



DAILY

MARKET REVIEW

| 19 May, Monday

2014

REVIEW OF STOCK MARKETS

Before the opening of trading some moderately negative external background formed on the Russian market. On Thursday the U.S. indices DJIA and S&P500 closed the trading session with a percent drop – maximum loss in five weeks. U.S. markets continued correction from the highs recorded on Tuesday. On Thursday the most significant one and a half -year decline in industrial production in April and weak financial statements of the world's largest retailer Wal-Mart became the reason for the sales. Major stock indexes in the Asia- Pacific region showed predominantly negative dynamics – MSCI Asia Pacific Index lost about one percent. Additional pressure on the markets, along with the fall in the U.S. indices, was provided by information on the growth of bad loans in China to a maximum since September 2008. The 3% growth of Indian BSE Sensex was different from the general background – the optimism of investors, writes Bloomberg, was due to the victory of the opposition coalition in the parliamentary elections. July Brent was trading at \$ 109.2 per barrel – at our closing on Thursday.

Russian and European indexes most of the trading session held in the lateral dynamics slightly below zero. In the absence of significant news the main reference for investors was negative dynamics of U.S. futures. Ambiguous statistics of the United States – better than expected data on the number of new buildings in April, but worse than expected consumer confidence index in May – had no impact on the mood of foreign investors. At the same time, the MICEX Index was able to close the trading session with more than half-point increase mainly due to a 2% rise in Gazprom's shares, which were playing back expectations of signing a gas contract with China.

By the end of the trading session the dynamics of the MicexPWR Sector Index underperformed the market mainly due to lowering shares of E.ON Russia. Restrained negative backdrop for these securities remains weak IFRS financial statements for I quarter, the impact of which is still to a large extent offset by the expectation of a record dividend for 2013 – current dividend yield is greater than 14%. On Western exchanges the European DJStoxx 600 Index gained 0.14%, and the American S&P 500 Index increased 0.37%.

ELECTRIC POWER INDUSTRY NEWS

Indexation of tariffs for gas companies and grid tariffs in 2017 is projected at 3.6%

To read full text: <http://www.bigpowernews.ru/markets/document56429.shtml>

"Lenenergo" and "IDGC of North-West" are preparing for a massive reduction of staff

"Lenenergo" and "IDGC of North-West" are planning to reduce staff of the Executive Office by 40%.

To read full text: http://top.rbc.ru/spb_freeneews/16/05/2014/924204.shtml

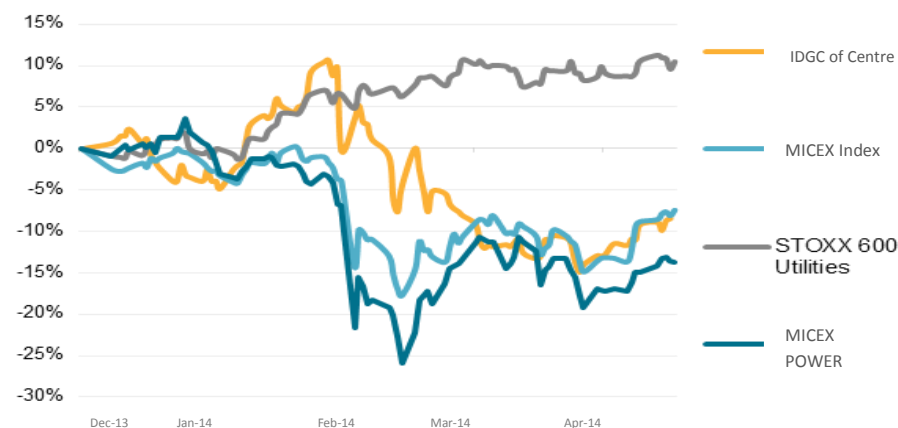
COMPANY NEWS

Kostromaenergo has started using special vehicles to widen ROWs along power lines

Kostroma power engineers of IDGC of Centre have launched a massive operation to expand ROWs along power lines. Expansion of the ROWs is one of the priorities of the company as it directly influences the level of reliability of power supply to consumers.

To read full text: http://www.mrsk-1.ru/ru/press/news/branches/?id_4=89340

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change for the day	fr 31.12.13
MICEX	1 392,30	0,75%	-7,43%
S&P 500	1 877,86	0,37%	1,60%
FTSE 100	6 855,81	0,22%	1,58%
DAX	9 629,10	-0,28%	0,81%
DJStoxx 600	338,99	0,14%	3,27%
STOXX Utilities	307,53	0,82%	10,49%
Nikkei	14 096,59	-1,41%	-13,47%
Sensex	24 121,74	0,90%	13,94%
CSI300	2 145,95	0,09%	-7,90%
Bovespa	53 975,76	0,22%	4,79%

Source: Bloomberg, Company calculations

Currency rates	Value	Change for the day	fr 31.12.13
Euro/USD	1,37	-0,09%	-0,69%
USD/RUB	34,70	-0,02%	6,02%
Euro/RUB	47,57	-0,10%	5,78%

Source: Bloomberg, Company calculations

Raw	Value	Change for the day	fr 31.12.13
Gold, USD/oz	1 293,52	-0,21%	7,65%
Brent*, USD/bbl	109,75	0,61%	0,67%

* - June futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,2001
Capitalisation**, billion RUB	8,45
Capitalisation**, million USD	243,45

Source: Central Bank of Russia, Company calculations

Russian indexes	Change for the day	from 31.12.13
MICEX-Power Index	-0,16%	-13,72%
Shares of IDGC of Centre**	0,30%	-8,46%

Source: MICEX, Company calculations

Grid companies	Change** for the day	fr 31.12.13
JSC Russian Grids	0,23%	-43,24%
FGC UES	-0,02%	-35,73%
IDGC of Volga	-3,31%	-26,87%
MOESK	-2,08%	-15,43%
IDGC of Northern Caucasus	0,40%	-2,01%
IDGC of Centre and Volga Reg	-0,85%	-22,99%
IDGC of North-West	1,41%	-3,91%
IDGC of Urals	-0,29%	-30,53%
IDGC of Siberia	0,00%	-39,16%
IDGC of South	-0,91%	-22,31%
Lenenergo	0,07%	15,43%

Source: MICEX, Company calculations

** - at the price of last transaction at MICEX

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Tickers

Moscow Exchange
Bloomberg
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MRKC
MRKC RX
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