

DAILY MARKET REVIEW

2 November, Wednesday

2016



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 01 November some neutral external background formed on the Russian market. On Monday the US indices DJIA and S&P500 closed the trading session with slight decrease in the range of 0.1% – released better than expected statistics on public spending in September was neutralized by falling oil prices. On Tuesday the composite index of the Asia-Pacific region MSCI Asia Pacific and futures for US indices added about 0.5% after the publication of strong statistics on business activity in the industry of China in October. According to official data, the PMI rose to 51.2 points, the highest level in more than two years. The same indicator, calculated by Caixin Media and Markit, rose to that mark. At the same time, analysts' consensus forecast assumed a reduction of manufacturing activity to 50.3 points after two consecutive months of growth. January Brent futures traded at \$49.0 per barrel, or \$0.2 less than the level of our closing on 31 October. Brent quotes consolidated after a 4% fall the previous day, provoked by the news about the first since March increase of oil production in the US in August and the failure of technical negotiations of OPEC experts, who over the weekend failed to agree on any concrete measures of production constraints.

The Russian and European stock markets still have inexpressive changes in anticipation of the Fed meeting outcome. Like yesterday, the MICEX Index was trading slightly up, within 0.5%, while the European Stoxx Europe 600 Index demonstrated a comparable in size reduction. "Heavy" index Gazprom's shares again were the driver of growth of the MICEX Index, which continue to recoup the news that the Ministry of Finance has been budgeted in 2017 more than two-fold increase in the dividend of the company in comparison with the payments following the results of 2015. In the afternoon the rise of the MICEX Index slowed down, the decline in European markets accelerated after released better than expected US data on business activity in the manufacturing sector in October, which once again boosted expectations of the key Fed rate hike until the end of the year.

During the trading session the MicexPWR Sector Index outperformed mainly due to growth of ordinary shares of Rosseti, which on Tuesday for the first time in three years overcame the psychological mark of 1 RUB. Rosseti's shares are still supported by dividend expectations, which strengthened after the publication of strong RAS statements.

ELECTRIC POWER INDUSTRY NEWS

The Government to consider the Russian Federation energy strategy until 2035 in November

The Russian Federation Government will consider a draft energy strategy of Russia until 2035 in November, told RIA Novosti a source in the Russian Ministry of Energy. "The government will consider it in November," said the source. "It will be presented to the President before the end of the year. We have already delayed," he said. Russian Energy Minister Alexander Novak said in mid-October that the Russian energy strategy until 2035 is pending review of the draft by the government in the coming months.

Read full text: <http://www.bigpowernews.ru/news/document73565.phtml>

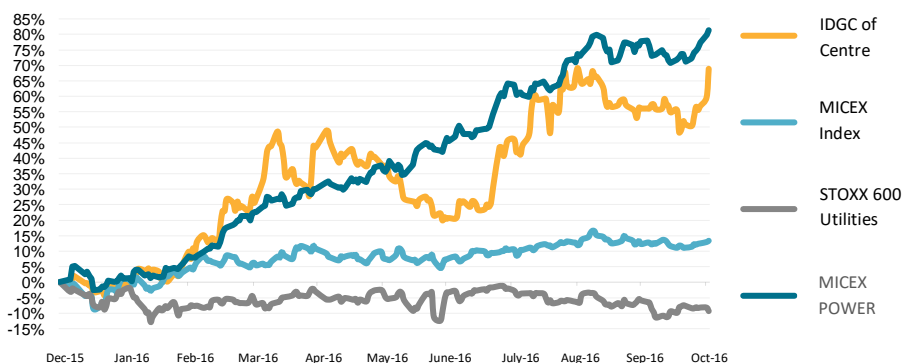
COMPANY NEWS

Oleg Isaev to exercise single management of IDGC of Centre and IDGC of Centre and Volga Region

31 October 2016 the Board of Directors of IDGC of Centre and Volga Region early terminated the powers of General Director of IDGC of Centre and Volga Region Evgeny Ushakov. General Director of IDGC of Centre Oleg Isaev will manage the company starting from 1 November 2016.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/57390/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.15
MICEX	1 996,87	0,36%	13,37%
S&P 500	2 111,72	-0,68%	3,32%
FTSE 100	6 917,14	-0,53%	10,81%
DAX	10 526,16	-1,30%	-2,02%
DJStoxx 600	335,33	-1,07%	-8,33%
STOXX Utilities	277,52	-1,23%	-9,35%
Nikkei	16 519,29	0,00%	-13,21%
Sensex	27 876,61	-0,23%	6,74%
CSI300	3 359,05	0,68%	-9,97%
Bovespa	63 326,42	-2,46%	46,08%

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

Currency rates	Value	Change	
		per day	fr 31.12.15
Euro/USD	1,11	0,85%	-9,06%
USD/RUB	63,22	0,50%	-13,26%
Euro/RUB	69,29	0,89%	-13,06%

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

Raw	Value	Change	
		per day	fr 31.12.15
Gold, USD/oz	1 288,20	0,86%	21,40%
Brent*, USD/bbl	48,14	-0,97%	7,07%

* - January futures

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

Shares of IDGC of Centre	Value
Last transaction, RUB	0,3295
Capitalisation**, billion RUB	13,91
Capitalisation**, million USD	220,05

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.15
MICEX-Power Index	0,88%	81,34%
Shares of IDGC of Centre**	5,78%	68,89%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.15
Rosseti	4,30%	122,27%
FGC UES	-1,05%	184,85%
IDGC of Volga	0,99%	109,77%
MOESK	-0,34%	16,53%
IDGC of Northern Caucasus	0,00%	23,20%
IDGC of Centre and Volga Reg	7,41%	66,24%
IDGC of North-West	1,94%	72,99%
IDGC of Urals	-0,63%	67,37%
IDGC of Siberia	3,51%	20,90%
IDGC of South	0,82%	58,01%
Lenenergo, ordinary shares	-0,65%	133,84%

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