

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 gained 0.1-0.9%, as noted by Bloomberg, on the background of increasing stock prices of high-tech companies. Stock markets in the Asia-Pacific region showed mixed, mostly positive, dynamics. U.S. index futures were near zero, July Brent traded near \$109.5 per barrel – half a dollar below our closing on Monday.

Opening of the MICEX Index with more than a half-point increase was replaced with correction and the indicator dropped to zero. Decline in Gazprom's shares reaching 2.5 % was also a restraining factor – investors opted to take profits in the absence of news about signing a contract between the concern and China for the supply of gas during Mr. Putin's visit to China. As the head of Gazprom Alexey Miller stated, "negotiations are continuously under way, the parties are seeking a compromise". Meanwhile, some pieces of news on the Russian-Chinese cooperation made buyers active in the afternoon. In particular, Rosneft's securities had support on the message of Finance Minister A. Siluanov that China had expressed interest in buying the package of securities, and the news of the signing of the contract with CNPC to supply 3 million tons of LNG per year was positive for Novatek. As of Monday, our market is moving opposite with Western exchanges – European indexes were down for the day within half a percent, and U.S. stock indicators showed the same dynamics in early trading.

By the end of the trading session, dynamics of the MicexPWR Sector Index looked significantly better than the market as a whole. The main contribution to MicexPWR growth, about 50%, was made by shares of RusHydro, soaring nearly 11% on the news of the signing of bilateral documents on cooperation with Chinese companies during the visit of Russian President Vladimir Putin in Shanghai. In particular, RusHydro signed a contract with PowerChina on cooperation in hydropower. In addition, a subsidiary of RusHydro – RAO Energy System of East – has signed an agreement on cooperation with Dongfang Electric International Corporation in the implementation of joint projects in the Far East with the total investment to reach 78 billion rubles. On Western exchanges the European DJStoxx 600 Index closed near zero, and the American S&P 500 Index fell 0.65%.

ELECTRIC POWER INDUSTRY NEWS

Ways of consolidation

"Russian Grids" can perform the main consolidator of TCCs that wants to make the process of formation of tariffs in the joint operation grid transparent. For example, IDGC of Centre declares bringing the share in its service area to 90% and for several years has been maintaining its policy of merging TCCs through buying local TCCs out from the municipal authorities.

To read full text: <http://www.kommersant.ru/doc/2468912>

"Russian Grids" and State Grid Corporation of China have agreed on strategic cooperation

To read full text: <http://www.bigpowernews.ru/markets/document56498.phtml>

COMPANY NEWS

Lipetskenergo's specialists met with consumers

To read full text: http://www.mrsk-1.ru/ru/press/news/branches/?id_4=89351

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change for the day	fr 31.12.13
MICEX	1 425,58	0,83%	-5,22%
S&P 500	1 872,83	-0,65%	1,32%
FTSE 100	6 802,00	-0,62%	0,78%
DAX	9 639,08	-0,21%	0,91%
DJStoxx 600	338,32	-0,06%	3,06%
STOXX Utilities	309,49	0,26%	11,20%
Nikkei	14 075,25	0,49%	-13,60%
Sensex	24 376,88	0,06%	15,14%
CSI300	2 115,77	0,02%	-9,20%
Bovespa	52 366,19	-1,85%	1,67%

Source: Bloomberg, Company calculations

Currency rates	Value	Change for the day	fr 31.12.13
Euro/USD	1,37	-0,15%	-0,73%
USD/RUB	34,74	-0,12%	6,14%
Euro/RUB	47,64	-0,12%	5,94%

Source: Bloomberg, Company calculations

Raw	Value	Change for the day	fr 31.12.13
Gold, USD/oz	1 294,37	0,11%	7,72%
Brent*, USD/bbl	109,69	0,29%	0,61%

* - July futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,2099
Capitalisation**, billion RUB	8,86
Capitalisation**, million USD	255,09

Source: Central Bank of Russia, Company calculations

Russian indexes	Change for the day	from 31.12.13
MICEX-Power Index	3,51%	-9,21%
Shares of IDGC of Centre**	1,89%	-3,98%

Source: MICEX, Company calculations

Grid companies	Change** for the day	fr 31.12.13
JSC Russian Grids	3,08%	-39,64%
FGC UES	2,11%	-32,79%
IDGC of Volga	-0,97%	-23,92%
MOESK	1,41%	-12,44%
IDGC of Northern Caucasus	0,26%	0,06%
IDGC of Centre and Volga Reg	0,00%	22,93%
IDGC of North-West	-2,24%	-6,41%
IDGC of Urals	4,37%	-24,73%
IDGC of Siberia	-0,49%	-39,46%
IDGC of South	-0,62%	-20,57%
Lenenergo	-1,00%	14,66%

Source: MICEX, Company calculations

** - at the price of last transaction at MICEX

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Tickers

Moscow Exchange
Bloomberg
Reuters

MRKC
MRKC.RX
MRKC.MM