



REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 31 August some neutral external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 closed lower by 0.2-0.3% on growth of concerns that the Federal Reserve may raise interest rates sooner than expected. The reason for this was the strong statistics – the index of consumer confidence in the US in August rose to the highest level since September 2015, and the statement of Vice Chairman of the Federal Reserve that the US labour market is close to full employment, and the further trajectory of change in interest rates will depend on the state of the economy and new macro-economic data. On Wednesday the composite Asia-Pacific region index MSCI Asia Pacific was slightly up with multidirectional changes of the major country indices. According to The Wall Street Journal, the increased expectations of the Fed rate hike hold back the rise of Asian stock markets on fears of capital outflows from the region. On the other hand, the strengthening of the dollar has been supporting Japanese exporters - the Nikkei 225 gained 1%. October Brent futures traded near the mark of \$48.3 per barrel, at the level of our closing on 30 August.

In the first half of the day the MICEX Index and the Stoxx Europe 600 Index were trading slightly down, losing a few tenths of a percent. Reduction of futures on US stock indices and oil prices was offset by European statistics. In the Eurozone the unemployment rate in August remained at 10.1%, which is the lowest level since July 2011, in Germany retail sales in July rose at the fastest pace in two years, the unemployment rate in August remained unchanged at 6.1%, the lowest level since the country reunification in 1990. In the second half of the trading session the markets were pressured by published somewhat better than expected ADP statistics on the number of jobs in the US manufacturing sector in August, which provoked strengthening of fears about the imminent increase of the interest rate by the Fed. An additional negative factor for the Russian market was the fall in oil prices to around \$47.1 per barrel both on the dollar strengthening, and the US Department of Energy statistics, which recorded higher than expected growth of oil reserves last week. Against this background the MICEX Index loss by the end of the day rose to 0.7%.

During the trading session the MicexPWR Sector Index looked significantly better than the market mainly due to growth in value of shares of RusHydro, Inter RAO and FGC UES. In particular, RusHydro's shares closed trading with the growth of 4% on the Nikkei information that the Japanese company Mitsui during the East Economic Forum, which will be held 2-3 September, may sign an agreement to purchase approximately 5% of treasury shares of RusHydro for 21.7 billion rubles, which corresponds to 1.1 ruble per share – 38% above Wednesday's closing.

ELECTRIC POWER INDUSTRY NEWS

Electricity consumers want compensation in case of failures in the power grid

Large energy consumers should have an opportunity to receive payment for outages during peak energy demand or as a result of failures in the power grid, says the letter of Director of "Energy Consumers Association" Vasily Kiselev to Deputy Prime Minister Arkady Dvorkovich.

Read full text: <http://www.vedomosti.ru/business/articles/2016/08/31/655065-potrebiteli-elektroenergii-kompensatsii>

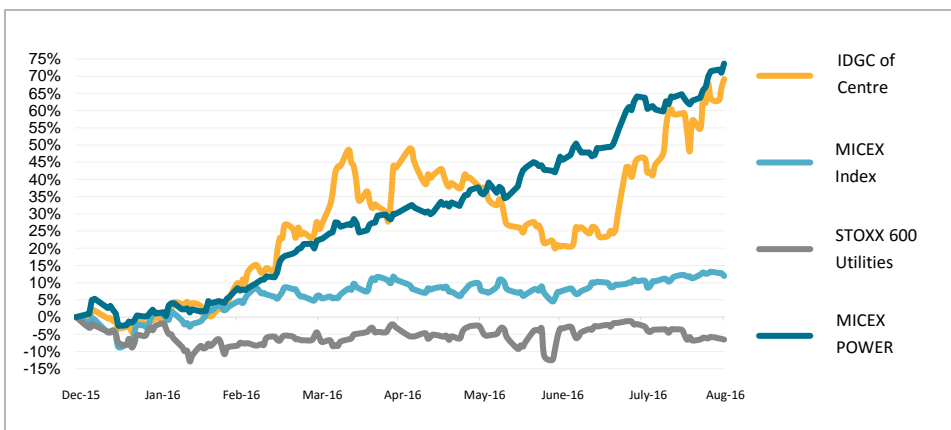
COMPANY NEWS

IDGC of Centre – Yarenergo division held a round table discussion on detection and prevention of non-metered electric energy consumption facts

The event was attended by heads of the branch "Yarenergo" and representatives of the Russian Ministry of Internal Affairs of the Yaroslavl region. They talked about measures to counter the illicit consumption of electricity.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/56867/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.15
MICEX	1 971,59	-0,71%	11,94%
S&P 500	2 170,95	-0,24%	6,21%
FTSE 100	6 781,51	-0,58%	8,64%
DAX	10 592,69	-0,61%	-1,40%
DJStoxx 600	343,53	-0,35%	-6,09%
STOXX Utilities	286,13	-0,22%	-6,53%
Nikkei	16 887,40	0,97%	-11,28%
Sensex	28 452,17	0,39%	8,94%
CSI300	3 327,79	0,48%	-10,81%
Bovespa	57 901,11	-1,15%	33,57%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.15
Euro/USD	1,12	0,06%	-8,22%
USD/RUB	64,91	-0,27%	-10,94%
Euro/RUB	72,50	-0,41%	-9,03%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.15
Gold, USD/oz	1 308,97	-0,16%	23,36%
Brent*, USD/bbl	46,89	-3,78%	7,10%

* - October futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,3300
Capitalisation**, billion RUB	13,93
Capitalisation**, million USD	214,64

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.15
MICEX-Power Index	1,59%	73,67%
Shares of IDGC of Centre**	1,54%	69,14%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.15
Rosseti	0,69%	104,48%
FGC UES	2,54%	194,61%
IDGC of Volga	2,44%	148,33%
MOESK	-0,42%	25,33%
IDGC of Northern Caucasus	0,29%	37,60%
IDGC of Centre and Volga Reg	6,67%	63,06%
IDGC of North-West	0,00%	93,43%
IDGC of Urals	-0,87%	80,00%
IDGC of Siberia	-0,47%	30,74%
IDGC of South	-0,21%	55,45%
Lenenergo	-1,55%	135,81%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers
Moscow Exchange (MOEX)
Bloomberg
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MRKC
MRKC.RX
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