

DAILY MARKET REVIEW

23 January, Monday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 20 January some moderately negative external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 fell 0.4%, despite strong statistics on applications for unemployment benefits, the number of new buildings in December and business activity in Philadelphia in January – investors remained cautious before the inauguration of US president-elect. On Friday the composite index of the Asia Pacific region MSCI Asia Pacific and US index futures were slightly up. Markets were supported by statistics from China, where GDP in the fourth quarter rose by 6.8% after rising 6.7% in the previous three quarters. March Brent futures traded near the mark of \$54.2 per barrel, or \$0.4 less than the closing level on 19 January. Oil prices remain under pressure from fears that growth in the US shale oil production could offset the decline in production by OPEC and other countries. Ambiguous statistics of the US Department of Energy did not have a significant impact on the market – oil reserves of the country increased, whereas analysts had expected them to decline, at the same time the reduction of reserves at the terminal in Cushing, which stores traded on the NYMEX oil, was the highest since October, oil production decreased for the first time in three weeks.

Most of the trading session the MICEX Index and the European Stoxx Europe 600 Index were flat in a small minus. The ceremony of inauguration of the 45th President of the United States, Bloomberg noted, will begin after the closing of the Russian and European markets, and the markets will be watching what topics he will touch upon in the inaugural address, and which he will not. In particular, investors hope to hear in the speech of Donald Trump confirmation of plans to increase government spending and tax cuts, with which announcement the post-election "Trump Rally" on the stock markets of developed countries was associated.

At the end 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 RusHydro.

ELECTRIC POWER INDUSTRY NEWS

The costs of all state monopolies do not share

The government does not agree to finance investment projects of state-owned monopolies with growth of rates for the whole economy and wants tougher to regulate their investment of 1.2 trillion rubles a year. Amendments of the Ministry of Economy to the laws on natural monopolies and the Electricity Industry will actually ban state-owned monopolies to buy shares of any company and place money on deposit without the approval of the White House. The document caused a lot of controversy at the session of the State Duma Committee on Economic Policy - for its amendments a working group with the participation of Russian Railways, "Transneft" and "Gazprom" has been created.

Read full text: <http://www.kommersant.ru/doc/3199521>

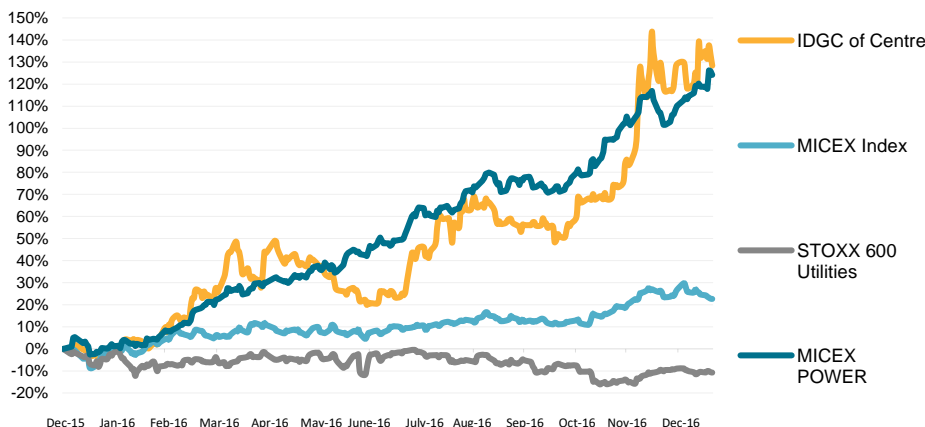
COMPANY NEWS

Belgorod branch of IDGC of Centre to spend 258.6 million rubles to perform the repair program

In 2017, IDGC of Centre – Belgorodenergo division will spend 258.6 million rubles on the repair program implementation. In this case, as in the previous year, about 70% of the total planned work the energy company will perform by its own workforce and only 30% with involvement of contractors. This will allow more efficient approach to allocation of resources, reduction of costs and achievement of performance targets.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/58658/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	2 159,96	-0,11%	-3,26%
S&P 500	2 271,31	0,34%	1,45%
FTSE 100	7 198,44	-0,14%	0,78%
DAX	11 630,13	0,29%	1,30%
DJStoxx 600	362,58	-0,07%	0,32%
STOXX Utilities	271,20	-0,20%	-2,01%
Nikkei	19 137,91	0,34%	0,12%
Sensex	27 034,50	-1,00%	1,53%
CSI300	3 354,89	0,77%	1,35%
Bovespa	64 521,18	0,89%	7,13%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,07	0,67%	1,77%
USD/RUB	59,35	0,29%	-2,15%
Euro/RUB	63,18	-0,07%	-0,99%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 210,32	0,45%	5,47%
Brent*, USD/bbl	55,49	2,46%	-2,34%

* - March futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,4455
Capitalisation**, billion RUB	18,81
Capitalisation**, million USD	316,89

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	-0,77%	6,72%
Shares of IDGC of Centre**	-2,09%	-0,34%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	-0,88%	7,45%
FGC UES	-0,62%	3,47%
IDGC of Volga	-1,89%	15,80%
MOESK	0,21%	6,01%
IDGC of Northern Caucasus	0,68%	0,00%
IDGC of Centre and Volga Reg	-2,24%	6,22%
IDGC of North-West	-0,71%	1,27%
IDGC of Urals	1,75%	5,78%
IDGC of Siberia	-1,21%	7,41%
IDGC of South	-0,38%	-0,95%
Lenenergo, ordinary shares	-1,07%	0,64%

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