



REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 2 February some neutral external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 closed in different directions with changes within 0.1%, on Friday the composite index of the Asia-Pacific region MSCI Asia Pacific lost about 0.5%. The markets are still pressured by increased yields of government bonds of developed countries. Thus, the yields of 10-year US bonds closely approached the level of 2.8% – the maximum since the beginning of 2014. In turn, an increase in the yield of Japanese 10-year bonds to a level of 0.09% against the target zero value forced the Central Bank of Japan to announce an unlimited amount of redemption of Japanese bonds. Analysts say that the increase in expectations regarding tightening of monetary policy by key world Central Banks leads to a significant reassessment by the market of the value of the sovereign debt obligations of these countries, which creates anxiety and tension in the world financial markets. April Brent futures traded near \$69.9 per barrel, \$0.4 higher than the closing level on 1 February. Quotations are returning to three-year peaks due to the weakness of the dollar and optimistic expectations of analysts. In particular, Goldman Sachs, Morgan Stanley and JPMorgan Chase over the past two weeks significantly improved their forecasts for oil prices in 2018 – on average the forecasts for Brent exceeded \$75 per barrel.

In the first half of the trading session the MOEX Russia Index was flat near zero – high oil price levels were offset by negative sentiments on the western markets. The European Stoxx Europe 600 Index lost about a percent on raising yields on government bonds and weak corporate reporting. In the second half of the day sales in the domestic market intensified after the sale of risky assets after the release of key statistics from the US labour market, which increased fears of a more active implementation of the exit strategy of the Fed. In January unemployment in the US remained at the lowest level of 4.1% since 2000, an increase in the number of jobs by 200 thousand was higher than expected, an increase in hourly wages by 2.9% y/y was the highest since 2009. Following the publication of this data, the strengthening of the dollar and the growth of yields of 10-year US government bonds above 2.85% triggered more than a percentage drop in US stock indices at the beginning of the trading session and a drop in Brent quotations to \$68.2 per barrel.

During the trading session the MicexPWR Sector Index outperformed – sales were concentrated in the first-tier shares. The main contribution to the MicexPWR outperformance in comparison with the MOEX Russia Index was made by shares of FGC UES and IDGC of Centre and Volga Region, which could complete the trades with confident growth.

ELECTRIC POWER INDUSTRY NEWS

Russia and Iraq discussed cooperation in electric power projects

Deputy Energy Minister of the Russian Federation Kirill Molodtsov discussed cooperation in bilateral projects in the field of electric power with his Iraqi counterpart, the RF Ministry of Energy informed on Friday.

Read full text: <https://ria.ru/economy/20180202/1513880072.html>

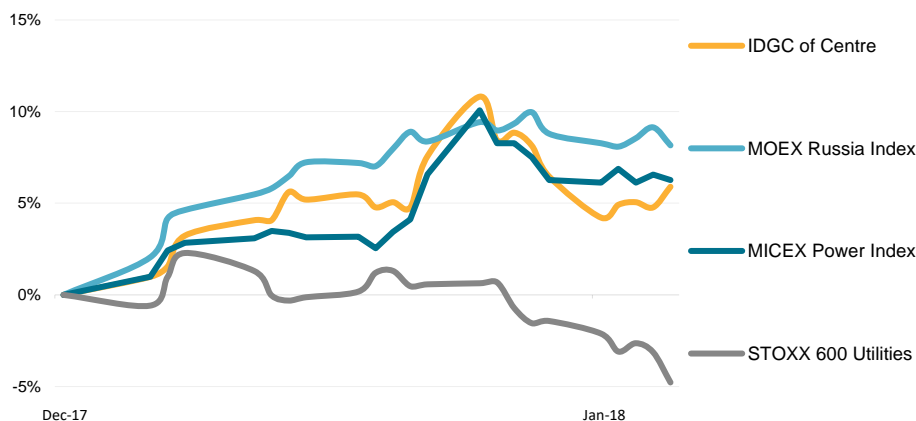
COMPANY NEWS

In 2017 IDGC of Centre saved about 38 million kilowatt-hours of electricity

IDGC of Centre summed up the results of the implementation in 2017 of the program of energy saving and energy efficiency increase. The company exceeded the key planned indicators of the document: the total effect of the program amounted to 37.79 million kWh (with 33.23 million kWh as planned).

Read full text: <https://www.mrsk-1.ru/press-center/news/company/63006/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.17
MOEX Russia	2 281,84	-0,90%	8,16%
S&P 500	2 762,13	-2,12%	3,31%
FTSE 100	7 443,43	-0,63%	-3,18%
DAX	12 785,16	-1,68%	-1,03%
DJStoxx 600	388,07	-1,38%	-0,29%
Nikkei	23 274,53	-0,90%	2,24%
Sensex	35 066,75	-2,34%	2,97%
CSI300	4 271,23	0,60%	5,96%
Bovespa	84 041,34	-1,70%	10,00%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.17
USD/RUB	56,26	0,14%	-2,37%
EURO/RUB	69,79	-0,20%	1,46%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.17
Gold, USD/oz	1 333,39	-1,14%	2,35%
Brent*, USD/bbl	68,58	-1,54%	3,22%

* - April futures

Source: Bloomberg, Company calculations

Shares	Price**, ₺	MCap**, ₺ bln	MCap**, \$ mln
IDGC of Centre & Volga Reg	0,3165	35,67	633,99

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.17
STOXX 600 Utilities	-1,70%	-4,78%
MICEX POWER Index	-0,29%	6,26%
IDGC of Centre**	1,07%	5,90%
IDGC of Centre and Volga Region**	2,29%	4,91%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.17
Rosseti, ordinary shares	0,08%	10,52%
FGC UES	0,86%	8,30%
IDGC of Volga	-0,91%	5,50%
MOESK	-1,18%	-6,56%
IDGC of Northern Caucasus	-0,28%	-7,29%
IDGC of North-West	-0,19%	-0,19%
IDGC of Urals	0,21%	14,32%
IDGC of Siberia	1,99%	11,79%
IDGC of South	1,30%	4,35%
Lenenergo, ordinary shares	-0,29%	6,67%
TRK, ordinary shares	-2,08%	1,35%
Kubanenergo	0,93%	-3,57%

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