%	-1,19%
DAX	9 890,19	-0,63%	-7,94%
DJStoxx 600	334,72	0,00%	-8,50%
STOXX Utilities	288,67	-0,17%	-5,70%
Nikkei	16 652,80	1,13%	-12,51%
Sensex	25 773,61	0,47%	-1,32%
CSI300	3 086,02	-0,30%	-17,29%
Bovespa	50 839,45	-1,86%	17,28%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.15
Euro/USD	1,13	0,04%	-6,79%
USD/RUB	64,89	-0,06%	-10,97%
Euro/RUB	73,45	-0,23%	-7,83%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.15
Gold, USD/oz	1 278,95	0,38%	20,53%
Brent*, USD/bbl	49,28	0,63%	19,99%

* - July futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,2755
Capitalisation**, billion RUB	11,63
Capitalisation**, million USD	179,24

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.15
MICEX-Power Index	-0,71%	32,60%
Shares of IDGC of Centre**	-1,25%	41,21%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.15
Rosseti	-1,52%	31,44%
FGC UES	-0,83%	83,99%
IDGC of Volga	-3,61%	51,16%
MOESK	0,10%	37,87%
IDGC of Northern Caucasus	-4,76%	20,00%
IDGC of Centre and Volga Reg	0,62%	29,62%
IDGC of North-West	0,43%	69,71%
IDGC of Urals	-1,69%	22,11%
IDGC of Siberia	-2,61%	14,75%
IDGC of South	1,04%	25,00%
Lenenergo	0,17%	26,86%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers
Moscow Exchange (MOEX)
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MRKC
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