

DAILY MARKET REVIEW

12 July, Tuesday



2016

REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 11 July some positive external background formed on the Russian market. Last Friday the US indices DJIA and S&P500 rose by 1.4-1.5%, while the S&P500 stopped a step away from the historical record. On Monday the composite Asia-Pacific region index MSCI Asia Pacific added about 2%. The markets were supported by strong statistics from the US, where in June the number of jobs increased by 287 thousand, at a record pace since October 2015. An additional positive factor for investors in the Asian session was statements of the Japanese Prime Minister, who promised after his party's victory on Sunday's elections to the upper house of parliament to implement new decisive measures to stimulate the economy. September Brent traded near the mark of \$46.4 per barrel, slightly below our closing on Friday, July 8th. The rise of oil prices, having ignored the optimism in the stock markets, was constrained by several factors. The oilfield service company Baker Hughes reported a continuing increase in the number of oil rigs operating in the US, while for the last two weeks the growth was the highest since July 2015. According to media reports, Iran has reduced its oil prices in the Asian market as compared to the previous month due to lower demand from refineries in the region. The prices were also pressured by a technical factor – Brent quotations came down from the ascending trend, where they had been since the end of January. Against this backdrop, hedge funds, as reported by the media, are becoming increasingly active to open short positions, the volume of which has already reached the highest level since the beginning of March.

On Monday the Russian and European stock indices continued to play back the statistics on the US labour market, indicating, according to investors, the good state of the world's largest economy. In the afternoon the growth of the MICEX Index and the European Stoxx Europe 600 Index amounted to about 0.5% and more than 1%, respectively. Underperformance of our market was due to the uncertain dynamics of oil prices, which tested during the day \$46 per barrel. At the end of the day the activity of buyers in the Russian market increased after the start of trading in the US with a half-point increase in the major indices to update the S&P500 historical record.

During the trading session the MicexPWR Sector Index underperformed mainly due to continuing sales of shares of FGC UES after the ex-dividend date.

ELECTRIC POWER INDUSTRY NEWS

Generation of electric energy in the Unified Energy System of the Centre in January-June 2016 decreased by 3.6%, while electric energy consumption increased by 0.8%

For six months in 2016 electric energy consumption in the Unified Energy System of the Centre was 117109,3 million kWh, which is 0.8% above the level of consumption of the same period last year.

Read full text: <http://www.bigpowernews.ru/markets/document71461.shtml>

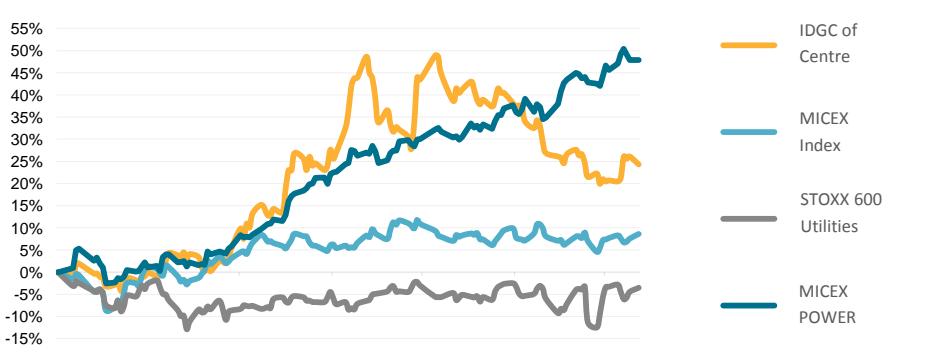
COMPANY NEWS

Kostromaenergo installs high-speed data transmission channels at power grid infrastructure facilities

IDGC of Centre - Kostromaenergo division continues implementing measures to provide remote control of power grid facilities using a system of high-speed data channels based on fiber-optic communication lines (FOCL). At the beginning of 2016 in the service area of Kostromaenergo 1,663 kilometres of fiber-optic networks were constructed. Today, through the fiber optic channels Kostromaenergo's head office is linked with 25 of 27 Distribution Zones and about half of 35-110 kV substations (SS).

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/56390/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.15
MICEX	1 913,12	0,99%	8,62%
S&P 500	2 140,28	0,49%	4,71%
FTSE 100	6 682,86	1,40%	7,06%
DAX	9 833,41	2,12%	-8,47%
DJStoxx 600	332,72	1,64%	-9,05%
STOXX Utilities	295,40	0,97%	-2,79%
Nikkei	15 708,82	3,98%	-17,47%
Sensex	27 626,69	1,84%	5,78%
CSI300	3 203,33	0,35%	-14,14%
Bovespa	53 823,41	1,28%	24,16%

Source: Bloomberg, Company calculations (19:00 MSK)

Currency rates	Value	Change	
		per day	fr 31.12.15
Euro/USD	1,11	0,00%	1,74%
USD/RUB	64,25	0,31%	-11,85%
Euro/RUB	71,17	0,31%	-10,70%

Source: Bloomberg, Company calculations (19:00 MSK)

Raw	Value	Change	
		per day	fr 31.12.15
Gold, USD/oz	1 366,33	0,00%	28,73%
Brent*, USD/bbl	46,76	0,00%	25,43%

* - August futures

Source: Bloomberg, Company calculations (19:00 MSK)

Shares of IDGC of Centre	Value	Change	
		per day	fr 31.12.15
Last transaction, RUB	0,2425		
Capitalisation**, billion RUB	10,24		
Capitalisation**, million USD	159,35		

Source: Central Bank of Russia, Company calculations

Russian indexes	Value	Change	
		per day	fr 31.12.15
MICEX-Power Index	0,00%	47,85%	
Shares of IDGC of Centre**	-1,42%	24,30%	

Source: Bloomberg, Company calculations

Grid companies	Value	Change**	
		per day	fr 31.12.15
Rosseti	3,25%	55,90%	
FGC UES	-3,52%	152,53%	
IDGC of Volga	0,63%	65,30%	
MOESK	0,11%	17,20%	
IDGC of Northern Caucasus	-1,76%	11,60%	
IDGC of Centre and Volga Reg	0,50%	28,66%	
IDGC of North-West	-1,57%	60,58%	
IDGC of Urals	0,00%	35,79%	
IDGC of Siberia	-4,12%	0,20%	
IDGC of South	-0,53%	20,51%	
Lenenergo	-1,13%	33,84%	

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