

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 06 July some negative external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 fell 0.6-0.7%, on Wednesday the composite Asia-Pacific region index MSCI Asia Pacific lost more than a percent. The markets were pressured by a new wave of concerns about the effects of the UK exit from the EU. In addition to the strengthened by Brexit problems of Italian banks an additional negative factor for investors was the information on the suspension of the withdrawal of funds by large shareholders by three British real estate funds. The Fund has no money to return to customers, media reports, and now they have to quickly sell their assets. According to some analysts, this situation threatens the entire financial sector of the country, taking into account the bubble formed in the UK real estate market, a huge amount of investment and mortgage loans from banks. Growth concerns about the global economic outlook sparked another round of flight to quality of investors – yield of benchmark 10-year bonds of the US, Japan, the UK and Germany fell to a record low, the Japanese yen strengthened against the dollar to two-year highs and gold has risen in price. September futures for Brent traded near the mark of \$47.9 per barrel, or \$0.2 less than the closing level on 05 July. Oil quotations were pressured mainly by a general decline in the attractiveness of riskier assets.

The Russian and European markets still have active sales. In the second half of the trading session the loss of the MICEX Index and Stoxx Europe 600 Index was more than 1% and 2%, respectively. At the end of the day the indices were able to reduce the rate of decline after the publication of strong data from the US, where the index of business activity in June grew at a record pace since 2008, up to a maximum of seven months.

During the trading session the MicexPWR Sector Index outperformed mainly due to strong growth in ordinary shares of Rosseti, which having updated their yearly highs, rose to the level of February 2014. The shares of Rosseti were supported, which for the consecutive second day added more than 5%, including by media reports that the Finance Ministry proposes to transfer the rule of minimum dividends of state companies at the level of not less than 50% of profits under IFRS or RAS (depending on which is more) on a permanent basis. In particular, VTB 24 analysts in this connection recommend looking at the stocks of Rosseti, which are significantly behind the changes relative to other grid companies.

ELECTRIC POWER INDUSTRY NEWS

Energy marker is divided in assessing the need for the creation of a new regulator

Participants of the energy market are divided in their assessment of the RF Ministry of Economic Development's initiative to create a new regulator in the electric power industry. Consumers support the proposals of the Ministry, producers as a whole, too, but they believe that they need to be further discussed and the energy market regulator - the association "NP "Market Council" believes that we should not create a duplicate structure.

Read full text: <http://ria.ru/economy/20160706/1459953538.html>

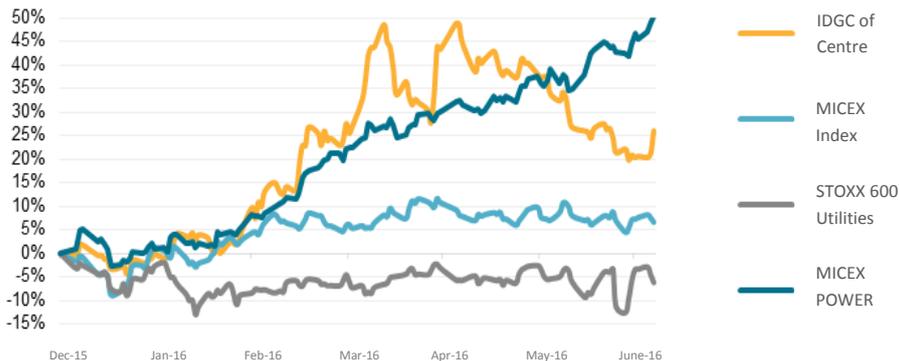
COMPANY NEWS

Belgorodenergo to spend 189 million rubles to improve the reliability of electricity supply to customers in Shebekinsky district

IDGC of Centre - Belgorodenergo division has started implementation of an investment project aimed at improving the reliability of electricity supply to customers in Shebekinsky district. The energy company will construct the 35 kV cable line "Murom - New Tavolzhanaka" with its length of 17 km and reconstruct four high-voltage substations. The total investment amount will be about 189 million rubles.

Read full text: <http://www.bigpowernews.ru/press/document71364.phtml>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.15
MICEX	1 879,42	-0,86%	6,70%
S&P 500	2 099,73	0,54%	2,73%
FTSE 100	6 463,59	-1,25%	3,54%
DAX	9 373,26	-1,67%	-12,75%
DJStoxx 600	318,76	-1,67%	-12,86%
STOXX Utilities	287,46	-1,75%	-6,10%
Nikkei	15 378,99	-1,85%	-19,20%
Sensex	27 166,87	0,00%	4,02%
CSI300	3 216,80	0,29%	-13,78%
Bovespa	51 901,81	0,11%	19,73%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.15
Euro/USD	1,11	-0,01%	-8,79%
USD/RUB	64,27	0,92%	-11,82%
Euro/RUB	71,63	1,10%	-10,12%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.15
Gold, USD/oz	1 363,78	0,54%	28,53%
Brent*, USD/bbl	48,80	1,75%	14,80%

* - September futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,2460
Capitalisation**, billion RUB	10,39
Capitalisation**, million USD	161,60

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.15
MICEX-Power Index	0,78%	50,42%
Shares of IDGC of Centre**	4,02%	26,09%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.15
Rosseti	8,59%	55,44%
FGC UES	-1,62%	176,60%
IDGC of Volga	13,79%	69,67%
MOESK	0,80%	17,87%
IDGC of Northern Caucasus	3,99%	14,80%
IDGC of Centre and Volga Reg	4,16%	27,55%
IDGC of North-West	3,15%	67,15%
IDGC of Urals	3,64%	34,74%
IDGC of Siberia	1,95%	7,38%
IDGC of South	1,85%	23,40%
Lenenergo	1,83%	33,41%

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