

DAILY MARKET REVIEW

10 October, Monday

2016



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 07 October some neutral external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 changed in different directions in the range of 0.1%, on Friday the composite stock index of the Asia-Pacific region MSCI Asia Pacific fell 0.3%. According to analysts, investors preferred to wait before publishing the September US labor market report – strong data could be a decisive argument in favour of raising the interest rate by the US Federal Reserve. Additional pressure on the markets in the Asian session was given by the collapse of the pound sterling falling against the dollar, which exceeded 6%. The trigger for the British currency sales, experts say, was the statement by the President of France that Brussels has to take a hard line against London during negotiations on the country's exit from the European Union, and the extent of the fall in conditions of low liquidity were set by trading robots. December Brent futures traded near the mark of \$52.5 per barrel, at the closing level on 06 October. Oil prices, Bloomberg noted, are rising against the background of increasing optimism about the prospects of the market, due to data on reduction of oil reserves in the United States and the continuing news of the producing countries negotiating to limit production. According to media reports, this week OPEC countries and Russia will hold an informal meeting in the framework of the World Energy Congress in Istanbul, where, including, possible joint production limitation is to be discussed.

While waiting for the US labor market data, the MICEX Index, the European Stoxx Europe 600 Index and futures for US indices traded most of the day in a small minus. Investors' sentiment improved slightly after the publication of US statistics: in September the growth in the number of jobs by 151 thous. was lower than expected (172 thous.), the unemployment rate rose to 5% from 4.9% in August due to the return of 440 thousand people to the labor market. These data slightly lowered expectations of the Fed's base rate hike in the coming months. In particular, according to the quotations of futures, the probability of its increase in November is now estimated by traders at 17% – by 4 percentage points lower than before the publication of the Department of Labor report. However, at the end of the day the sale in the markets intensified after the statement of Head of the Federal Reserve Bank of Cleveland that the situation in the US labor market and a gradual increase in inflation in the country quite justify the rise of the basic interest rate.

During the trading session the MicexPWR Sector Index outperformed. The main contribution to the final MicexPWR growth was made by shares of Inter RAO and FGC UES.

ELECTRIC POWER INDUSTRY NEWS

Oleg Budargin introduced integration priorities of "Rosseti" at the World Energy Council Assembly in Istanbul

Director General of "Rosseti" Oleg Budargin during a meeting of the World Energy Council Executive Assembly in Istanbul presented priority integration projects, which the company works at.

Read full text: http://www.rosseti.ru/press/news/index.php?ELEMENT_ID=28134

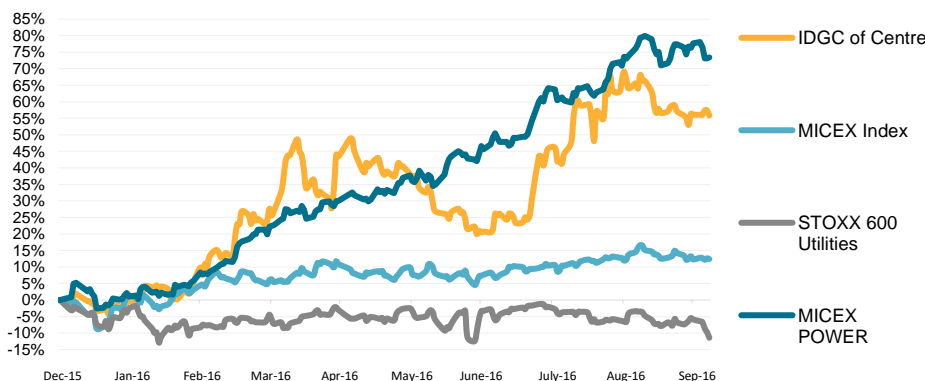
COMPANY NEWS

IDGC of Centre reduced funding for the 2016 investment program by 11.7%, to 14.3 billion rubles

IDGC of Centre's Board of Directors approved the adjusted investment program for 2016-2020 with the reduction of funding by 29% to 61.8 billion rubles, while the funding for the 2016 program was decreased by 11.7%, to 14.3 billion rubles, as the company reported.

Read full text: <http://tass.ru/tek/3685870>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.15
MICEX	1 980,02	-0,19%	12,41%
S&P 500	2 153,74	-0,33%	5,37%
FTSE 100	7 044,39	0,63%	12,85%
DAX	10 490,86	-0,74%	-2,35%
DJStoxx 600	339,64	-0,93%	-7,15%
STOXX Utilities	271,17	-1,89%	-11,42%
Nikkei	16 519,29	0,00%	-13,21%
Sensex	28 061,14	-0,16%	7,44%
CSI300	3 253,28	0,00%	-12,80%
Bovespa	61 108,98	0,77%	40,97%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.15
Euro/USD	1,12	0,36%	-7,86%
USD/RUB	62,39	-0,11%	-14,40%
Euro/RUB	69,85	-0,32%	-12,35%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.15
Gold, USD/oz	1 257,08	0,22%	18,47%
Brent*, USD/bbl	51,93	-1,10%	16,96%

* - December futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,3040
Capitalisation**, billion RUB	12,83
Capitalisation**, million USD	205,71

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.15
MICEX-Power Index	0,11%	73,38%
Shares of IDGC of Centre**	-0,98%	55,82%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.15
Rosseti	0,29%	90,17%
FGC UES	0,60%	187,53%
IDGC of Volga	-1,58%	91,77%
MOESK	-0,63%	25,60%
IDGC of Northern Caucasus	1,18%	37,20%
IDGC of Centre and Volga Reg	-0,32%	46,97%
IDGC of North-West	-2,34%	82,85%
IDGC of Urals	-0,34%	53,16%
IDGC of Siberia	-0,67%	20,70%
IDGC of South	1,25%	56,09%
Lenenergo	-0,86%	125,98%

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