

DAILY MARKET REVIEW

2 June, Friday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 01 June some neutral external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 closed with a small decline of 0.1% – shares of the financial sector got under pressure on signals from JPMorgan and Bank of America on the decline in revenues from trading operations and the energy sector after the fall in oil prices by almost 3%. On Thursday the main country stock indices in the Asia-Pacific region showed a predominantly positive trend. Investors' optimism was supported by strong data on the Japanese economy, which pointed to the acceleration of the growth rates of profits, revenues and capital investments of Japanese companies in the first quarter. At the same time, weak statistics from the PRC, where the business activity in the industry, according to Markit/Caixin, fell below 50 points for the first time in 11 months – the border between the decline and growth – became the limiting factor for the rise of the indices in the Asian session. July Brent futures traded near the mark of \$51.2 per barrel, \$0.8 higher than the closing level on 31 May. Quotes could stabilize after the collapse on 31 May with the help of the data of the American Petroleum Institute, indicating a reduction in fuel stocks in the US for the eighth week in a row, with the decline having increased to 8.7 million barrels.

On Thursday the Russian market was still dominated by sellers – most of the trading session losses of the MICEX Index were more than 1.5%. The market was pressured both by the reduction of Brent quotations to the level of \$50.5 per barrel, as well as by media reports on the preparation in the US Senate of a new draft law on the expansion of sanctions against Russia. The senators, Bloomberg reported, linked the tightening of restrictive measures to "Russia's actions in Ukraine and Syria, as well as cyberattacks in the US". It is assumed that the introduction of new sanctions should have an impact on various sectors of the economy of Russia, including the mining industry, metallurgy and railways. The MICEX Index closed trading at the daily lows, despite the recovery in oil prices and positive changes on the western exchanges, due, including, to the publication of good statistics. Brent quotes returned above \$51 per barrel after the release of data from the US Department of Energy, which recorded a decrease in oil reserves in the country by 6.4 million barrels, which was twice as much as expected. According to IHS Markit, production activity in the Eurozone in May rose to a maximum in more than six years, in the US employment in the private sector according to ADP significantly exceeded the forecast. In addition, the European financial sector was supported by the European Commission's approval of the rescue plan for the oldest Italian bank Monte Paschi at € 8.8 billion.

During the trading session the MicexPWR Sector Index looked significantly better than the broad market. The main contribution to the small final growth of the sector indicator was made by RusHydro's shares, which in the absence of significant news grew by 6.4% after their same externally unmotivated decline on Wednesday by 5.5%.

ELECTRIC POWER INDUSTRY NEWS

The implementation of systems like EnergyNet across Russia may cost about 4 trillion rubles – Mr. Novak

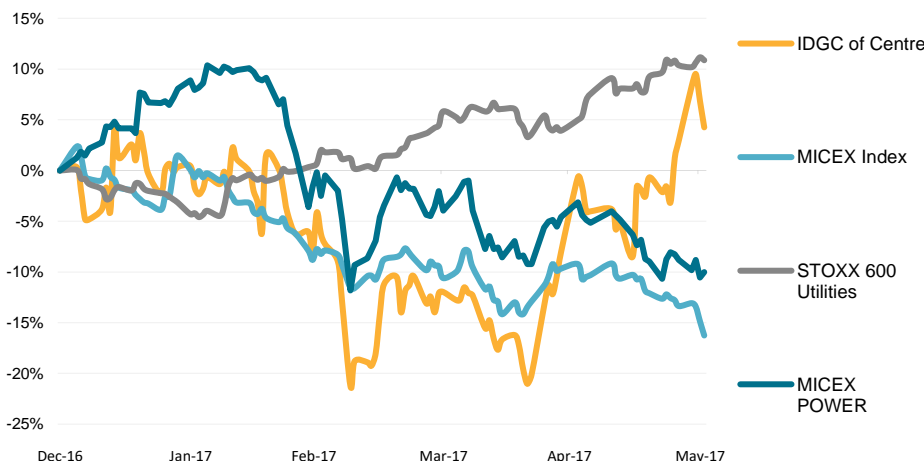
Read full text: <http://1prime.ru/INDUSTRY/20170531/827516929.html>

COMPANY NEWS

IDGC of Centre, IDGC of Centre and Volga Region and Siemens signed a cooperation agreement

Read full text: <https://www.mrsk-1.ru/press-center/news/company/60270/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	1 869,66	-1,62%	-16,26%
S&P 500	2 430,06	0,76%	8,54%
FTSE 100	7 543,77	0,32%	5,61%
DAX	12 664,92	0,40%	10,31%
DJStoxx 600	391,66	0,43%	8,37%
STOXX Utilities	306,84	-0,26%	10,86%
Nikkei	19 860,03	1,07%	3,90%
Sensex	31 137,59	-0,03%	16,94%
CSI300	3 497,74	0,14%	5,67%
Bovespa	62 288,52	-0,67%	3,42%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,12	-0,24%	6,59%
USD/RUB	56,69	0,30%	-6,54%
Euro/RUB	63,41	0,73%	-0,63%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 265,96	-0,23%	10,32%
Brent*, USD/bbl	50,63	-0,26%	-13,92%

* - July futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,4660
Capitalisation**, billion RUB	19,67
Capitalisation**, million USD	347,05

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	0,58%	-10,03%
Shares of IDGC of Centre**	-2,41%	4,25%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	-4,96%	-36,53%
FGC UES	-0,67%	-19,78%
IDGC of Volga	-1,26%	26,16%
MOESK	-1,90%	-2,34%
IDGC of Northern Caucasus	-0,96%	-29,71%
IDGC of Centre and Volga Reg	4,50%	16,22%
IDGC of North-West	-0,23%	-22,00%
IDGC of Urals	0,36%	-15,20%
IDGC of Siberia	-0,14%	-17,56%
IDGC of South	-2,03%	-35,69%
Lenenergo, ordinary shares	-0,12%	-25,16%
TRK, ordinary shares	0,00%	-20,17%
Kubanenergo	-2,53%	-11,61%

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