



REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 14 September some moderately negative external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 fell 1.4-1.5%. As Bloomberg noted, in recent days the US stock market has seen increased volatility – the S&P500 in three sessions in a row has shown a change of more than 1%, whereas prior to this such significant fluctuations were not observed during 43 sessions in a row. Analysts said the volatility in the US market in the coming weeks will continue to grow, noting among its main drivers the Fed rate decision, the presidential election and the beginning of negotiations on Brexit. On Wednesday the composite Asia-Pacific region index MSCI Asia Pacific lost about one percent primarily due to lower cost of Japanese stocks. The Nikkei225 index lost 0.7% following the stock prices of banks on fears of further decline in the interest rate on deposits by the Bank of Japan, which is already negative – this step will negatively affect profit margins of financial companies, experts say. According to media reports, the Japanese Central Bank plans to make changes in the rate as the basis for the monetary policy in the future, because the effectiveness of the bond buyback program is already close to its limit. November Brent futures traded near the mark of \$47.3 per barrel, slightly higher than the closing level on 13 September. Oil quotations were supported by information of the American Petroleum Institute on increase of fuel stocks in the US last week by 1.4 million barrels – 2.5 times less than the forecasts. After the record since 1999 – by 14.5 million barrels – fall of oil reserves during the week before last due to Hurricane Hermine, which limited oil imports by sea, the market participants were waiting for more serious replenishment changes.

The MICEX Index and the European Stoxx Europe 600 Index in the absence of significant news most of the trading session were flat near zero with changes within 0.5%. The MICEX Index closed trading slightly down, despite a moderately positive start of the trading session in the US. The Russian market was pressured by a drop in oil prices to around \$46 per barrel after the publication of controversial statistics from the US Department of Energy at the end of last week: on the one hand, oil reserves decreased, including at Cushing terminal, on the other hand, production of oil, gasoline and distillates stocks increased.

During the trading session the MicexPWR Sector Index underperformed. The main contribution to the final MicexPWR reduction was made by shares of FGC UES and RusHydro.

ELECTRIC POWER INDUSTRY NEWS

Grid companies to be responsible for low-quality energy

Power surges, a faint glow of light bulbs, power outages - such phenomena were experienced by many. Today, it is difficult for the consumer to submit a claim to energy companies. Often this is due to the fact that the consumer enters into a contract with a power retail company, and the blame for power outages is on the side of grid companies. A new system of responsibility of grid companies to consumers, which is now being developed, should remove bottlenecks in the legislation.

Read full text: <http://peretok.ru/nets/setyam-poschitayut-nekachestvennyuyu-energiyu.html>

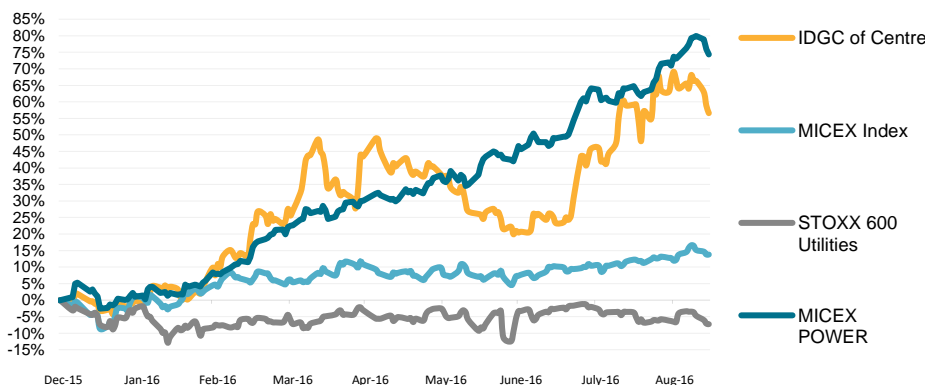
COMPANY NEWS

Smolenskenergo continues active preparation for the autumn-winter peak load of 2016-2017

IDGC of Centre – Smolenskenergo division has formed and implemented an action plan for the successful operation and receipt of the certificate of readiness for the autumn-winter period of 2016-2017.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/56976/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.15
MICEX	2 004,48	0,00%	13,80%
S&P 500	2 125,77	-0,06%	4,00%
FTSE 100	6 673,31	0,12%	6,90%
DAX	10 378,40	-0,08%	-3,39%
DJStoxx 600	338,42	-0,09%	-7,49%
STOXX Utilities	283,87	-0,19%	-7,27%
Nikkei	16 614,24	-0,69%	-12,71%
Sensex	28 372,23	0,07%	8,63%
CSI300	3 238,73	-0,66%	-13,19%
Bovespa	57 059,46	0,42%	31,63%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.15
Euro/USD	1,13	0,17%	-7,43%
USD/RUB	64,81	-0,37%	-11,08%
Euro/RUB	72,76	-0,60%	-8,71%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.15
Gold, USD/oz	1 322,94	0,29%	24,68%
Brent*, USD/bbl	45,85	-2,65%	4,73%

* - November futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,3055
Capitalisation**, billion RUB	12,90
Capitalisation**, million USD	199,01

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.15
MICEX-Power Index	-0,86%	74,39%
Shares of IDGC of Centre**	-1,45%	56,59%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.15
Rosseti	-2,10%	94,52%
FGC UES	-2,51%	190,57%
IDGC of Volga	-3,46%	122,62%
MOESK	0,73%	28,00%
IDGC of Northern Caucasus	-0,58%	36,00%
IDGC of Centre and Volga Reg	-1,99%	49,04%
IDGC of North-West	-0,38%	92,70%
IDGC of Urals	-2,97%	54,74%
IDGC of Siberia	-2,83%	19,47%
IDGC of South	-0,62%	54,49%
Lenenergo	-0,40%	119,21%

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