

DAILY MARKET REVIEW

01 August, Monday

2016



REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 29 July some neutral external background formed on the Russian market. The US indices DJIA and S&P500 continue consolidating near their highs, they closed the Thursday's trading session with multidirectional changes in the range of 0.2%. On Friday the composite Asia-Pacific region index MSCI Asia Pacific excluding Japan lost more than 0.5%, the Japanese Nikkei 225 added 0.6%. Most Asian markets declined after oil prices, while the Japanese market was up on the outcome of the meeting of the Bank of Japan. The Bank of Japan on Friday kept unchanged interest rates, the target increase in the monetary base by ¥80 trillion and plans to buy government bonds, which account for the bulk of the asset purchase program and announced its intention to increase the volume of purchases of securities of exchange-traded funds (ETF) to ¥6 trillion. Initial market reaction to the news was negative, the fall of the Nikkei 225 exceeded 1.5% – investors expected that the Central Bank would still take significant additional measures to stimulate the economy. But then the market turned around and closed the day in positive territory following the increase in shares of Japanese banks, a positive factor for which was the regulator's decision not to drop even lower rates on deposits, which now stand at minus 0.1%. September futures for Brent traded near the mark of \$42.4 per barrel, or \$0.4 less than the closing level on 28 July. As noted by Bloomberg, the main negative factor for oil prices this week was the data about the first since May rise in US inventories of oil, despite the fact that now the country is in the middle of the driving season and demand for fuel is a record for a few decades. Total for the week Brent quotes lost about 9%, expanding the rate of decline from the June's high by nearly 20% – to the border of a new "bearish" trend.

Neutral opening of trading on the Russian market changed with quite active sales after the drop in oil prices below \$42 per barrel, the loss of the MICEX Index in the middle of the trading session exceeded 0.7%. The CBR decision to keep its key interest rate at 10.5% was expected by most analysts and did not have significant impact on the changes of our market. At the same time the Stoxx Europe 600 Index traded slightly up on good statistics for the Eurozone's economy: GDP in the II quarter rose by 1.6% y/y, in July unemployment remained at the lowest level since July 2011 – 10.1%, growth in consumer prices exceeded forecasts. The weak statistics from the US, where the GDP growth in the II quarter at 1.2% in annual terms was much lower than expected, data on consumer confidence in July were worse than expected, did not become a reason for the deterioration of investors' sentiment – the data eased expectations for an early increase of interest rates by the Fed. Against this backdrop the dollar strengthened its decline against other major currencies, which in turn provided support to oil prices and the Russian market.

During the trading session the MicexPWR Sector Index outperformed. The main contribution to the final MicexPWR growth was made by shares of Rosseti and Yunipro.

ELECTRIC POWER INDUSTRY NEWS

The FAS is against the transfer of indexation of energy tariffs in Russia from July to January

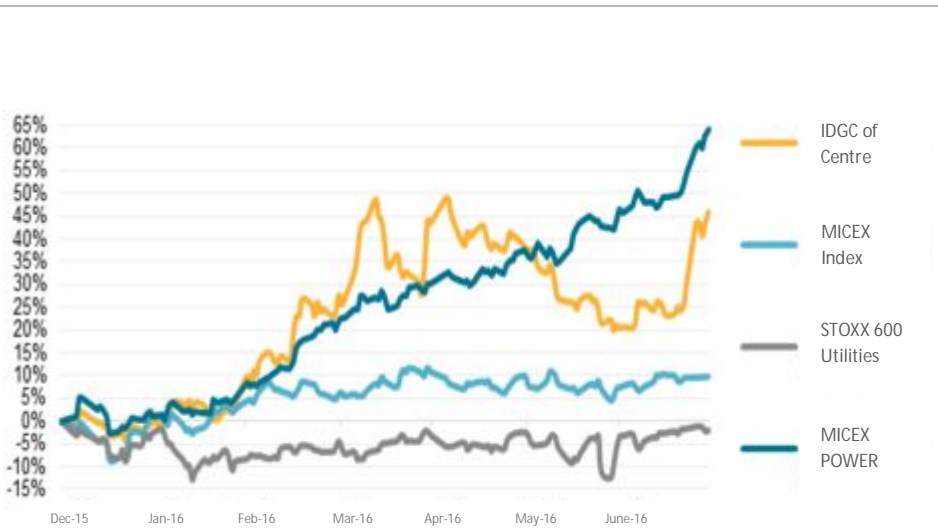
Read full text: <http://www.bigpowernews.ru/markets/document71770.phtml>

COMPANY NEWS

Belgorodenergo warns about the introduction of raising factors to the rates on payment for electricity consumed

Read full text: <http://www.bigpowernews.ru/press/document71754.phtml>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.15
MICEX	1 933,70	0,05%	9,78%
S&P 500	2 173,60	0,16%	6,34%
FTSE 100	6 724,43	0,05%	7,72%
DAX	10 337,50	0,61%	-3,77%
DJStoxx 600	341,89	0,71%	-6,54%
STOXX Utilities	299,89	0,16%	-2,04%
Nikkei	16 569,27	0,56%	-12,95%
Sensex	28 051,86	-0,56%	7,41%
CSI300	3 203,93	-0,53%	-14,13%
Bovespa	57 308,21	1,13%	32,20%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.15
Euro/USD	1,12	0,88%	-8,09%
USD/RUB	66,11	0,25%	-9,29%
Euro/RUB	73,40	1,23%	-7,90%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.15
Gold, USD/oz	1 351,28	1,16%	27,35%
Brent*, USD/bbl	43,53	0,69%	0,88%

* - September futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,2845
Capitalisation**, billion RUB	12,01
Capitalisation**, million USD	181,68

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.15
MICEX-Power Index	0,91%	64,12%
Shares of IDGC of Centre**	1,61%	45,82%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.15
Rosseti	5,48%	90,92%
FGC UES	1,57%	171,03%
IDGC of Volga	3,29%	101,54%
MOESK	0,96%	25,60%
IDGC of Northern Caucasus	4,00%	35,20%
IDGC of Centre and Volga Reg	4,45%	60,83%
IDGC of North-West	1,01%	83,21%
IDGC of Urals	1,87%	72,11%
IDGC of Siberia	2,05%	22,54%
IDGC of South	0,43%	49,68%
Lenenergo	4,47%	73,36%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers
Moscow Exchange (MOEX)
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MRKC
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