



IDGC OF CENTRE

DAILY MARKET REVIEW

28 July, Monday

2014

REVIEW OF STOCK MARKETS

Before the opening of trading on the 25th of July some neutral external background formed on the Russian market. On Thursday the U.S. indices DJIA and S&P500 closed mixed with minor changes in the range of 0.1% under some ambiguous statistics: on the one hand, the number of applications for unemployment benefits fell to the lowest since February 2006, on the other hand, data on sales of new buildings in June were much worse than expected. Major stock indices in the Asia-Pacific region traded without any changes – the composite MSCI Asia Pacific index added about 0.5% mainly due to growth of stocks of Japanese companies. September Brent traded at \$107.1 per barrel – at our closing on the 24th of July.

The Russian market remains under pressure on expectations of tighter Western sanctions, on Friday at daily lows the MICEX Index loss exceeded 1.5%. An adopted on the eve decision of the EU to extend the sanctions lists to include other 15 people and 18 organizations into them have not yet affected the large Russian companies – the focus, according to the media, was placed on the Crimea and Eastern Ukraine. However, the threat of the introduction of new much tougher EU sanctions against Russia remains, which, in particular, suggest a ban on access to European capital for the Russian state-owned banks and an embargo on the export of sophisticated technologies for the Russian oil and gas sector. It is planned to define these restrictive measures of the "third phase" being within the competence of the EU Heads of Member States this week. It should be noted that previously the head of European diplomacy, Catherine Ashton, did not rule out that the EU leaders could gather for an extraordinary summit before the beginning of August to discuss the Ukrainian crisis and sanctions against Russia. An additional negative factor for our market was the information about the maximum in six months capital outflow from funds focused on Russia's stocks – according to EPFR, from 17 to 23 July, it was \$172 million, and the unexpected for analysts decision by the Bank of Russia to raise the base rate by 0.5 percentage points to 8% – according to some experts, Interfax reported, this may adversely affect the banking system and economic growth rates. And the major European markets were also under the pressure of growing geopolitical risks, losing on average more than half a percent in the afternoon. Released better than expected U.S. statistics on orders for durable goods in June failed to improve investors' sentiment.

During the entire trading session the MicexPWR Sector Index looked much better than the market – sales on the Russian market mainly focused on the "blue chips". Practically all the resulting decline in the MicexPWR Index was provided by shares of E.ON Russia, which had lost more than 2%. On Western exchanges the European DJStoxx 600 Index fell 0.69%, and the U.S. S&P 500 Index closed with a loss of 0.48%.

ELECTRIC POWER INDUSTRY NEWS

Power engineers have started paying for Crimea

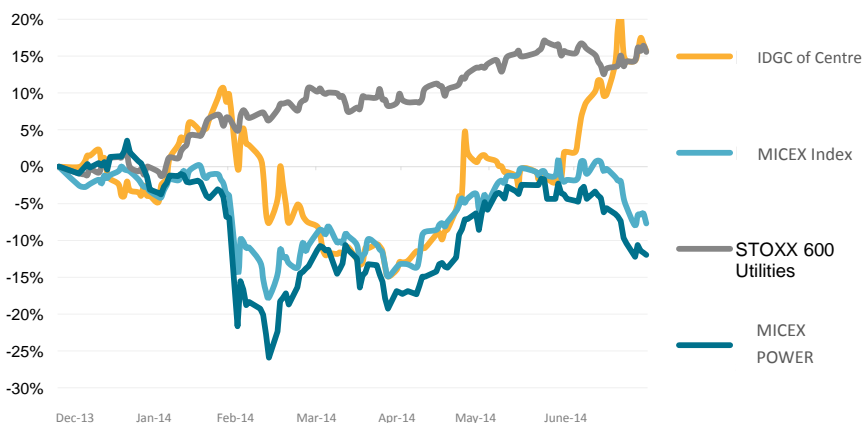
To read full text: <http://www.kommersant.ru/doc/2534110>

COMPANY NEWS

Belgorodenergo to invest more than 120 million rubles in the replacement of grid infrastructure in the settlement of Maslova Pristan

To read full text: <http://www.bigpowernews.ru/press/document57582.phtml>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change for the day fr 31.12.13	
MICEX	1 388,41	-1,45%	-7,69%
S&P 500	1 978,34	-0,48%	7,03%
FTSE 100	6 791,55	-0,44%	0,63%
DAX	9 644,01	-1,53%	0,96%
DJStoxx 600	341,95	-0,69%	4,17%
STOXX Utilities	321,59	-0,73%	15,54%
Nikkei	15 457,87	1,13%	-5,12%
Sensex	26 126,75	-0,55%	23,41%
CSI300	2 260,45	1,05%	-2,99%
Bovespa	57 821,08	-0,27%	12,26%

Source: Bloomberg, Company calculations

Currency rates	Value	Change for the day fr 31.12.13	
Euro/USD	1,34	-0,30%	-2,60%
USD/RUB	35,08	0,77%	7,18%
Euro/RUB	47,17	0,64%	4,89%

Source: Bloomberg, Company calculations

Raw	Value	Change for the day fr 31.12.13	
Gold, USD/oz	1 307,22	1,05%	8,79%
Brent*, USD/bbl	108,39	1,23%	0,48%

* - September futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,2530
Capitalisation**, billion RUB	10,68
Capitalisation**, million USD	304,49

Source: Central Bank of Russia, Company calculations

Russian indexes	Change for the day fr 31.12.13	
MICEX-Power Index	-0,33%	-11,97%
Shares of IDGC of Centre**	-0,78%	15,74%

Source: MOEX, Company calculations

Grid companies	Change** for the day fr 31.12.13	
JSC Russian Grids	0,20%	-36,04%
FGC UES	-0,37%	-40,77%
IDGC of Volga	-2,45%	-9,13%
MOESK	-0,96%	-26,34%
IDGC of Northern Caucasus	-0,54%	-4,15%
IDGC of Centre and Volga Reg	-1,38%	68,96%
IDGC of North-West	2,50%	8,20%
IDGC of Urals	-1,34%	-6,76%
IDGC of Siberia	-3,36%	26,10%
IDGC of South	-3,60%	18,21%
Lenenergo	-1,38%	13,79%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

Moscow Exchange

Bloomberg

Reuters

MRKC

MRKC.RX

MRKC.MM