



IDGC OF CENTRE

DAILY MARKET REVIEW

02 December, Tuesday

2014

REVIEW OF STOCK MARKETS

Before the opening of trading on 01 December some neutral external background formed on the Russian market. Last Friday the U.S. indices DJIA and S&P500 closed with the growth of less than 0.01% and decrease of 0.25%, respectively. The main uncertainty factor of the U.S. market dynamics was the fall in oil prices, triggered selling shares of energy companies and rising securities of airlines and retailers. On Monday the composite MSCI Asia Pacific stock index and U.S. index futures lost about half a percent on weak data from China. According to official data, the manufacturing PMI in November fell to the lowest in 8 months of 50.3 points – worse than expected, whereas, according to HSBC and Markit Economics, it reached the threshold of 50 points – a minimum of six months.

January Brent futures traded around \$68.5 per barrel – \$ 4.5 below our closing on Friday November 24th. According to analysts, the mood in the oil market can be described as panic. As noted by Bloomberg, with the beginning of the year oil prices have fallen by more than a third, but in the theory the decline may continue for as long as market prices become less than the cost of production from existing wells. At the same time \$40 a barrel is referred to as one of the benchmarks: IEA believes that at such prices production of shale oil in the fields of Bakken formation will cease to be profitable – but it was it, according to some experts, writes Bloomberg, the member countries of OPEC are seeking to stop.

The MICEX Index began trading with a half-point reduction, but immediately turned around after the start of the next collapse of the ruble: on the daily high the dollar was above the mark of 53.5 rubles, Euro – 67 rubles. Against this background the driver of growth of the MICEX Index, which adding to the middle of the day more than 4%, rose to the level of 1,600 points (maximum since March 2012), was strong dividend papers of exporters – Lukoil and Norilsk Nickel. At the same time the European markets were dominated by negative sentiment, the major indices lost on average about half a percent on the statistics from China, and their own weak data – in November the manufacturing PMI in the Eurozone fell to the lowest level since June 2013, the German industrial PMI fell below the critical mark of 50 points. In the afternoon the MICEX Index retreated from daily highs under pressure of strengthened negative dynamics of the Western exchanges, which ignored released better than expected statistics on manufacturing activity in the U.S. in November. At the same time profit-taking activity in our market was limited with the rise in oil prices above \$71 a barrel.

During the trading session the MicexPWR Sector Index looked much worse than the dynamics of the MICEX Index, driven with strong growth in dividend stocks of exporters in the background of the ruble weakening. On Western exchanges the European DJStoxx Index lost 0.46%, and the U.S. S&P Index fell 0.68%.

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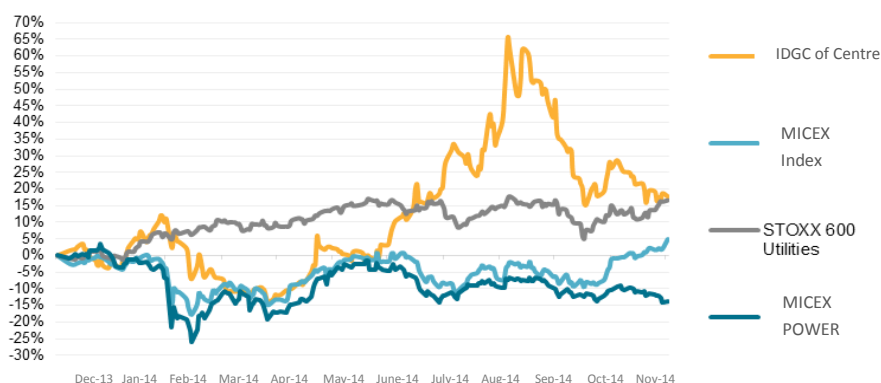
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DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change for the day	fr 31.12.13
MICEX	1 578,38	2,91%	4,94%
S&P 500	2 053,44	-0,68%	11,10%
FTSE 100	6 656,37	-0,99%	-1,37%
DAX	9 963,51	-0,17%	4,31%
DJStoxx 600	345,64	-0,46%	5,29%
STOXX Utilities	324,66	0,39%	16,65%
Nikkei	17 590,10	0,75%	7,97%
Sensex	28 559,62	-0,47%	34,90%
CSI300	2 819,81	0,39%	21,02%
Bovespa	52 276,58	-4,47%	1,49%

Source: Bloomberg, Company calculations

Currency rates	Value	Change for the day	fr 31.12.13
Euro/USD	1,25	0,34%	-9,39%
USD/RUB	49,32	3,48%	50,70%
Euro/RUB	61,41	3,00%	36,56%

Source: Bloomberg, Company calculations

Raw	Value	Change for the day	fr 31.12.13
Gold, USD/oz	1 212,10	3,83%	0,87%
Brent*, USD/bbl	72,54	3,41%	-31,49%

* - January futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,2545
Capitalisation**, billion RUB	10,74
Capitalisation**, million USD	217,84

Source: Central Bank of Russia, Company calculations

Russian indexes	Change for the day	fr 31.12.13
MICEX-Power Index	0,49%	-13,72%
Shares of IDGC of Centre**	-0,78%	17,77%

Source: MOEX, Company calculations

Grid companies	Change** for the day	fr 31.12.13
JSC Russian Grids	1,01%	-32,75%
FGC UES	2,03%	-39,34%
IDGC of Volga	-1,75%	-1,45%
MOESK	0,00%	-29,10%
IDGC of Northern Caucasus	-2,06%	-7,71%
IDGC of Centre and Volga Reg	0,10%	46,88%
IDGC of North-West	-1,16%	-10,24%
IDGC of Urals	-0,17%	-7,01%
IDGC of Siberia	-4,89%	21,42%
IDGC of South	-5,03%	11,56%
Lenenergo	0,00%	-6,47%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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