



REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 07 June some neutral external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 fell 0.2-0.3%, the composite index of the Asia-Pacific region MSCI Asia Pacific on Wednesday traded near the zero mark. Traders continue to be cautious, writes Reuters, on the eve of important political and economic events expected today. The mood of investors can be influenced by the parliamentary elections in the UK, which is in the process of withdrawing from the European Union, the ECB meeting and hints at the curtailment of the stimulating program and the testimony of the FBI ex-director in the US Congress about the possible interference of the US president in the investigation of the former national security adviser Michael Flynn. In antiphase with the general mood, the Chinese CSI300 added more than a percent, including on expectations of the inclusion of Chinese shares of class A in the emerging markets index MSCI EM – the decision will be announced 20 June. August Brent futures traded near the mark of \$50.0 per barrel, \$0.4 above the closing level on 06 June. Quotations are supported by the American Petroleum Institute, which recorded a reduction last week of oil reserves in the country by 4.6 million barrels.

In the first half of the trading session the Russian market was adjusting after active sales in recent weeks – on the daily highs the growth of the MICEX Index was about a percent. The recovery of our market was facilitated by the stabilization of Brent's value near \$50 per barrel and positive moods at European exchanges. The European Stoxx Europe 600 Index added about half a percent on media reports that the ECB plans to lower inflation forecasts in the Eurozone in 2017-2019 at the today's meeting because of lower energy prices. Possible deterioration in the inflation forecast, notes Bloomberg, signals that the ECB intends to maintain a program to stimulate the Eurozone's economy in the medium term. In the second half of the day the pressure on the Russian market was given by the drop in Brent quotations below \$48.5 per barrel after the release of data from the US Department of Energy, pointing to the unexpected increase in oil and gasoline reserves by more than 3 million barrels. Against this backdrop, the MICEX Index closed trading in negative territory.

During the trading session the MicexPWR Sector Index looked worse than the broad market. The main contribution to the final underperformance of the sector indicator in comparison with the MICEX Index was made by shares of Inter RAO, RusHydro and FGC UES.

ELECTRIC POWER INDUSTRY NEWS

The license for energy sales to cost 30-50 thousand rubles, says Mr. Novak

Alexander Novak, the head of the Ministry of Energy of the Russian Federation, believes that it is possible to improve the quality of service for electricity consumers by introducing licensing of energy sales activities. He said this at a meeting with deputies - members of the "United Russia" faction in the State Duma on Tuesday, 6 June, Tass reports.

Read full text: <http://www.bigpowernews.ru/markets/document77577.phtml>

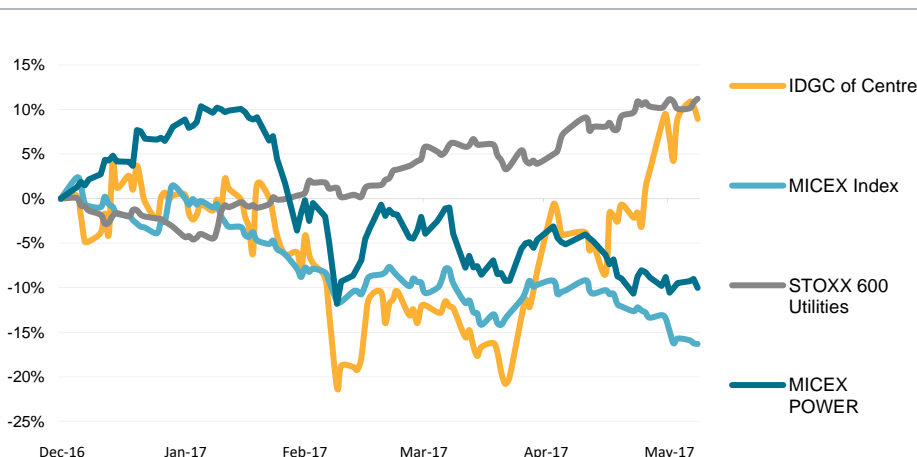
COMPANY NEWS

This year Smolenskenergo plans to spend about 190 million rubles on repair of electric grid equipment

At the same time Smolenskenergo will carry out more than 61% of the repair program by own forces (by its own staff, without involvement of contractors), which will reduce operational costs and maintain planned physical volumes of repairs.

Read full text: <http://inthePress.ru/press/p367008.html>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	1 868,42	-0,09%	-16,32%
S&P 500	2 430,22	0,04%	8,55%
FTSE 100	7 478,62	-0,62%	4,70%
DAX	12 672,49	-0,14%	10,38%
DJStoxx 600	389,18	-0,06%	7,68%
STOXX Utilities	307,80	0,37%	11,21%
Nikkei	19 984,62	0,02%	4,55%
Sensex	31 271,28	0,26%	17,44%
CSI300	3 533,87	1,17%	6,76%
Bovespa	63 050,72	0,15%	4,69%

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

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,13	0,00%	7,23%
USD/RUB	56,67	0,11%	-5,97%
Euro/RUB	63,78	-0,05%	1,21%

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

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 294,39	0,00%	12,33%
Brent*, USD/bbl	50,12	0,00%	-11,79%

* - August futures

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

Shares of IDGC of Centre	Value
Last transaction, RUB	0,487
Capitalisation**, billion RUB	20,56
Capitalisation**, million USD	362,77

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	-1,12%	-10,02%
Shares of IDGC of Centre**	-1,32%	8,95%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	-0,65%	-33,68%
FGC UES	-1,49%	-20,20%
IDGC of Volga	-0,84%	27,14%
MOESK	0,57%	-2,00%
IDGC of Northern Caucasus	1,66%	-30,61%
IDGC of Centre and Volga Reg	2,07%	23,18%
IDGC of North-West	-0,23%	-21,27%
IDGC of Urals	-0,34%	-11,85%
IDGC of Siberia	-3,29%	-19,12%
IDGC of South	4,97%	-27,48%
Lenenergo, ordinary shares	2,46%	-24,43%
TRK, ordinary shares	0,00%	-21,85%
Kubanenergo	-0,90%	-11,26%

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