



REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 1 December some neutral external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 closed with a growth of 0.8-1.4%, having updated their historical highs. The market was mainly supported by expectations of further promotion of the tax reform – on Friday evening in the upper chamber of Congress there was to be a vote on this issue. An additional positive factor for investors was statistics – in general, data on incomes and expenditures of the population in October, applications for unemployment benefits were better than forecasts. On Friday the composite stock index of the Asia-Pacific region MSCI Asia Pacific traded near zero, futures for US indices lost within a third of a percent. The deterioration in sentiment in the markets was due to information on the postponement of voting on the tax reform in the US Senate on Friday and mixed statistics. In Japan, in October, inflation in annual terms accelerated to a maximum of 0.8% since March 2015, in China, according to Caixin/Markit, the PMI in industry fell to a minimum of 50.8 points in five months in November. February Brent futures traded near \$62.9 per barrel, \$0.2 higher than the closing level on 30 November. Oil quotes reacted neutrally to the OPEC+ decision that coincided with the expectations of the extension of the agreement on the reduction of oil production till the end of 2018. According to media reports, the terms of the deal remain the same: the total production is reduced by 1.8 million barrels per day relative to the level of October 2016, quotas for the parties to the agreement do not change. At the same time, according to the head of the Ministry of Energy of the Russian Federation, oil production levels can be adjusted in June depending on the situation on the market.

The MOEX Russia Index spent the trading session on Friday flat near zero – the increase in oil prices at the OPEC+ decision was compensated by a slight decrease in the western markets, provoked by information on the postponement of voting in the US Senate for tax reform. At the same time, sales activity in the western markets was limited to strong statistics. In the Eurozone the industrial PMI rose to 60.1 points in November, the maximum since April 2000, in Germany the indicator of 62.5 points was the second largest in the history of observations since 1996. In the US the index of business activity in the manufacturing sector (ISM Manufacturing) in November fell less than expectations, construction costs in October exceeded forecasts. At the end of the trading session, the MOEX Russia Index was able to gain a foothold in positive territory due to the rise of Brent quotes above \$64 per barrel and the restoration of positive trends in the western markets.

As a result of the trading session the MicexPWR Sector Index outperformed. The main contribution to the MicexPWR outperformance in comparison with the MOEX Russia Index was made by shares of Enel Russia, which added 12.5% on improved dividend expectations.

ELECTRIC POWER INDUSTRY NEWS

The Government of the Russian Federation approved changes in the development strategy of electric grids in the part of the transition to the management of them by the actual technical condition

The Government of the Russian Federation, by Order No. 2664-r dated 29 November 2017, (published today on the website of the Cabinet of Ministers), amended the Strategy for the development of the power grid complex of the Russian Federation with respect to the transition to the management of production assets in accordance with the actual technical condition, ensuring a balanced ratio of financial costs, risks and quality of services provided.

Read full text: <http://www.bigpowernews.ru/news/document80825.html>

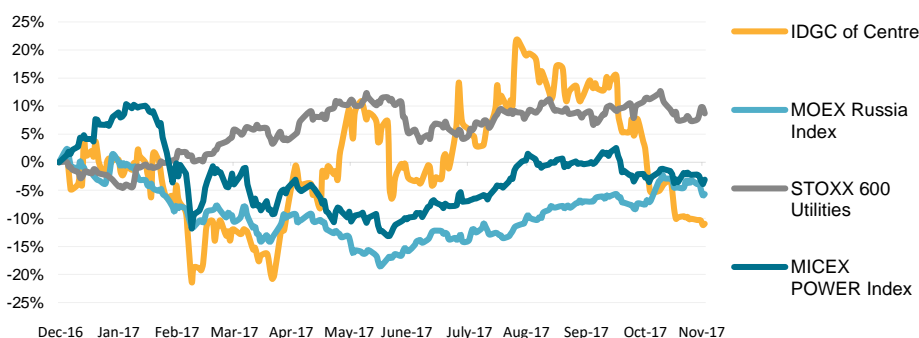
COMPANY NEWS

The Kursk Administration thanks IDGC of Centre for its contribution to the development of the city's culture

A letter of gratitude from the administration of the city of Kursk was sent to General Director of IDGC of Centre, Oleg Isaev. The authorities of the regional centre express their gratitude to the head of the company for supporting amateur artistic creativity and contributing to the development of culture in the city.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/62517/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



| World indexes | Value | Change | |
|---------------|-----------|---------|-------------|
| | | per day | fr 31.12.16 |
| MOEX Russia | 2 105,99 | 0,26% | -5,68% |
| S&P 500 | 2 642,22 | -0,20% | 18,02% |
| FTSE 100 | 7 300,49 | -0,36% | 2,21% |
| DAX | 12 861,49 | -1,25% | 12,02% |
| DJStoxx 600 | 383,97 | -0,70% | 6,24% |
| Nikkei | 22 819,03 | 0,41% | 19,38% |
| Sensex | 32 832,94 | -0,95% | 23,31% |
| CSI300 | 3 998,14 | -0,20% | 20,79% |
| Bovespa | 72 264,45 | 0,41% | 19,99% |

Source: Bloomberg, Company calculations

| Currency rates | Value | Change | |
|----------------|-------|---------|-------------|
| | | per day | fr 31.12.16 |
| USD/RUB | 58,58 | 0,43% | -3,42% |
| EURO/RUB | 69,52 | 0,45% | 8,94% |

Source: Bloomberg, Company calculations

| Raw | Value | Change | |
|-----------------|----------|---------|-------------|
| | | per day | fr 31.12.16 |
| Gold, USD/oz | 1 280,62 | 0,44% | 11,60% |
| Brent*, USD/bbl | 63,73 | 1,76% | 8,74% |

* - February futures

Source: Bloomberg, Company calculations

| Shares | Price**, ₽ | MCap**, ₽ bln | MCap**, \$ mln |
|----------------------------|------------|------------------|-------------------|
| | | | |
| IDGC of Centre | 0,3980 | 16,80 | 286,83 |
| IDGC of Centre & Volga Reg | 0,3089 | 34,81 | 594,26 |

Source: Central Bank of Russia, Company calculations

| Comparison with indexes | Change | |
|-----------------------------------|---------|-------------|
| | per day | fr 31.12.16 |
| STOXX 600 Utilities | -0,96% | 8,70% |
| MICEX POWER Index | 0,85% | -3,08% |
| IDGC of Centre** | 0,25% | -10,96% |
| IDGC of Centre and Volga Region** | 0,26% | 105,81% |

Source: Bloomberg, Company calculations

| Grid companies | Change** | |
|----------------------------|----------|-------------|
| | per day | fr 31.12.16 |
| Rosseti, ordinary shares | 1,53% | -24,99% |
| FGC UES | -0,46% | -19,29% |
| IDGC of Volga | 0,96% | 88,13% |
| MOESK | 0,97% | -6,90% |
| IDGC of Northern Caucasus | 0,86% | -19,95% |
| IDGC of North-West | 0,73% | 0,91% |
| IDGC of Urals | 4,93% | 29,48% |
| IDGC of Siberia | 0,85% | 41,58% |
| IDGC of South | 0,00% | 4,77% |
| Lenenergo, ordinary shares | 1,84% | -4,54% |
| TRK, ordinary shares | 0,00% | -15,97% |
| Kubanenergo | -1,40% | -11,26% |

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