



REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 05 May some moderately negative external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 closed in different directions with changes in the range of 0.1% – the positive news about the promotion of Donald Trump's initiatives to abolish Obamacare and deregulation of the financial sector was offset by a decline in the energy sector after the collapse in oil prices. On Friday the main country indices of the Asian-Pacific region lost on average more than half of a percent on the back of a continuing fall in prices for oil and metals – investors are afraid of a reduction in demand for raw materials, including because of the observed signals slowing the recovery of the economies of China and the United States. Trading activity in the Asian session was reduced due to the continued rest for the third consecutive day of Japan – on Friday the country celebrated Children's Day. July Brent futures traded near the mark of \$47.6 per barrel, \$1.3 lower than the closing level on 04 May. On Thursday, Brent quotes slumped 5%, to the lows since November 2016, on rumours that OPEC countries are not interested in further production cuts. At the same time, the Wall Street Journal writes, market participants almost completely took into account the possibility of prolonging the agreement on limitation of production by OPEC+ countries in current quotes, so oil prices could fall sharply if this is not done. In particular, analysts of the largest US banks, including Citigroup and JPMorgan, forecast a price collapse to less than \$40 per barrel, if the meeting on 25 May in Vienna does not end with the agreement extension.

The main benchmark for the Russian market on Friday was the trend in oil prices. The MICEX Index, opening with a decrease of 0.8% following the fall in Brent value, by the end of the day was able to come out in a small plus thanks to the rebound of Brent quotations to around \$49.5 per barrel. In addition, the activity of sellers on the Russian market during the day was limited to the positive trend of European markets, mainly due to expectations of the confident victory of E. Macron in the presidential elections in France. Investors were also supported by statistics from the US, where in April the growth in the number of jobs was better than forecasts, and the unemployment rate fell to the lowest level of 4.4% since May 2007. After the publication of these data doubts disappeared in the markets that at the June meeting the Fed will continue raising the interest rate – the probability of this scenario, according to Bloomberg, is 100%.

As a result of the trading session the MicexPWR Sector Index underperformed. The main contribution to the underperformance of the sector indicator in comparison with the MICEX Index was made by shares of Inter RAO and Unipro.

ELECTRIC POWER INDUSTRY NEWS

The White House reaches the "last mile"

As Kommersant found out, the government has chosen a compromise option to eliminate the "last mile" in the electricity grid - cross subsidization, when large consumers partially pay for small and medium-sized businesses. On 1 July, the "mile" should be abolished in 16 regions. Shortfall in income of troubled distribution grids will be compensated for by the smooth growth of a single tariff for Federal Grid Company (FGC, included in Rosseti) and redistribution of dividends of subsidiaries of the state holding. An alternative idea of "Rosseti" has so far been rejected in the White House.

Read full text: <https://www.kommersant.ru/doc/3292862>

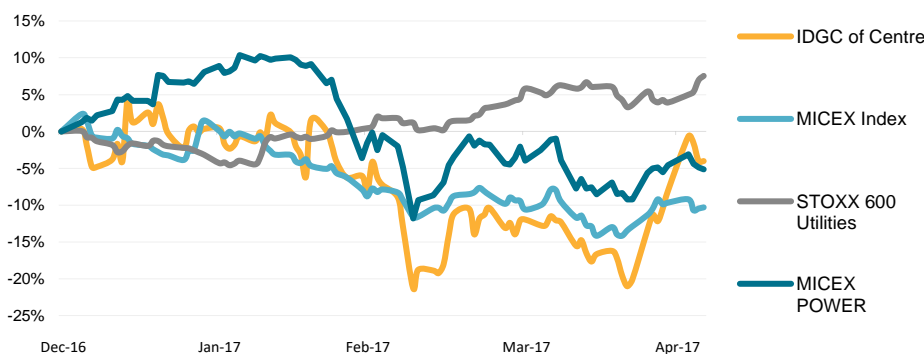
COMPANY NEWS

In the first quarter of 2017 Smolenskenergo fulfilled 742 grid connection contracts

IDGC of Centre – Smolenskenergo division summed up the work on connection of consumers to electric grids for the first quarter of 2017. During the reporting period, the branch received 853 applications, signed 707 contracts and executed 742 contracts.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/59935/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	2 002,41	0,18%	-10,32%
S&P 500	2 399,29	0,41%	7,17%
FTSE 100	7 297,43	0,68%	2,16%
DAX	12 716,89	0,55%	10,76%
DJStoxx 600	394,54	0,65%	9,16%
STOXX Utilities	297,64	0,55%	7,54%
Nikkei	19 445,70	0,00%	1,73%
Sensex	29 858,80	-0,89%	12,14%
CSI300	3 382,55	-0,64%	2,19%
Bovespa	65 709,73	1,31%	9,10%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,10	0,22%	4,57%
USD/RUB	57,57	0,84%	-5,09%
Euro/RUB	62,73	0,65%	-1,69%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 228,01	-0,01%	7,02%
Brent*, USD/bbl	49,10	1,49%	-16,35%

* - July futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,4290
Capitalisation**, billion RUB	18,11
Capitalisation**, million USD	314,59

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	-0,29%	-5,14%
Shares of IDGC of Centre**	0,00%	-4,03%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	-0,67%	-19,94%
FGC UES	-0,21%	-5,73%
IDGC of Volga	1,19%	21,88%
MOESK	-0,51%	9,58%
IDGC of Northern Caucasus	-0,29%	-22,22%
IDGC of Centre and Volga Reg	0,28%	19,93%
IDGC of North-West	-2,67%	-20,36%
IDGC of Urals	-1,33%	-10,03%
IDGC of Siberia	-0,27%	-10,87%
IDGC of South	-0,57%	-33,78%
Lenenergo, ordinary shares	0,00%	-6,72%
TRK, ordinary shares	0,00%	-7,98%
Kubanenergo	-0,49%	-6,67%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

Moscow Exchange (MOEX)

Bloomberg

Reuters

MRKC

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