

DAILY MARKET REVIEW

02 August, Tuesday

2016



REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 01 August some moderately positive external background formed on the Russian market. Last Friday the US indices DJIA and S&P500 closed mixed with the changes within 0.2%. Released worse than expected statistics on the dynamics of GDP in the second quarter and consumer confidence in July was offset by lower expectations of rising interest rates by the Fed before the end of the year. At the same time, experts noted a sharp decline in the volatility of the US stock market – after updating a historic high in mid-July the S&P500 index during 11 sessions was trading in a corridor of 0.9% – these small changes last occurred in 1970. On Monday most of the major country indices of the Asia-Pacific region and futures for US indices were in a small plus. The markets in the Asian session were additionally supported by information that the Government of Japan in the near future is to announce the adoption of a package of incentives amounting to ¥28 trillion (\$274 billion). At the same time, the Chinese CSI300 declined by 0.8% on the ambiguous statistics on business activity. According to China's National Bureau of Statistics, the manufacturing PMI in July for the first time in 5 months dropped below 50 points, indicating this way a reduction in the sector activity. At the same time, another similar index, calculated by Caixin Media and Markit, rose from 48.6 points in June to 50.6 points – a peak since February 2015. In addition, the official non-manufacturing PMI rose to 53.9 points, which is the best figure since December 2015. October Brent traded near the mark of \$43.6 per barrel, or \$0.5 higher than the closing level on Friday, July 29th. According to experts, the oil prices are supported by the weakening dollar, triggered by weak US statistics and decreased expectations for speedy rate hike by the Fed. Against this backdrop, investors ignored the information about the continuing increase in the number of active oil drilling rigs in the US and the latest assessment of the US Department of Energy, according to which the global oil supply exceeds demand by 200 thous. barrels per day.

In the first half of the day the MICEX Index added about one percent following the increase in oil prices and moderate growth in Europe on released better than expected statistics on business activity in the Eurozone's industry in July and the European Banking Authority information that the stress tests of 51 banks in general gave positive results. In the second half of the trading session the MICEX Index was back to the level of Friday's close after a renewed decline in oil prices and worsening sentiment on European markets. At the end of trading the markets were pressured by the US statistics on business activity in the industry in July, which fell short of the forecasts.

During the trading session the MicexPWR Sector Index corresponded to the changes of the MICEX Index. The MicexPWR resulting change being close to zero was due to multidirectional changes of the main index securities – growth of shares of FGC UES and Inter RAO was offset by declining securities of Yunipro and RusHydro.

ELECTRIC POWER INDUSTRY NEWS

Russian Ministry of Energy is against merging retail and grid companies, according to Mr. Novak

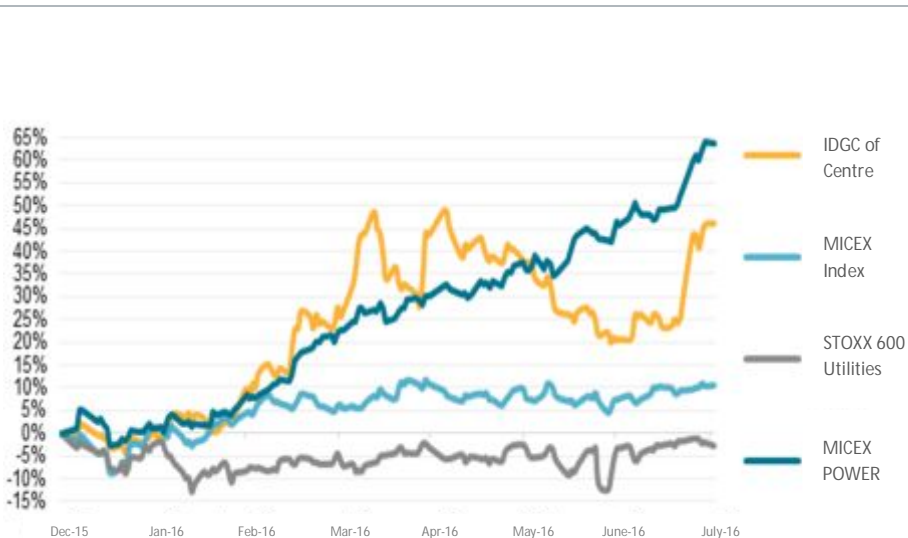
Read full text: <http://www.bigpowernews.ru/markets/document71799.phtml>

COMPANY NEWS

Orelenergo fulfilled in the first half of the year more than 1.1 thousand contracts for connection to the power grid

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/56568/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.15
MICEX	1 947,36	0,14%	10,56%
S&P 500	2 170,84	-0,13%	6,21%
FTSE 100	6 693,95	-0,45%	7,23%
DAX	10 330,52	-0,07%	-3,84%
DJStoxx 600	339,86	-0,59%	-7,09%
STOXX Utilities	297,63	-0,75%	-2,78%
Nikkei	16 635,77	0,40%	-12,60%
Sensex	28 003,12	-0,17%	7,22%
CSI300	3 176,81	-0,85%	-14,85%
Bovespa	56 755,76	-0,96%	30,92%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.15
Euro/USD	1,12	-0,03%	-8,11%
USD/RUB	67,05	1,42%	-8,00%
Euro/RUB	74,38	1,33%	-6,67%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.15
Gold, USD/oz	1 353,15	0,14%	27,52%
Brent*, USD/bbl	42,14	-3,19%	-2,34%

* - September futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,2850
Capitalisation**, billion RUB	12,03
Capitalisation**, million USD	179,45

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.15
MICEX-Power Index	-0,23%	63,74%
Shares of IDGC of Centre**	0,18%	46,08%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.15
Rosseti	-0,09%	90,74%
FGC UES	1,25%	174,41%
IDGC of Volga	5,61%	112,85%
MOESK	0,32%	26,00%
IDGC of Northern Caucasus	1,18%	36,80%
IDGC of Centre and Volga Reg	-3,96%	54,46%
IDGC of North-West	-1,39%	80,66%
IDGC of Urals	-0,31%	71,58%
IDGC of Siberia	0,50%	23,16%
IDGC of South	2,14%	52,88%
Lenenergo	4,16%	80,57%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers
Moscow Exchange (MOEX)
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