



## REVIEW OF STOCK MARKETS

Before the opening of trading on Monday 22 May some positive external background formed on the Russian market. On Friday the US indices DJIA and S&P500 rose by 0.7%, similar changes on Monday were demonstrated by the composite stock index of the Asia-Pacific region MSCI Asia Pacific. World markets continue to recover after a fall in the middle of last week, provoked by political scandals in the US and Brazil, additional support to investors was provided by the rise in oil prices. July Brent futures traded near \$54 per barrel, \$0.4 higher than the closing level on Friday, 19 May. Oil quotes increased on media reports with reference to informed sources that the meeting of OPEC+ countries this Thursday 25 May will discuss not only the extension of the agreement, but also the possibility of more large-scale production cuts than agreed for the first half of the year at 1.8 million barrels per day. According to several analysts, without an increase in the volume of cuts, it will not be possible to restore the balance of supply and demand in the oil market this year.

Most of the trading session the MICEX Index had a small minus within half a percent, despite the rise in Brent quotes above \$54 per barrel and moderately positive sentiment on the western exchanges. Russian investors also ignored the information that JPMorgan raised the rating of Russian shares from "neutral" to "overweight" – experts expect that the recent rally in the oil market will become the driver of growth for the Russian stock market, which recently was undervalued relative to the GEM. According to JPMorgan, at the meeting in Vienna, the agreement on the reduction of oil production will be extended, which will return oil quotations to the level of \$55 per barrel. The driver of the continuing decline for the third consecutive day in the MICEX Index is still Gazprom's shares, which remain under pressure from disappointed dividend expectations. At the end of the day the decline in the MICEX Index accelerated, after the Brent quotes fell below \$54 per barrel.

During the trading session the MicexPWR Sector Index looked significantly worse than the broad market. The main contribution to the final decline in the sector indicator was made by shares of FGC UES and Rosseti, which are still under pressure due to uncertainty with dividends for 2016.

## ELECTRIC POWER INDUSTRY NEWS

### FAS suggests "Rosseti" to redistribute income when cancelling the "last mile"

The Federal Antimonopoly Service (FAS) of Russia proposes that Rosseti should redistribute its revenues among its subsidiaries in order to compensate for shortfall in income of some interregional distribution grid companies (IDGCs) when the last mile mechanism is abolished (the mechanism of subsidizing small electricity consumers at the expense of large ones). In most regions where cross-subsidization is planned to be cancelled from July, the proper financial security of grid companies is noted, but in some entities there are problems, the deputy head of the Federal Antimonopoly Service Vitaliy Korolev told TASS.

Read full text: <http://www.bigpowernews.ru/markets/document77228.phtml>

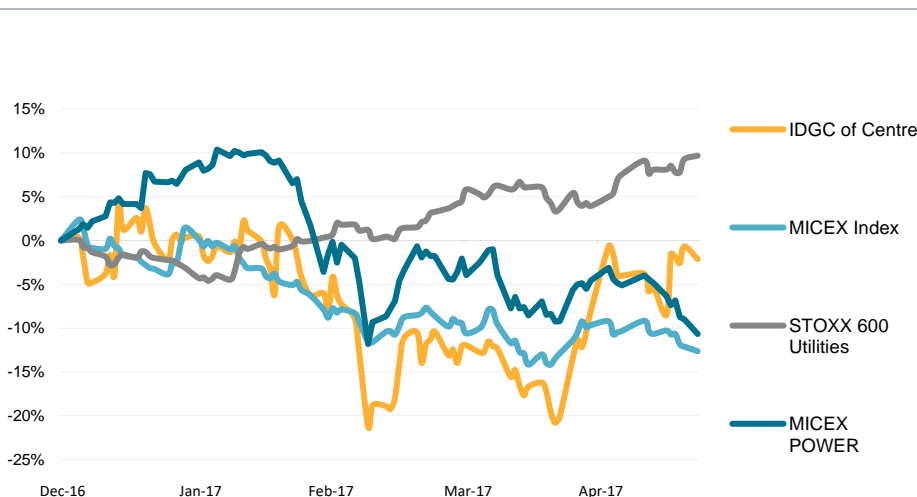
## COMPANY NEWS

### Courts satisfied claims of Bryanskenergo to non-payers in excess of 22 million rubles for four months

IDGC of Centre - Bryanskenergo division performs regular work aimed at reducing receivables for electricity transmission services. One of the measures that have the greatest effect is claims and lawsuits.

Read full text: <http://www.bryansk.kp.ru/daily/26681.5/3704502/>

## DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	1 950,51	-0,61%	-12,64%
S&P 500	2 390,20	0,36%	6,76%
FTSE 100	7 496,34	0,34%	4,95%
DAX	12 619,46	-0,15%	9,92%
DJStoxx 600	391,14	-0,09%	8,22%
STOXX Utilities	303,54	0,38%	9,67%
Nikkei	19 678,28	0,45%	2,95%
Sensex	30 570,97	0,35%	14,81%
CSI300	3 411,24	0,22%	3,06%
Bovespa	61 274,05	-2,18%	1,74%

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

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,12	0,00%	6,55%
USD/RUB	57,16	-0,54%	-5,16%
Euro/RUB	63,65	-0,55%	0,99%

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

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 255,93	0,00%	9,00%
Brent*, USD/bbl	53,61	0,00%	-5,65%

\* - July futures

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

Shares of IDGC of Centre	Value
Last transaction, RUB	0,4375
Capitalisation**, billion RUB	18,47
Capitalisation**, million USD	323,13

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	-1,85%	-10,67%
Shares of IDGC of Centre**	-1,46%	-2,13%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	-3,08%	-27,18%
FGC UES	-3,48%	-12,70%
IDGC of Volga	3,00%	19,64%
MOESK	-0,78%	-0,56%
IDGC of Northern Caucasus	-5,50%	-29,93%
IDGC of Centre and Volga Reg	-0,59%	3,04%
IDGC of North-West	-3,00%	-23,45%
IDGC of Urals	0,72%	-15,50%
IDGC of Siberia	-2,30%	-23,89%
IDGC of South	-2,61%	-35,88%
Lenenergo, ordinary shares	-1,21%	-11,17%
TRK, ordinary shares	-1,22%	-14,92%
Kubanenergo	-0,62%	-8,16%

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