



DAILY

MARKET REVIEW

2014

| 13 March, Thursday

REVIEW OF STOCK MARKETS

Before the opening of trading some moderately negative external background formed on the Russian market. On Tuesday the major U.S. indices closed lower by 0.4-0.6%, as noted by Bloomberg, after the drop in prices of commodity producers due to lower copper and oil prices caused by investors' concern about the state of China's economy. Major Asia-Pacific region stock indices showed mixed trends, with the drop of the MSCI Asia Pacific composite index about 1.5%. April Brent traded near \$108 a barrel – at the level of our closing on Tuesday.

Problems of the Chinese economy and the continuing tensions in Ukraine were the main factors of pressure on the Russian and European markets on Wednesday. In the second half of the trading session, the MICEX Index losses exceeded 2%, and the reduction in major European indices averaged about 1.5%. The main concern of investors in the Russian market is possible sanctions of Western countries against Russia in connection with the Ukrainian crisis – in particular, last week, Fitch noted that this could be the basis for revising ratings of the Russian Federation. Meanwhile, the West is limited to tightening rhetoric. Today, the G7 issued a statement in which they called on Russia not to support the holding of a referendum on the status of Crimea, stressing that such a referendum would be illegal and that they would not recognize its results. At the end of the day sales in our market intensified, despite a very restrained rate of decline of major U.S. indices in early trading.

The final dynamics of the MicexPWR Sector Index looked better than the market mainly due to a sharp rise in shares of Quadra and TGC-1, which added on the day 34% and 10% respectively. At the same time, there was no significant newsflow for the securities of TGC-1, and the rise of shares of Quadra was driven by media reports that the French EdF and Inter RAO might buy 85% stake from Onexim and its affiliated entities for \$570 million – according to RMG analysts' estimates, nearly six times higher than the current market price. From news of the distribution grid companies one may mention positively commented by analysts media information that Russian Grids plan to transfer another regional "daughter" company under the management of French Grid Company ERDF – Kubanenergo, IDGC of South and IDGC of North-West are called among the expectants. "If the new information is confirmed, it will provide long-term support for those domestic companies that receive new management, as well as give some speculative support throughout the Russian distribution sector", noted Uralsib Capital.

ELECTRIC POWER INDUSTRY NEWS

Consideration of a draft of the energy strategy until 2035 by the Government of the Russian Federation has been moved from May to June

To read full text: <http://www.bigpowernews.ru/news/document55206.phtml>

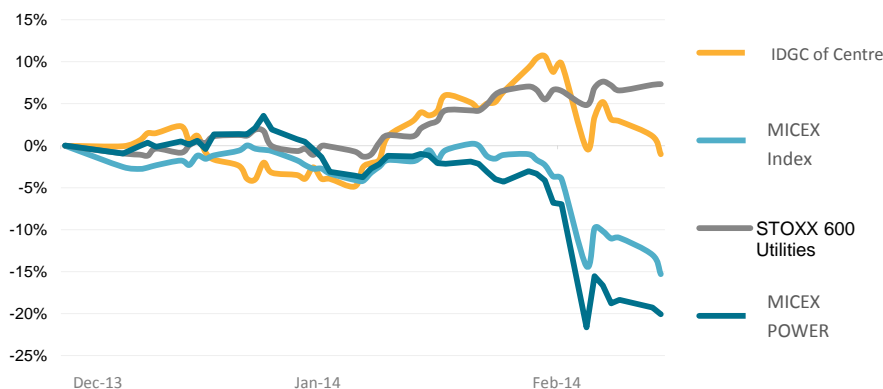
COMPANY NEWS

Kurskenergo improves its remote control and communication systems

IDGC of Centre - Kurskenergo division performs systematic work on upgrading and replacing its remote control and communication systems under operation. Its objectives are to improve the monitoring of the technological process, increase the reliability of electricity supply to consumers, and simplify procedures for managing the electrical grid.

To read full text: http://www.mrsk-1.ru/ru/press/news/branches/?id_4=89168

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change for the day	fr 31.12.13
MICEX	1 274,21	-2,64%	-15,28%
S&P 500	1 868,20	0,03%	1,07%
FTSE 100	6 620,90	-0,97%	-1,90%
DAX	9 188,69	-1,28%	-3,81%
DJStoxx 600	327,95	-1,07%	-0,09%
STOXX Utilities	298,76	0,07%	7,34%
Nikkei	14 830,39	-2,59%	-8,97%
Sensex	21 856,22	0,14%	3,24%
CSI300	2 114,13	0,26%	-9,27%
Bovespa	45 861,81	0,36%	-10,96%

Source: Bloomberg, Company calculations

Currency rates	Value	Change for the day	fr 31.12.13
Euro/USD	1,39	0,28%	0,83%
USD/RUB	36,40	0,39%	11,22%
Euro/RUB	50,47	0,41%	12,23%

Source: Bloomberg, Company calculations

Raw	Value	Change for the day	fr 31.12.13
Gold, USD/oz	1 366,84	1,32%	13,75%
Brent*, USD/bbl	108,02	-0,49%	-2,04%

* - April futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,2164
Capitalisation**, billion RUB	9,14
Capitalisation**, million USD	250,98

Source: Central Bank of Russia, Company calculations

Russian indexes	Change for the day	from 31.12.13
MICEX-Power Index	-1,00%	-20,08%
Shares of IDGC of Centre**	-2,13%	-1,01%

Source: MICEX, Company calculations

Grid companies	Change** for the day	fr 31.12.13
JSC Russian Grids	-4,24%	-33,20%
FGC UES	-0,73%	-37,93%
IDGC of Volga	0,00%	-25,46%
MOESK	0,18%	-27,32%
IDGC of Northern Caucasus	-4,41%	-5,89%
IDGC of Centre and Volga Reg	-2,50%	1,16%
IDGC of North-West	1,69%	-15,52%
IDGC of Urals	-4,33%	-30,99%
IDGC of Siberia	-2,30%	-40,43%
IDGC of South	-4,16%	-22,68%
Lenenergo	-2,62%	-10,17%

Source: MICEX, Company calculations

** - at the price of last transaction at MICEX

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Tickers

Moscow Exchange
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MRKC
MRKC RX
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