



REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 14 December some neutral external background formed on the Russian market. Major US indices closed the trading session On Wednesday in different directions – the DJIA, updating the record, added 0.3%, the S&P500 lost 0.05%. The decline in the broad market index was due to a fall in shares of the financial sector at the outcome of the meeting of the US Central Bank. The Fed expectedly raised its benchmark interest rate by 0.25 percentage points to 1.25-1.5%, significantly improved the outlook for economic growth in 2017-2019, while retaining plans in 2018 to raise the rate three times. However, the cautious forecast of the regulator on inflation and the change of the head of the Fed, according to experts, can slow down the rate of tightening of lending. On Thursday the main country indices of the Asia-Pacific region showed moderately negative changes on strengthening of local currencies against the dollar and news from China. In November the pace of increase in industrial production in China slowed for the second month in a row, retail sales did not reach the forecast. In addition, the Chinese Central Bank raised short-term interest rates after the Fed. February Brent futures traded near \$62.9 per barrel, \$0.2 lower than the closing level on 13 December. Quotations were pressured by a message from the US Department of Energy about the acceleration of oil production growth in the country continuing for eight consecutive weeks, to record 9.78 million barrels per day.

The MOEX Russia Index spent most of the trading session in a small plus within half a percent. The recovery of the Russian market after active sales on Wednesday was also facilitated by increased demand for emerging market assets after the publication of the results of the Fed meeting. At the same time, investors' activity was hampered by a decline in oil prices and indistinct trends of European indices. Brent fell to \$62 per barrel after the release of the monthly IEA report, in which analysts warned that the rate of increase in global oil supplies – mainly due to shale production in the US – would exceed demand growth, which would limit the impact of measures taken by OPEC+ countries to restore the balance on the market. In turn, European investors reacted neutrally to the expected decisions of the ECB and the Bank of England. The ECB kept all key rates at the same level, including the refinancing rate at zero, and confirmed that QE will last until September "or longer, if necessary." In addition, at the final press conference the head of the ECB said that he sees the need to save significant amounts of stimulating the economy to help increase inflation. The Bank of England retained the benchmark interest rate at 0.5% and confirmed the forecasts of "further moderate tightening of monetary policy" in the coming years. At the end of the day the markets were supported by good statistics from the USA, where data on retail sales in November and applications for unemployment benefits were better than expectations. An additional positive factor for Russian investors was the return of oil prices to the morning levels – the growth of the MOEX Russia Index accelerated to a percentage point.

As a result of the trading session the MicexPWR Sector Index underperformed mainly due to the majority of "heavy" index shares of MicexPWR being close to zero changes.

ELECTRIC POWER INDUSTRY NEWS

The State Duma adopted in the 1st reading a draft law on requirements for the content of energy-saving programs

The State Duma adopted in the first reading a draft law on requirements for the content of programs in the field of energy saving and improving the energy efficiency of organizations, introduced by the Russian Government.

Read full text: <http://www.bigpowernews.ru/news/document80968.phtml?1&q=>

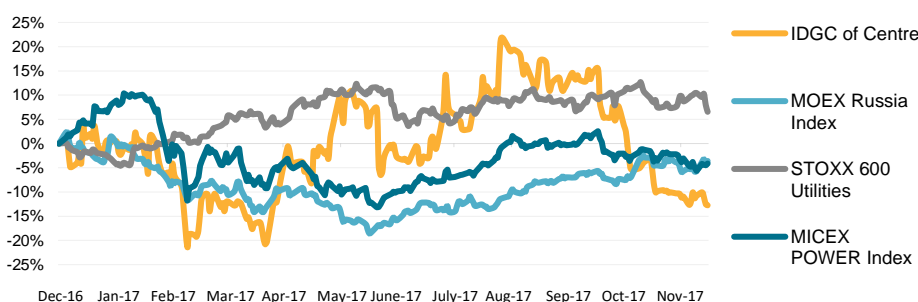
COMPANY NEWS

The leadership of the Kursk region thanks IDGC of Centre for active participation in the regional stage of the festival #VmesteYarche

IDGC of Centre - Kurskenergo division was awarded with a letter of gratitude by the administration of the Kursk region for active participation in the regional stage of the festival #VmesteYarche - 2017.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/62650/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MOEX Russia	2 152,41	0,96%	-3,60%
S&P 500	2 652,01	-0,41%	18,46%
FTSE 100	7 448,12	-0,65%	4,27%
DAX	13 068,08	-0,44%	13,82%
DJStoxx 600	388,91	-0,46%	7,61%
Nikkei	22 694,45	-0,28%	18,73%
Sensex	33 246,70	0,59%	24,86%
CSI300	4 026,15	-0,59%	21,63%
Bovespa	72 428,93	-0,67%	20,26%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
USD/RUB	59,14	0,52%	-2,49%
EURO/RUB	69,47	0,24%	8,86%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 252,96	-0,20%	9,19%
Brent*, USD/bbl	63,31	1,39%	8,02%

* - February futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	Change	
			per day	fr 31.12.16
IDGC of Centre	0,3900	16,46		278,39
IDGC of Centre & Volga Reg	0,3089	34,81		588,60

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.16
STOXX 600 Utilities	-1,29%	6,55%
MICEX POWER Index	0,36%	-4,11%
IDGC of Centre**	-0,26%	-12,75%
IDGC of Centre and Volga Region**	0,20%	106,08%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	1,25%	-24,00%
FGC UES	0,22%	-20,37%
IDGC of Volga	0,19%	87,50%
MOESK	0,60%	-6,46%
IDGC of Northern Caucasus	1,91%	-15,42%
IDGC of North-West	-1,29%	-2,36%
IDGC of Urals	0,00%	27,66%
IDGC of Siberia	0,00%	40,38%
IDGC of South	-0,35%	7,63%
Lenenergo, ordinary shares	1,93%	-3,91%
TRK, ordinary shares	-3,38%	-15,97%
Kubanenergo	-0,68%	-15,52%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers
Moscow Exchange (MOEX)
Bloomberg
Reuters

MRKC
MRKC:RM
MRKC:MM