

DAILY MARKET REVIEW

04 June, Wednesday



REVIEW OF STOCK MARKETS

Before the opening of trading some moderately positive external background formed on the Russian market. On Monday the U.S. indices DJIA and S&P500 added 0.1-0.2%, once again renewing their historical highs. At the same time in early trading the U.S. market was under pressure with statistics on manufacturing activity in May – the index value was significantly worse than expected. But the subsequent in two hours after the first release two adjustments of ISM Manufacturing Index recorded its value at the level of analysts' expectations and above the level of April, which allowed the major indexes to close slightly up. The composite MSCI Asia Pacific stock index added about half a percent. Support to markets in the Asian session, as yesterday, was given by statistics from China – in May the index of business activity in the services sector rose to its maximum since November last year. According to analysts, the May data on business activity in China suggest that the slowdown in the second world economy is currently going through its "bottom". June Brent traded near \$109 a barrel – at the level of our yesterday's closing.

In the first half of the trading session, the rate of decline of the MICEX Index reached one percent – investors took profits after the yesterday's more than 2% growth. Reason for selling was the negative dynamics of European markets due to poor statistics for the Eurozone. Despite the decline in unemployment in April to the lowest level since November 2012, its level – 11.7% – is still too high to talk about the robust economic recovery of the region. In addition, inflation in the Eurozone in May slowed to its lowest level since October 2009, confirming fears of economists against deflationary risks. However, as experts believe, a possible easing of monetary policy of the ECB at the next meeting on June 5 is already incorporated in the prices, and in the current circumstances, prior to the publication of specific decisions, these expectations cannot provide significant support to the market. In the afternoon, the MICEX Index played most of the losses back after the growth of U.S. futures and managed to close in positive territory with half-point after the publication of better than expected data from the U.S. on orders of industrial enterprises in April.

Dynamics of the MicexPWR Sector Index on the trading session looked somewhat worse than the market dynamics – the growth of shares of FGC UES, RusHydro and Russian Grids levelled sales in the securities of E.ON Russia and Inter RAO. On Western exchanges the European DJStoxx 600 Index lost 0.46%, and the U.S. S&P Index closed the trading session again near zero.

ELECTRIC POWER INDUSTRY NEWS

Russian Grids have an intention to reduce by 2018 the level of electricity losses at transmission over the power grid not less than 11%

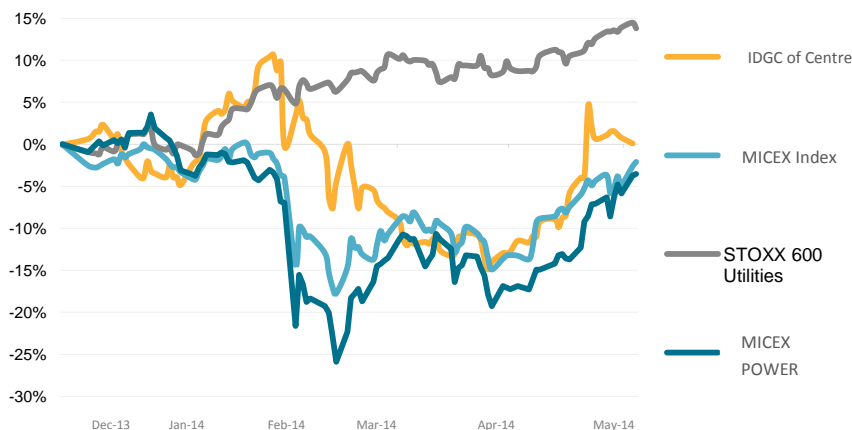
To read full text: <http://www.bigpowernews.ru/news/document56736.phtml>

COMPANY NEWS

"AtomErgoSbyt" from June 1 has become the supplier of last resort in another region — Smolensk region

To read full text: <http://www.bigpowernews.ru/markets/document56750.phtml>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change for the day	Change fr 31.12.13
MICEX	1 472,83	0,57%	-2,08%
S&P 500	1 924,24	-0,04%	4,11%
FTSE 100	6 836,30	-0,41%	1,29%
DAX	9 919,74	-0,31%	3,85%
DJStoxx 600	343,48	-0,46%	4,64%
STOXX Utilities	316,71	-0,60%	13,79%
Nikkei	15 034,25	0,66%	-7,72%
Sensex	24 858,59	0,70%	17,42%
CSI300	2 149,92	-0,30%	-7,73%
Bovespa	52 032,38	0,83%	1,02%

Source: Bloomberg, Company calculations

Currency rates	Value	Change for the day	Change fr 31.12.13
Euro/USD	1,36	0,27%	-1,13%
USD/RUB	34,89	0,44%	6,60%
Euro/RUB	47,55	0,59%	5,73%

Source: Bloomberg, Company calculations

Raw	Value	Change for the day	Change fr 31.12.13
Gold, USD/oz	1 244,95	0,08%	3,60%
Brent*, USD/bbl	108,82	-0,01%	-0,18%

* - July futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,2188
Capitalisation**, billion RUB	9,24
Capitalisation**, million USD	264,76

Source: Central Bank of Russia, Company calculations

Russian indexes	Change for the day	Change fr 31.12.13
MICEX-Power Index	0,17%	-3,54%
Shares of IDGC of Centre**	-0,68%	0,09%

Source: MOEX, Company calculations

Grid companies	Change** for the day	Change** fr 31.12.13
JSC Russian Grids	2,06%	-29,86%
FGC UES	2,01%	-32,52%
IDGC of Volga	0,91%	-12,20%
MOESK	0,00%	-10,03%
IDGC of Northern Caucasus	-1,18%	19,69%
IDGC of Centre and Volga Reg	-2,13%	28,78%
IDGC of North-West	0,10%	2,15%
IDGC of Urals	-5,10%	-10,71%
IDGC of Siberia	4,84%	-7,80%
IDGC of South	1,65%	-2,08%
Lenenergo	0,49%	23,66%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

Moscow Exchange
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