



IDGC OF CENTRE

DAILY MARKET REVIEW

12 December, Friday

2014

REVIEW OF STOCK MARKETS

Before the opening of trading on 11 December some moderately negative external background formed on the Russian market. On Wednesday the U.S. indices DJIA and S&P500 lost 1.5-1.6%, demonstrating the highest rate of decline for two months, on Thursday the decline in major stock indices of the Asia-Pacific region on average was close to one percent. Markets were decreasing after the fall of shares of the energy sector on the continuing decline in oil prices. In turn, the next round of sales in the oil market was triggered by the deterioration of the OPEC demand forecast for oil, delivered by the cartel in 2015, to the lowest level since 2003. In addition, according to some analysts, the low demand for oil may indicate a slowdown in global economic growth, and this negative factor applies to most categories of assets. January Brent traded around \$64.5 per barrel – almost a dollar below the level of our closing on 10 December. In this case, on the Wednesday's lows trading Brent quotes fell to around \$63.5 per barrel. In addition to the deterioration of the OPEC demand forecast some negative background for the oil market was the media information that Kuwait also announced reduction of oil prices delivered after Saudi Arabia and Iraq. In particular, writes Kommersant, Kuwait Petroleum announced the decision in January 2015 to sell oil by \$3.95 cheaper than other countries in the region – a record discount since December 2008, when as a result of the crisis the oil fell from \$140 to \$41 per barrel.

Pending the Russian Central Bank's decision on the key interest rate, the MICEX Index traded flat near zero. The Bank of Russia, as suggested by the consensus forecast of analysts, raised the weekly repo rate by 1 percentage point – up to 10.5%. Nevertheless, the ruble reacted to this decision updating historic lows against the dollar and the euro, and the MICEX Index – a percent decline. Statements of Head of the Bank of Russia that the Central Bank considers the decline in oil prices to \$60 per barrel unlikely, and is ready to provide banks with \$85 billion in the case of the implementation of the stress scenario, expects a significant strengthening of the ruble in 2015 in connection with the projected increase in oil prices, did not impress investors. Moreover, the fall of the MICEX Index accelerated to 3% after the return of Brent price to around \$64 per barrel. At the end of the day the MICEX Index was able to play a third loss back on the background of a percent growth of U.S. indices in early trading after the publication of good statistics – retail sales rose in November with the fastest pace in 8 months, data on applications for unemployment benefits were better than expected.

By the end of the trading session the MicexPWR Sector Index looked worse than the market. The main contribution to the MicexPWR loss was made by shares of RusHydro and E.ON Russia, which fell 5.5% and 3.6%, respectively. On Western exchanges the European DJStoxx Index closed near zero, and the U.S. S&P Index rose by 0.45%.

ELECTRIC POWER INDUSTRY NEWS

"Russian Grids" design an innovative substation for the "Skolkovo" Centre

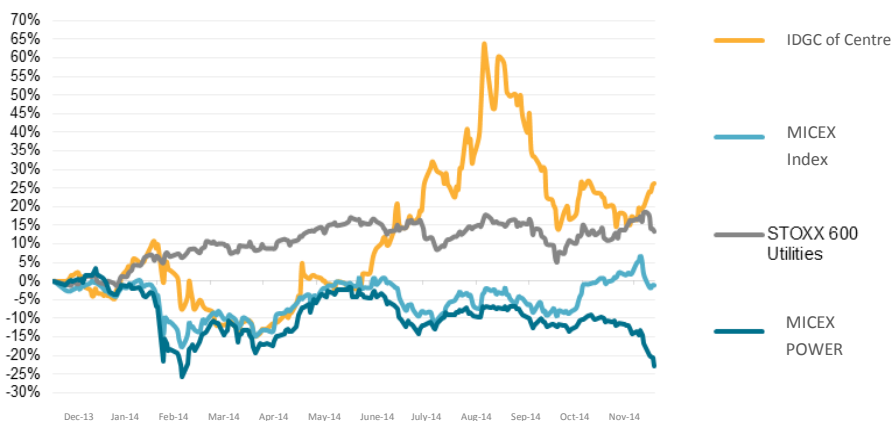
To read full text: http://www.rosseti.ru/press/news/index.php?ELEMENT_ID=20451

COMPANY NEWS

Belgorod power engineers removed 19 playgrounds out of exclusion zones of power lines

To read full text: <http://www.kp.ru/daily/26318/3197327/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change for the day	fr 31.12.13
MICEX	1 455,04	-2,14%	-3,26%
S&P 500	2 035,33	0,45%	10,12%
FTSE 100	6 461,70	-0,59%	-4,26%
DAX	9 862,53	0,64%	3,25%
DJStoxx 600	339,31	0,00%	3,37%
STOXX Utilities	315,36	-0,64%	13,30%
Nikkei	17 257,40	-0,89%	5,93%
Sensex	27 602,01	-0,82%	30,38%
CSI300	3 183,01	-1,20%	36,61%
Bovespa	49 861,81	0,63%	-3,19%

Source: Bloomberg, Company calculations

Currency rates	Value	Change for the day	fr 31.12.13
Euro/USD	1,24	-0,33%	-10,17%
USD/RUB	54,28	0,12%	65,83%
Euro/RUB	67,20	0,48%	49,43%

Source: Bloomberg, Company calculations

Raw	Value	Change for the day	fr 31.12.13
Gold, USD/oz	1 227,72	0,11%	2,17%
Brent*, USD/bbl	63,68	-0,87%	-39,86%

* - January futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,2760
Capitalisation**, billion RUB	11,65
Capitalisation**, million USD	214,68

Source: Central Bank of Russia, Company calculations

Russian indexes	Change for the day	fr 31.12.13
MICEX-Power Index	-2,79%	-22,81%
Shares of IDGC of Centre**	0,36%	26,26%

Source: MOEX, Company calculations

Grid companies	Change** for the day	fr 31.12.13
JSC Russian Grids	-3,16%	-43,18%
FGC UES	-3,68%	-49,76%
IDGC of Volga	0,21%	2,50%
MOESK	-0,88%	-19,38%
IDGC of Northern Caucasus	-3,66%	-14,83%
IDGC of Centre and Volga Reg	-5,39%	37,84%
IDGC of North-West	-3,61%	-15,52%
IDGC of Urals	1,05%	-9,83%
IDGC of Siberia	2,16%	27,52%
IDGC of South	0,30%	2,55%
Lenenergo	-1,62%	-8,62%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

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