

DAILY MARKET REVIEW

03 August, Wednesday

2016



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 02 August some moderately negative external background formed on the Russian market. On Monday the US indices DJIA and S&P500 fell 0.1-0.2%, on Tuesday the composite Asia-Pacific region index MSCI Asia Pacific lost about 0.5%. The markets were pressured by a fall in oil prices and released worse than expected statistics on business activity in the US manufacturing in July. Brent October futures traded at \$42.3 per barrel, closing at the level of 01 August. Brent quotes are kept at the "bearish" trend, while prices of WTI, losing more than 20% of the annual maximum, have already passed this milestone. The falling in oil prices was mainly due to fears of investors about the growing surplus of oil and gasoline in the world market. An additional negative factor for oil quotations on Tuesday was the media reports that Saudi Arabia in September will reduce the prices of all kinds of oil, which are exported to Asia. According to experts, the actions of Saudi Arabia seek to protect their share of the region, taking into account Iran's shipment growth in Asia by almost 30% since the beginning of the year.

On Tuesday the Russian and European markets were dominated by sellers, the MICEX Index and the Stoxx Europe 600 Index were traded in the first half of the day in the red with more than a percent. The main drivers for sales were decline in oil prices – Brent quotes at the beginning of the day tested the level of \$42 per barrel, and a drop in shares of European banks, which were outsiders of a recent stress test of the European Banking Authority and Commerzbank, the second largest asset bank in Germany, after the rejection of keeping the target of net profit in 2016 at the level of last year. In addition, investors are not impressed about the fact that three-quarters of the approved by the Government of Japan economic stimulus program in the amount of ¥28 trillion (\$274 billion) accounted for cheap loans of the government and state-owned companies, as well as projects of public-private partnerships. After this piece of news the strengthening of the yen against the dollar accelerated – investors do not believe that the fiscal stimulus will be able to solve all the economic problems of Japan and save the country from deflation. Released better than expected statistics from the US on the population spending in June only increased fears of a possible rate hike by the Fed in September – the rate of decline of the MICEX Index got close to 2%.

On Tuesday the MicexPWR Sector Index changes were generally in line with the MICEX Index. Shares of Lenenergo moved in opposition to the market, which played back the good reporting under RAS for the first half-year and forecasts of the company's net profit for 2016, significantly improving dividend prospects. At the end of the day ordinary and preferred shares of Lenenergo increased by 2.1% and 21.1%, respectively.

ELECTRIC POWER INDUSTRY NEWS

The Government approved a list of "forced" capacity

The RF Government by Resolution of July 29, 2016 №1619-r approved a list of electricity generating facilities, whose power is supplied in the forced mode.

Read full text: <http://www.bigpowernews.ru/markets/document71827.phtml>

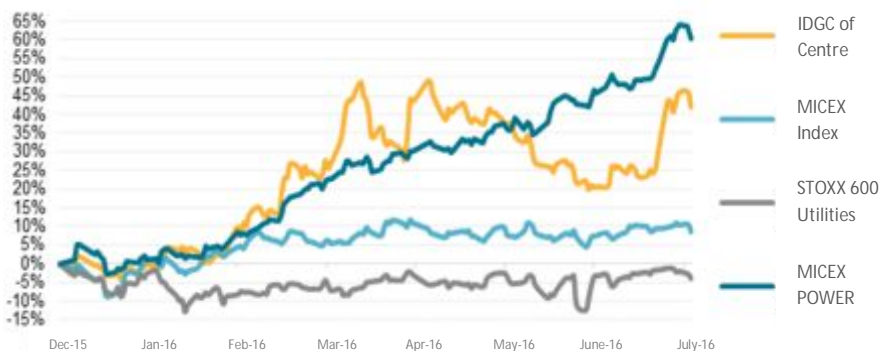
COMPANY NEWS

Smolenskenergo performs systematic work to create conditions for housing construction development in the Smolensk region

IDGC of Centre - Smolenskenergo division conducts systematic work to create conditions for housing construction development in the Smolensk region. In the first half of 2016 it completed the connection to the grid of eight apartment houses in the city of Vyazma, Smolensk and Smolensk district.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/56592/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.15
MICEX	1 912.69	-1,78%	8,59%
S&P 500	2 157,03	-0,64%	5,53%
FTSE 100	6 645,40	-0,73%	6,46%
DAX	10 144,34	-1,80%	-5,57%
DJStoxx 600	335,47	-1,29%	-8,29%
STOXX Utilities	294,05	-1,20%	-3,95%
Nikkei	16 391,45	-1,47%	-13,88%
Sensex	27 981,71	-0,08%	7,14%
CSI300	3 189,05	0,39%	-14,53%
Bovespa	56 162,38	-1,05%	29,56%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.15
Euro/USD	1,12	0,47%	-7,68%
USD/RUB	65,96	-1,63%	-9,50%
Euro/RUB	73,65	-0,98%	-7,58%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.15
Gold, USD/oz	1 363,57	0,77%	28,51%
Brent*, USD/bbl	41,80	-0,81%	-3,13%

* - October futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,2770
Capitalisation**, billion RUB	11,69
Capitalisation**, million USD	177,31

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.15
MICEX-Power Index	-2,01%	60,45%
Shares of IDGC of Centre**	-2,81%	41,98%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.15
Rosseti	-3,96%	83,19%
FGC UES	-2,24%	168,27%
IDGC of Volga	-1,45%	109,77%
MOESK	-3,39%	21,73%
IDGC of Northern Caucasus	-2,34%	33,60%
IDGC of Centre and Volga Reg	-3,51%	49,04%
IDGC of North-West	-5,05%	71,53%
IDGC of Urals	-0,92%	70,00%
IDGC of Siberia	-4,33%	17,83%
IDGC of South	-4,61%	45,83%
Lenenergo	2,06%	84,28%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

IDGC of Centre, PJSC
127018, Moscow, 2nd Yamskaya, 4
+7 (495) 747 92 92
<http://mrsk-1.com/en/investors/>

IR Division
+7 (495) 747 92 92, ext. 33-34
ir@mrsk-1.ru

Tickers
Moscow Exchange (MOEX)
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MRKC
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