

DAILY MARKET REVIEW

25 May, Thursday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 24 May some moderately positive external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 closed with growth for the fourth trading session in a row, having added 0.2%. As Dow Jones notes, a strong season of corporate reports and a generally stable situation in the country's economy help the major indices stay near historical highs. On Wednesday the main country stock indices of the Asia-Pacific region showed a predominantly positive trend, despite the reduction by Moody's agency of China's long-term rating for the first time in nearly 30 years. Moody's worsened the long-term credit rating of the PRC to "A1" from "Aa3" because of fears of worsening of the financial situation of the country in the conditions of slowing economic growth rates with the continued increase in public debt. At the same time, the rating outlook is changed to "stable" from "negative". July Brent futures traded near the mark of \$54.3 per barrel, \$0.3 above the closing level on 23 May. Support for quotations ahead of the OPEC+ meeting on 25 May was provided by the American Petroleum Institute, which recorded a reduction in both oil reserves in the country by 1.5 million barrels and gasoline reserves by 3.2 million barrels.

On Wednesday Russian shares were under pressure from sellers, despite moderately positive changes of the European Stoxx Europe 600 Index and stable oil – at daily lows losses of the MICEX Index exceeded a percent. Sales in the Russian market were triggered both by news from Moody's, and new information on the lawsuit of Rosneft to AFK Sistema. According to analysts, the downgrade of the rating of China, which caused a wave of fears about the growth of the global economy, potentially has a negative impact on the investment community's perception of emerging markets in general. From domestic news experts note the petition of Rosneft to increase the claims for AFK Sistema from 106.6 to 170.6 billion rubles. Rosneft's actions, in particular, Finam writes, not only put pressure on the holding company's securities and subsidiaries, but also clearly led to an outflow of investors from risky assets in general across the Russian market. At the end of the day, the MICEX Index was able to halve the losses after the release of data from the US Department of Energy, indicating more than expected reduction in oil reserves in the country, and the start of trading in the US with a slight increase in major indices.

During the trading session the MiceXPWR Sector Index looked better than the broad market. The main contribution to the final growth of the sector indicator was made by shares of Inter RAO, RusHydro and FGC UES. RusHydro's shares were supported by information that the company's Board of Directors recommended allocating 50% of its net profit under IFRS for dividends for 2016. The growth of Lenenergo's preference shares by 10.5% on the recommendation of the Board of Directors to pay 8.11 rubles for dividends per share – the current dividend yield of this security is 13.7% – differs from the general trend of shares of electric grid companies.

ELECTRIC POWER INDUSTRY NEWS

Ministry of Energy: Cross-subsidized electricity reached RUB 368 billion

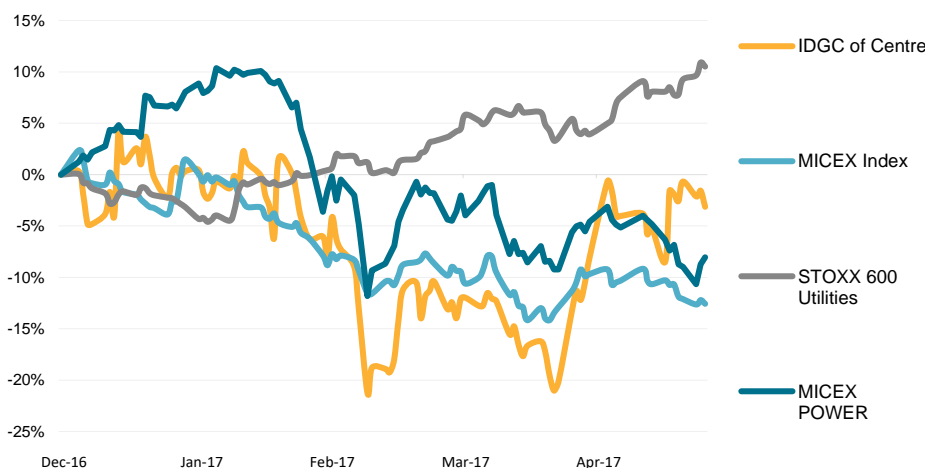
Read full text: <http://1prime.ru/INDUSTRY/20170524/827488336.html>

COMPANY NEWS

This year Smolenskenergo plans to spend about 190 million rubles on repair of electric grid equipment

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/60172/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	1 951,98	-0,42%	-12,57%
S&P 500	2 404,39	0,25%	7,39%
FTSE 100	7 514,90	0,40%	5,21%
DAX	12 642,87	-0,13%	10,12%
DJStoxx 600	392,37	0,09%	8,56%
STOXX Utilities	305,88	-0,35%	10,52%
Nikkei	19 742,98	0,66%	3,29%
Sensex	30 301,64	-0,21%	13,80%
CSI300	3 424,17	0,00%	3,45%
Bovespa	63 257,36	0,95%	5,03%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,12	-0,13%	6,29%
USD/RUB	56,56	0,10%	-6,76%
Euro/RUB	63,62	0,71%	-0,30%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 258,73	0,60%	9,69%
Brent*, USD/bbl	53,96	-0,35%	-8,07%

* - July futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,4330
Capitalisation**, billion RUB	18,28
Capitalisation**, million USD	323,23

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	0,76%	-8,05%
Shares of IDGC of Centre**	-1,59%	-3,13%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	0,38%	-24,75%
FGC UES	1,39%	-9,94%
IDGC of Volga	-0,07%	22,95%
MOESK	-0,56%	-1,78%
IDGC of Northern Caucasus	-0,64%	-29,48%
IDGC of Centre and Volga Reg	-0,45%	3,58%
IDGC of North-West	-0,97%	-25,82%
IDGC of Urals	0,00%	-15,50%
IDGC of Siberia	1,90%	-22,94%
IDGC of South	-2,96%	-37,40%
Lenenergo, ordinary shares	-3,46%	-13,90%
TRK, ordinary shares	0,00%	-14,92%
Kubanenergo	-0,75%	-8,62%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

Moscow Exchange (MOEX)

Bloomberg

Reuters

MRKC

MRKC:RM

MRKC:MM