

DAILY MARKET REVIEW

14 December, Wednesday

2016



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 13 December some neutral external background formed on the Russian market. On Monday the US indices DJIA and S&P500 closed the trading session mixed with the changes within 0.2%, the composite stock index of the Asia-Pacific region MSCI Asia Pacific was near zero. According to analysts, investors are cautious in anticipation of the last Fed meeting this year, which will take place on 13-14 December. According to most experts, the basic interest rate of the US Central Bank will be increased by 0.25 percentage points to 0.5-0.75%. An important point, according to analysts, will be updated forecasts of the Federal Reserve leaders on the level of rates in the future. According to the September forecast, Fed officials expect a rate hike in the current year and two - in the next. At the same time, many economists say that if the new US president fulfills the election campaign promises and takes measures on tax stimulation of the US economy, the Federal Reserve may need to accelerate the pace of rate hikes to avoid excessive growth of consumer prices. February Brent futures traded near the mark of \$55.6 per barrel, or \$0.5 less than the level of our closing 12 December. Oil quotes corrected after a 3% growth the day before, the driver for that was the information that the countries outside OPEC agreed to reduce oil production by 558 thousand barrels per day. The main benchmark for the Russian market on Tuesday was the price of oil. In the first half of the trading session the MICEX Index had a small loss, within half a percent, under the pressure of falling oil prices. However, already in the middle of the day the MICEX Index was able to get into positive territory following the reversal in oil prices – Brent cost rose to around \$56.4 per barrel on the IEA forecasts that the reduction in oil production by OPEC and other producers will lead to a shortage of oil supply in the first half of 2017. Additional support for the Russian market in the second half of the trading session was given by growing western markets, where investors bet on the Fed to maintain moderate rates of increase of the key interest rate. Against this backdrop the pace of the MICEX Index growth, having once again updated the historical maximum, exceeded 0.8%.

At the end of the trading session the MicexPWR Sector Index underperformed mainly due to reduction in shares of RusHydro. The main contribution to the MicexPWR growth was made by shares of FGC UES and Rosseti. On Tuesday Gazprombank raised the recommendation for these shares to "buy" and assessment: for shares of FGC UES – by 2.4 times, to 0.33 RUB, for shares of Rosseti – by 2.8 times, to 1.7 RUB. Analysts called attractive dividends for 2016 as the main drivers of the potential growth of these securities – the dividend yield of FGC UES and Rosseti is estimated at 13.2% and 9.9%, respectively, projected in connection with the strengthening of the ruble increase in demand for the shares of energy companies in the next year, fundamental underestimation of shares of FGC UES and Rosseti and unreasonably high discount at which the shares are traded relative to emerging markets peers.

ELECTRIC POWER INDUSTRY NEWS

Debt for heat and electricity supply in the wholesale market in total exceeded 200 billion rubles, the debt leaders - Ministry of Defense suppliers, Moscow, Moscow region and the North Caucasus

At the same time, measures to strengthen the payment discipline help little, that, according to experts, is explained by the current economic situation.

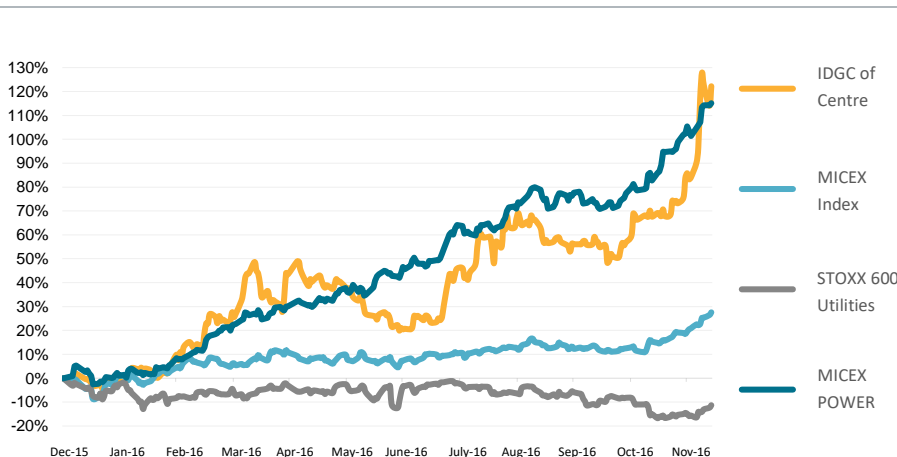
Read full text: <http://www.bigpowernews.ru/markets/document74438.phtml>

COMPANY NEWS

Kursk branch of IDGC of Centre awarded a diploma of the Russian Ministry of Energy for active participation in the festival #VmesteYarche

Read full text: <https://www.mrsk-1.ru/press-center/news/company/58296/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.15
MICEX	2 247,02	0,90%	27,57%
S&P 500	2 271,72	0,65%	11,14%
FTSE 100	6 968,57	1,13%	11,63%
DAX	11 284,65	0,84%	5,04%
DJStoxx 600	357,50	1,06%	-2,27%
STOXX Utilities	271,55	1,18%	-11,30%
Nikkei	16 519,29	0,00%	-13,21%
Sensex	26 697,82	0,69%	2,22%
CSI300	3 405,04	-0,12%	-8,74%
Bovespa	59 280,57	0,17%	36,75%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.15
Euro/USD	1,06	-0,17%	-12,61%
USD/RUB	61,58	-2,72%	-15,51%
Euro/RUB	65,07	-3,18%	-18,35%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.15
Gold, USD/oz	1 158,54	-0,32%	9,18%
Brent*, USD/bbl	55,72	0,05%	22,43%

* - January futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,4335
Capitalisation**, billion RUB	18,30
Capitalisation**, million USD	297,20

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.15
MICEX-Power Index	0,42%	115,10%
Shares of IDGC of Centre**	3,83%	122,19%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.15
Rosseti, ordinary shares	1,96%	183,84%
FGC UES	1,07%	247,31%
IDGC of Volga	-0,60%	195,89%
MOESK	1,69%	28,13%
IDGC of Northern Caucasus	-1,25%	58,00%
IDGC of Centre and Volga Reg	-0,07%	138,69%
IDGC of North-West	-0,96%	89,05%
IDGC of Urals	2,63%	84,74%
IDGC of Siberia	3,66%	74,18%
IDGC of South	0,38%	67,31%
Lenenergo, ordinary shares	-2,16%	146,72%

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