

DAILY MARKET REVIEW

3 November, Thursday

2016



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 02 November some negative external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 fell 0.6-0.7%, the composite Asia-Pacific region index MSCI Asia Pacific lost about one percent. The markets were pressured by increased concerns about a possible victory in the US presidential election of Donald Trump – investors view that outcome as one of the most important, along with Brexit, risk to the financial markets due to unpredictability and protectionist statements of the Republican candidate. Flight to quality – the sale at stock markets and the purchase of traditional defensive assets, primarily gold and the yen – provoked by a poll conducted by the ABC TV channel and the newspaper The Washington Post, according to which for the first time since May Donald Trump is ahead of Hillary Clinton. January Brent futures traded near the mark of \$47.8 per barrel, or \$0.9 less than the closing level on 01 November. Oil prices fell to lows of late September after the publication of the American Petroleum Institute data, which recorded a sharp increase in US oil inventories last week – by 9.3 million barrels. At the same time, writes Bloomberg, the course of consultations of OPEC countries to cut production still does not give grounds for optimism, which has also a negative impact on prices, which fell in the previous three sessions already by 6%. According to Goldman Sachs, if OPEC does not manage to reach an agreement at the end of November, the price of oil could fall to \$40 a barrel.

On Wednesday during the trading session the MICEX Index and the European Stoxx Europe 600 Index were in negative territory, most of the day the loss averaged about 0.5%. The main driver of the negative changes of the markets was the increased political uncertainty in the US before the presidential election. Against this background, the Fed meeting that ended on Wednesday and published statistics for the day became secondary. Most economists do not expect any surprises from the FOMC meeting in November, suggesting that the Fed will take a decision on the key interest rate after the election of a new US president. Statistics, being generally neutral, did not have a significant impact on the changes of trading either: in the US, according to the ADP data, job growth in October was minimal in five months, but after the revision the number of new jobs in September was increased by 30%, in Germany the unemployment rate in October decreased to 6%, which is its lowest level since reunification in 1990. At the end of the day the MICEX Index decline accelerated to 1.5% under the pressure of Brent quotations drop to around \$46.5 per barrel after the publication of statistics from the US Department of Energy, which reported an increase in oil reserves last week to 14.4 million barrels – the maximum weekly growth at least since 1982. The main contribution to the final MICEX Index decline was made by shares of Lukoil, which lost 4% on media reports about possible participation of the company in the privatization of Rosneft.

At the end of the trading session the MicexPWR Sector Index outperformed – the main sale on Wednesday was concentrated in the first-tier shares.

ELECTRIC POWER INDUSTRY NEWS

Electricity consumption in Russia in October increased by 1.5% due to cold weather

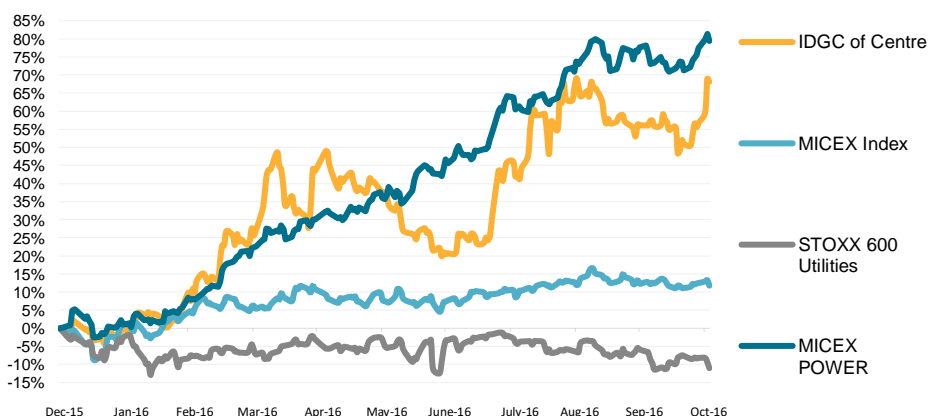
Read full text: <http://tass.ru/tek/3753855>

COMPANY NEWS

IDGC of Centre exceeded the plan for nine months for electricity supply and reduction of losses in grids

Read full text: <https://www.mrsk-1.ru/press-center/news/company/57406/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.15
MICEX	1 968,77	-1,41%	11,78%
S&P 500	2 097,94	-0,65%	2,64%
FTSE 100	6 845,42	-1,04%	9,66%
DAX	10 370,93	-1,47%	-3,46%
DJStoxx 600	331,55	-1,13%	-9,37%
STOXX Utilities	272,38	-1,85%	-11,02%
Nikkei	16 519,29	0,00%	-13,21%
Sensex	27 527,22	-1,25%	5,40%
CSI300	3 333,35	-0,77%	-10,66%
Bovespa	63 326,42	0,00%	46,08%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.15
Euro/USD	1,11	0,40%	-8,69%
USD/RUB	63,20	-0,02%	-13,28%
Euro/RUB	69,36	0,11%	-12,96%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.15
Gold, USD/oz	1 296,81	0,67%	22,21%
Brent*, USD/bbl	46,86	-2,66%	4,23%

* - January futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,3280
Capitalisation**, billion RUB	13,85
Capitalisation**, million USD	219,10

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.15
MICEX-Power Index	-1,03%	79,47%
Shares of IDGC of Centre**	-0,46%	68,12%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.15
Rosseti	-2,16%	117,47%
FGC UES	-2,30%	178,28%
IDGC of Volga	1,84%	113,62%
MOESK	1,83%	18,67%
IDGC of Northern Caucasus	1,62%	25,20%
IDGC of Centre and Volga Reg	3,16%	71,50%
IDGC of North-West	0,84%	74,45%
IDGC of Urals	-2,83%	62,63%
IDGC of Siberia	-0,34%	20,49%
IDGC of South	0,41%	58,65%
Lenenergo, ordinary shares	-2,05%	129,04%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

IDGC of Centre, PJSC
127018, Moscow, 2nd Yamskaya, 4
+7 (495) 747 92 92
<http://mrsk-1.com/en/investors/>

IR Division
+7 (495) 747 92 92, ext. 33-34
ir@mrsk-1.ru

Tickers
Moscow Exchange (MOEX)
Bloomberg
Reuters

MRKC
MRKC.RX
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