

DAILY MARKET REVIEW

17 June, Friday

2016



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 16 June some negative external background formed on the Russian market. The US indices DJIA and S&P500, having started trading on Wednesday with rising within 0.5%, closed the day lower by 0.2%. As economists forecast, the Fed kept its benchmark interest rate in the range of 0.25-0.5% per annum. The experts also noted that fewer Fed leaders expect more than one rate hike this year, against the background of a mixed picture of the US economy. However, the markets were pressured by a worsening of the Fed's forecasts for the US economy – assessment of the GDP growth in 2016 was lowered to 2% from the projected in March 2.2%, in the communiqué following the meeting a slowdown in the labour market recovery was noted. On Thursday the composite index of the Asia-Pacific region MSCI Asia Pacific lost more than a percent, futures for US indices decreased by 0.5%. An additional negative factor for the markets was the decision of the Bank of Japan to refrain from changes in monetary policy. According to media reports, the Central Bank decided to await the outcome of the referendum in the UK – Brexit risk may lead to new turmoil in the global markets and significantly change the external conditions. The decisions of the Central Bank of the US and Japan, says Bloomberg, were generally in line with the market expectations, but investors saw them as signals of rising risks, including geopolitical. The result was a flight to quality – the price of gold increased, the yen rose against the US dollar to the highest level since August 2014. Against this background the Japanese market became an outsider in the Asian session – the Nikkei index fell 3%. August Brent futures traded near the mark of \$48.4 per barrel, almost a dollar below the closing level on 15 June. The oil quotes were down on fears of contraction in global demand after the worsening forecasts for the US economy, the media information about the upcoming restoration of oil production in Canada and the willingness of the Nigerian rebels to negotiate with the government.

On Thursday the Russian and European markets were dominated by sellers – on the daily lows the loss of the MICEX Index was close to 2%, the Stoxx Europe 600 Index – to 1.5%. Advancing decline of the MICEX Index was due to the fall in Brent prices to around \$47.5 per barrel. Overall sales in the financial markets were provoked by increasing concerns about global economic prospects against worsening forecasts for the US economy and the growing threat of Brexit. And current statistics did not add confidence to investors – deflation continued in the Eurozone in May, in the US data on inflation in May and applications for unemployment benefits were worse than expected. At the end of the day the MICEX Index was able to play half of the losses back after not so negative start of trading in the US as could be judged by the dynamics of futures for US indices.

During the trading session the MicexPWR Sector Index outperformed mainly due to the continued active recovery of shares of FGC UES, and strong growth in shares of Rosseti.

ELECTRIC POWER INDUSTRY NEWS

"Rosseti" can pay more dividends, in addition to payments for the first quarter

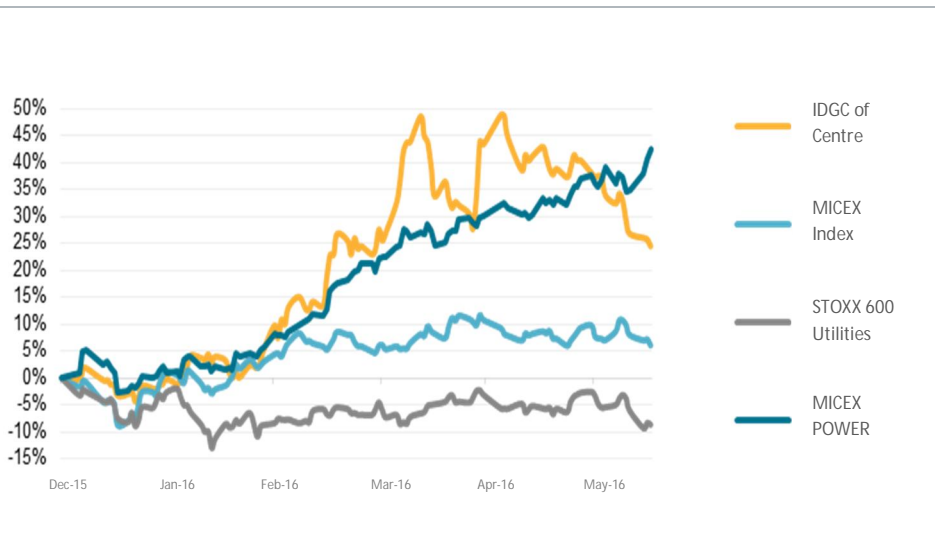
Read full text: <http://www.vedomosti.ru/business/articles/2016/06/17/645686-rosseti-moqut-zaplait-esche-dividendi-pomimo-viplat-kvartal>

COMPANY NEWS

IDGC of Centre presents its new large-scale development: the power system calculation model of the Voronezh region

Read full text: <https://www.mrsk-1.ru/press-center/news/company/53524/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.15
MICEX	1 869,78	-1,06%	6,16%
S&P 500	2 077,99	0,31%	1,67%
FTSE 100	5 950,48	-0,27%	-4,68%
DAX	9 550,47	-0,59%	-11,10%
DJStoxx 600	321,29	-0,72%	-12,17%
STOXX Utilities	279,92	-0,34%	-8,56%
Nikkei	15 434,14	-3,05%	-18,91%
Sensex	26 525,46	-0,75%	1,56%
CSI300	3 094,67	-0,70%	-17,06%
Bovespa	49 411,62	1,02%	13,98%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.15
Euro/USD	1,12	-0,28%	-7,81%
USD/RUB	65,92	-0,17%	-9,56%
Euro/RUB	73,94	-0,50%	-7,22%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.15
Gold, USD/oz	1 278,43	-1,03%	20,48%
Brent*, USD/bbl	47,19	-3,63%	12,87%

* - August futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,2430
Capitalisation**, billion RUB	10,26
Capitalisation**, million USD	155,64

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.15
MICEX-Power Index	1,32%	42,65%
Shares of IDGC of Centre**	-1,02%	24,55%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.15
Rosseti	4,36%	36,03%
FGC UES	4,79%	143,27%
IDGC of Volga	-0,56%	36,25%
MOESK	-0,10%	38,53%
IDGC of Northern Caucasus	-2,48%	10,00%
IDGC of Centre and Volga Reg	0,12%	31,05%
IDGC of North-West	0,45%	62,41%
IDGC of Urals	0,80%	32,11%
IDGC of Siberia	1,02%	1,23%
IDGC of South	1,29%	25,96%
Lenenergo	0,89%	23,36%

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