

DAILY MARKET REVIEW

27 July, Wednesday



2016

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 26 July some neutral external background formed on the Russian market. On Monday the US indices DJIA and S&P500 lost 0.3-0.4%, on Tuesday the major stock indices of the Asia-Pacific region traded without any single dynamics. As MarketWatch noted, traders prefer to take a cautious stance in anticipation of meetings of the Fed and the Bank of Japan. Most experts believe that the US Central Bank will keep its benchmark interest rate at a level of 0.25-0.5%, and will refrain from signalling that the rate may be increased in September. In turn, markets are waiting for the Bank of Japan to increase incentives in terms of strengthening of the yen after the British decision to exit from the European Union, as well as the weakening of the Japanese economy. In particular, according to the Nikkei newspaper, the country's government is preparing a stimulus package involving direct infusion into the economy of ¥6 trillion, including ¥2 trillion – this year. September futures for Brent traded at \$44.9 per barrel, or \$0.2 higher than the closing level on 25 July. Oil prices remain under pressure from fears that oil reserves in the world are still a surplus enough to offset a decline in production. In particular, analysts expect in the US Department of Energy report, which will be released on Wednesday, data about the latest reduction of oil reserves in the country, however, the level of stocks remains about 100 million barrels higher than the average level for this time of year. At the same time gasoline reserves have grown recently, which may indicate that excess oil is transformed into a surplus of refined petroleum products.

For most of the trading session the MICEX Index and the Stoxx Europe 600 Index were flat near zero. The Russian market was slightly worse against the background of falling oil prices below \$44.2 per barrel. In the afternoon the mood of Russian and European investors improved after the publication of statistics from the United States – data on consumer confidence index in July were better than expected, sales of new buildings in June rose to a maximum of 8 years. At the end of trading extra our market was additionally supported by a rise of oil prices to around \$44.9 per barrel.

The MicexPWR Sector Index continues to demonstrate outperformance compared with the MICEX Index. On Tuesday the main contribution to the MicexPWR growth was made by shares of RusHydro and Rosseti.

ELECTRIC POWER INDUSTRY NEWS

Strong growth in energy consumption in Russia until 2035 is not expected, says the Ministry of Energy

The Russian Ministry of Energy does not expect a high rate of growth of energy consumption in the country until 2035, said in an interview with RIA Novosti Deputy Minister of Energy of Russia Andrey Cherezov.

Read full text: <http://www.bigpowernews.ru/markets/document71705.phtml>

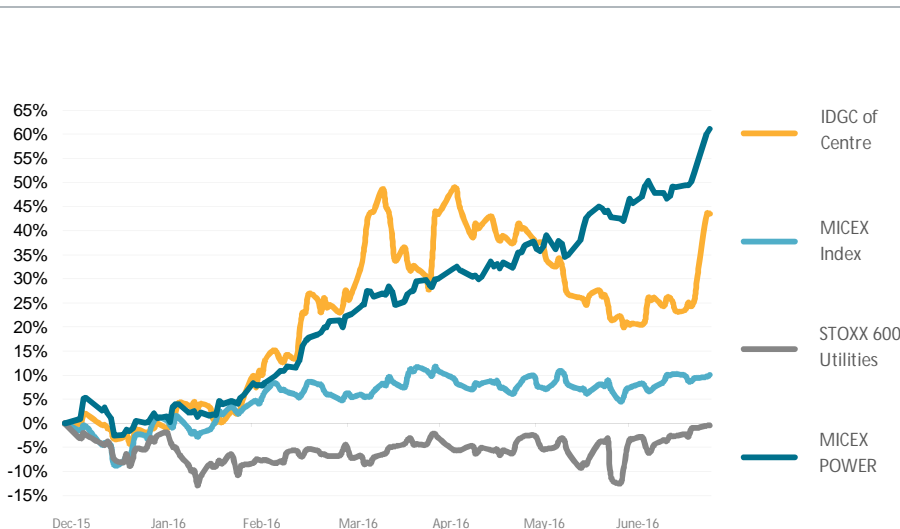
COMPANY NEWS

AFK Sistema wants to take control of assets of IDGC of Centre and has asked the government about this, says the newspaper

"Rosseti" does not consider the idea perspective: the industry development strategy requires consolidation of grids at the holding company, and the only example of the transfer of assets in management, Tomsk Distribution Company and the French ERdF, cannot be called successful.

Read full text: <http://www.bigpowernews.ru/news/document71714.phtml>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.15
MICEX	1 938,52	0,35%	10,06%
S&P 500	2 164,49	-0,18%	5,90%
FTSE 100	6 724,03	0,21%	7,72%
DAX	10 247,76	0,49%	-4,61%
DJStoxx 600	341,26	0,10%	-6,71%
STOXX Utilities	302,46	0,02%	-0,46%
Nikkei	16 383,04	-1,43%	-13,93%
Sensex	27 976,52	-0,42%	7,12%
CSI300	3 269,59	1,20%	-12,37%
Bovespa	57 090,82	0,38%	31,70%

Source: Bloomberg, Company calculations (19:00 MSK)

Currency rates	Value	Change	
		per day	fr 31.12.15
Euro/USD	1,10	0,00%	1,22%
USD/RUB	64,92	0,45%	-10,93%
Euro/RUB	71,21	-0,06%	-10,65%

Source: Bloomberg, Company calculations (19:00 MSK)

Raw	Value	Change	
		per day	fr 31.12.15
Gold, USD/oz	1 315,60	0,00%	23,95%
Brent*, USD/bbl	44,72	0,00%	19,96%

* - September futures

Source: Bloomberg, Company calculations (19:00 MSK)

Shares of IDGC of Centre	Value
Last transaction, RUB	0,28
Capitalisation**, billion RUB	11,82
Capitalisation**, million USD	182,09

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.15
MICEX-Power Index	0,65%	61,08%
Shares of IDGC of Centre**	0,00%	43,52%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.15
Rosseti	2,45%	89,02%
FGC UES	-1,61%	166,84%
IDGC of Volga	-1,38%	102,31%
MOESK	-0,94%	27,07%
IDGC of Northern Caucasus	-0,59%	35,20%
IDGC of Centre and Volga Reg	0,00%	49,52%
IDGC of North-West	3,27%	84,67%
IDGC of Urals	-4,04%	62,63%
IDGC of Siberia	7,24%	27,46%
IDGC of South	6,33%	56,09%
Lenenergo	9,24%	60,04%

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
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