

DAILY MARKET REVIEW

13 March, Monday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 10 March some moderately positive external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 closed with a small increase of 0.1% in anticipation of data on unemployment for February, which, experts believe, can make adjustments to the Fed's plans to change monetary policy at the March meeting. On Friday the main country indices of the Asia-Pacific region grew up with the lead of the Japanese Nikkei225, which added 1.5% and closed at its highest level since December 2015, thanks to the yen weakening. Shares of Asian financial companies went up after Europe and the US against the backdrop of growth in yields of European government bonds after statements by the ECB head, from which investors concluded that the regulator could consider the possibility of reducing incentive programs, given the increase in inflation in the Eurozone and improving the prospects for the region's economy. May Brent futures traded near the mark of \$52.6 per barrel, \$0.6 above the closing level on 09 March. Oil prices adjusted after a decline of more than 6% in the past two days on worsening concerns over US reserves and production, which could undermine OPEC's efforts to achieve a supply-demand balance. The oil market was also supported by the statement of Saudi Arabia's oil minister that the world's fuel reserves are declining more slowly than expected – the market participants took it as a signal that the agreement to reduce oil production, which expires at the end of June, may be extended.

On Friday the MICEX Index after the morning corrective growth of 0.7% in the middle of the day again rolled back to zero, despite the stabilization of Brent crude above \$52 and a slight increase in indices at the western exchanges. Investors are in no hurry to return to the Russian market, given the scale of sales in recent weeks. At the same time, experts note that our market has returned to the levels of the first decade of November last year, when the "Tramporally" started, while oil prices are now 10% higher than in November, which creates attractive entry points to Russian shares. The labour market statistics published in the USA in February was ambiguous and had no significant effect on the trading trends: unemployment fell to 4.7%, as expected, the number of new jobs increased by 235 thousand, with growth forecasts of 200 thousand, with hourly wages rising less than expected (0.2% vs. the forecast of 0.3%). Investors, analysts noted, are already putting the 100% chance of raising the Fed rate next week, but the main intrigue is how much the rate will increase in the future.

During the trading session the MicexPWR Sector Index looked significantly better than the market. The main contribution to the final MicexPWR growth was made by shares of FGC UES, Rosseti and RusHydro. Analysts of Aton noted that a significant decrease in the share price of FGC UES over the last week provides investors with a good opportunity to buy, providing a "phenomenal" dividend yield of 12%. "Substantial improvement in FGC UES's financial indicators in 2016 along with an obvious thirst of Rosseti for dividends of its subsidiaries, among which FGC UES plays a key role, gives us confidence that the 12% dividend yield scenario is very likely," the review says.

ELECTRIC POWER INDUSTRY NEWS

FAS developed a draft law on tariff regulation, says the newspaper

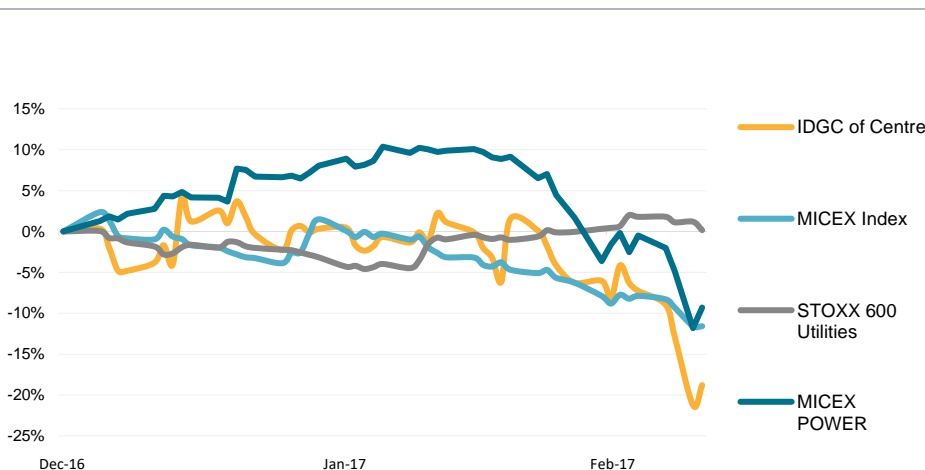
Read full text: <http://www.bigpowernews.ru/markets/document75817.phtml>

COMPANY NEWS

Tambovergo effectively reduces losses in grids

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/59123/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	1 973.96	-0.01%	-11.59%
S&P 500	2 372.60	0.33%	5.97%
FTSE 100	7 343.08	0.38%	2.80%
DAX	11 963.18	-0.13%	4.20%
DJStoxx 600	373.23	0.09%	3.27%
STOXX Utilities	277.22	-1.02%	0.16%
Nikkei	19 604.61	1.48%	2.56%
Sensex	28 946.23	0.06%	8.71%
CSI300	3 427.89	0.03%	3.56%
Bovespa	64 675.46	0.14%	7.39%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1.07	0.88%	1.48%
USD/RUB	58.83	0.98%	-3.01%
Euro/RUB	61.99	0.46%	-2.85%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 204.64	0.28%	4.98%
Brent*, USD/bbl	51.37	-1.57%	-11.49%

* - May futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,3630
Capitalisation**, billion RUB	15,33
Capitalisation**, million USD	260,49

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	2,84%	-9,31%
Shares of IDGC of Centre**	3,13%	-18,79%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	6,02%	-22,81%
FGC UES	6,72%	-14,00%
IDGC of Volga	4,32%	-11,52%
MOESK	4,14%	9,13%
IDGC of Northern Caucasus	1,12%	-18,37%
IDGC of Centre and Volga Reg	4,65%	-1,08%
IDGC of North-West	1,72%	-24,55%
IDGC of Urals	2,85%	-12,16%
IDGC of Siberia	0,16%	-23,78%
IDGC of South	-1,02%	-25,95%
Lenenergo, ordinary shares	7,63%	-12,90%

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