



REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 13 January some moderately negative external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 fell 0.2-0.3%, on Friday the composite index of the Asia-Pacific region MSCI Asia Pacific showed a comparable trend. The markets were pressured with increased uncertainty as regards the economic program of the new President of the United States and the Fed's actions to tighten monetary policy. Investors are disappointed with the last press conference of Donald Trump at which he did not add any details of the plans for tax reform and increased spending on infrastructure, but these promises of his became the main reasons for the growth of the US stock market after the presidential election. As for the Fed's plans to raise rates, the lack of clarity on this issue intensified after the statements of several Fed's officials. In particular, the head of the Federal Reserve Bank of St. Louis believes that the rate will be raised only once, the chairman of the Federal Reserve Bank of Atlanta is counting on two hikes, while the heads of the Federal Reserve Bank of Philadelphia and Chicago are waiting three increases. Thus, all of them, noting the strengthening of the US economy and inflation approaching the target level, indicated the lack of information about what actions of the new President will be. March Brent futures traded near the mark of \$56 a barrel at the close on 12 January. As noted by Bloomberg, oil prices are stable thanks to a series of statements of producing countries, including Saudi Arabia, Russia and Iraq, to reduce the production of raw materials in January, and the information on the record oil imports by China in December – 8.56 million barrels per day.

On Friday the Russian market was dominated by sellers, in the second half of the trading session the drop of the MICEX Index exceeded 1.5%, despite moderate growth of European markets. Our market was pressured by both a decline in oil prices – Brent quotations dropped to \$55.5 per barrel and the media information that the Government's draft regulation to extend the rules for state-owned companies to pay 50% of net profit as a dividend has been returned to the Ministry of Finance to be finalized. At the end of the day the MICEX Index could play half of the losses back against improved sentiment in Western markets after the publication of a whole series of positive statements of the largest US banks, which offset moderate negative background of worse than expected statistics on US retail sales in December and the consumer confidence index in January.

During the trading session the changes of the MicexPWR Sector Index as a whole corresponded to the MICEX Index. The main contribution to the resulting reduction in the sector indicator was made by shares of Rosseti and FGC UES, which were under pressure with the media information about problems with the coordination of the government's document on an increased dividend of state-owned companies.

ELECTRIC POWER INDUSTRY NEWS

Revenues fifty-fifty

The Government is committed to receiving from state-owned companies dividends at 50% of net profit. In the past year, despite a similar government resolution, none of the state-owned companies paid in full for one reason or another. But now the Ministry of Finance has assured that there will be no exceptions.

Read full text: <http://www.kommersant.ru/doc/3188938>

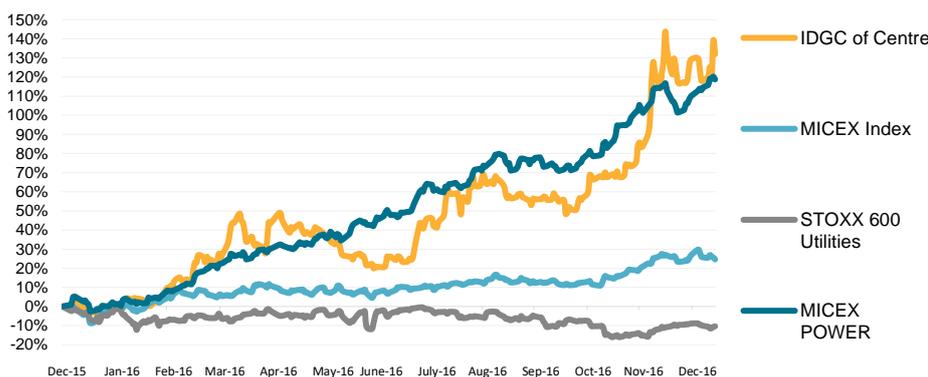
COMPANY NEWS

In the Yaroslavl branch of IDGC of Centre a new building of Gavrilov-Yamsky Distribution Zone opened

The two-story building of Gavrilov-Yamsky Distribution Zone of IDGC of Centre - Yarenergo division with an area of over 1,300 square metres was built in less than a year.

Read full text: <http://www.energyland.info/analytic-show-155133>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	2 195,19	-0,76%	-1,68%
S&P 500	2 274,64	0,18%	1,60%
FTSE 100	7 337,81	0,62%	2,73%
DAX	11 629,18	0,94%	1,29%
DJStoxx 600	365,94	0,95%	1,25%
STOXX Utilities	272,27	0,31%	-1,63%
Nikkei	19 287,28	0,80%	0,90%
Sensex	27 238,06	-0,03%	2,30%
CSI300	3 319,91	0,07%	0,30%
Bovespa	63 651,52	-0,47%	5,69%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,06	-0,06%	1,20%
USD/RUB	59,50	-1,10%	-1,91%
Euro/RUB	63,28	-0,38%	-0,84%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 197,34	0,16%	4,34%
Brent*, USD/bbl	55,45	-1,00%	-2,41%

* - March futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,4525
Capitalisation**, billion RUB	19,10
Capitalisation**, million USD	321,08

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	-0,63%	4,16%
Shares of IDGC of Centre**	-3,00%	1,23%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	-2,94%	6,91%
FGC UES	-1,35%	0,61%
IDGC of Volga	5,85%	9,82%
MOESK	0,22%	3,45%
IDGC of Northern Caucasus	-1,61%	-2,95%
IDGC of Centre and Volga Reg	-0,32%	5,07%
IDGC of North-West	-3,05%	-1,64%
IDGC of Urals	-1,47%	1,52%
IDGC of Siberia	0,92%	4,54%
IDGC of South	-0,93%	1,15%
Lenenergo, ordinary shares	-0,45%	-0,36%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

Moscow Exchange (MOEX)

Bloomberg

Reuters

MRKC

MRKC.RX

MRKC.MM