



REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 6 December some negative external background formed on the Russian market. The US stock exchanges were closed on Wednesday in connection with the mourning for the death of the 41st US President George Bush Sr. On Thursday the composite stock index of the Asia-Pacific region MSCI Asia Pacific lost 1.9%, futures for US indices – 1.3%. The markets were pressured by the media information about the detention in Canada of CFO of the Chinese company Huawei at the request of the US on suspicion of violating US sanctions against Iran. At the same time, media and experts do not rule out that Washington is trying to increase pressure on Beijing and the arrest of Huawei's top manager is part of Donald Trump's administration's geopolitical game in its confrontation with China. In general, analysts note that the Huawei incident poses a serious danger of disrupting trade negotiations between the two countries. February Brent futures traded around \$61 per barrel, \$1.9 below our 5 December close. Oil, Bloomberg writes, is getting cheaper in the face of uncertainty around the volume of production cuts by OPEC+ countries in 2019 and calls of the US president to give up restrictions. On Wednesday the OPEC+ monitoring committee recommended extending the agreement to restrict oil production for another six months, until the end of June 2019. The exact volume of the reduction and distribution of quotas should be approved by participants of the deal at the OPEC+ 6 December meeting and the main obstacle to the formation of a consensus, according to the media, is still the lack of a clear position of Russia.

On Thursday the world markets were dominated by sellers within investors' exit from risk on fears of aggravation of relations between the USA and China. In the middle of the day, the MOEX Russia Index, the European Stoxx Europe 600 Index and the index of emerging markets MSCI EM lost more than 2%. An additional negative factor for the Russian market was a 5% drop in Brent quotes to \$58.5 per barrel on Saudi Arabia's statements that the decision to limit production has not yet been reached and will depend on Russia's willingness to cooperate. At the end of the day, the loss of the Stoxx Europe 600 and MSCI EM Indices approached 3% after a 2% drop in the US market at the start of trading. At the same time, the MOEX Russia Index was able to reduce losses to 1.4% after the turn of oil prices from daily lows. According to Bloomberg, OPEC countries in negotiations with Russia can offer to reduce the oil production of the cartel by 0.9-1 million barrels per day, suggesting that non-OPEC countries decrease further.

During the trading session the MicexPWR Sector Index outperformed – selling pressure mainly fell on the first-tier stocks. The main contribution to the final MicexPWR reduction was made by shares of RusHydro and Inter RAO.

ELECTRIC POWER INDUSTRY NEWS

Transfer of tariff regulation from the FAS to the Ministry of Economic Development to be again discussed in the Cabinet

The transfer of tariff regulation functions from the Federal Antimonopoly Service (FAS) to the Ministry of Economic Development (MED) of the Russian Federation will again be discussed in the government, the meeting with First Deputy Prime Minister of the Russian Federation, Finance Minister Anton Siluanov should be held before the end of the year, the head of Transneft Nikolay Tokarev told reporters.

Read full text: <http://www.bigpowernews.ru/markets/document85769.phtml>

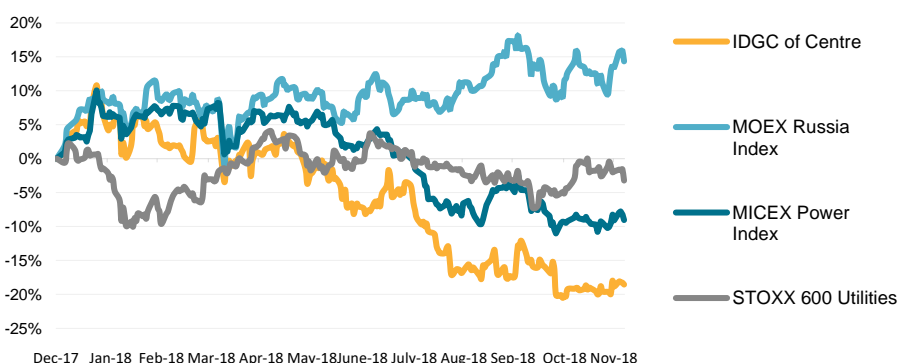
COMPANY NEWS

IDGC of Centre became a prize winner of the XXI Annual Report Competition organized by the Moscow Exchange and the media group "Securities Market"

The Annual Report of IDGC of Centre, PJSC for 2017 became the winner of the XXI Annual Competition of annual reports in the main nomination "The Best Annual Report of the Company with a capitalization of up to 40 billion rubles".

Read full text: <https://www.mrsk-1.ru/press-center/news/company/66703/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 412,31	-1,36%	14,34%
S&P 500	2 695,95	-0,15%	0,84%
FTSE 100	6 704,05	-3,15%	-12,80%
DAX	10 810,98	-3,48%	-16,31%
DJStoxx 600	343,31	-3,09%	-11,79%
Nikkei	21 501,62	-1,91%	-5,55%
Sensex	35 312,13	-1,59%	3,69%
CSI300	3 181,67	-2,16%	-21,07%
Bovespa	88 846,48	-0,22%	16,29%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	66,82	0,57%	15,96%
EURO/RUB	75,71	0,06%	10,06%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 237,78	0,04%	-4,99%
Brent*, USD/bbl	60,06	-2,44%	-10,18%

* - February futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	Change	
			per day	fr 31.12.17
IDGC of Centre	0,2900	12,24	183,22	
IDGC of Centre & Volga Reg	0,2740	30,88	462,10	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-1,68%	-3,22%
MICEX POWER Index	-0,85%	-9,03%
IDGC of Centre**	-0,34%	-18,54%
IDGC of Centre and Volga Region**	-0,36%	-9,18%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	-1,24%	-9,92%
FGC UES	-0,87%	-3,03%
IDGC of Volga	0,25%	-1,66%
MOESK	-0,22%	-25,25%
IDGC of Northern Caucasus	0,28%	-25,83%
IDGC of North-West	-0,36%	5,19%
IDGC of Urals	0,47%	-18,38%
IDGC of Siberia	-1,77%	-12,58%
IDGC of South	-0,68%	-2,09%
Lenenergo, ordinary shares	-1,22%	18,54%
TRK, ordinary shares	-0,60%	-11,05%
Kubanenergo	0,00%	-30,87%

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