



IDGC OF CENTRE

DAILY MARKET REVIEW

07 August, Thursday

2014

REVIEW OF STOCK MARKETS

Before the opening of trading on the 06th of August some moderately negative external background formed on the Russian market. On Tuesday the U.S. DJIA and S&P500 indices fell by 0.8-1.0%, on Wednesday the composite MSCI Asia Pacific stock index lost 0.6%. Two main factors put pressure on the markets. Firstly, the growth of investors' concerns with regard to faster than it is now expected increasing of interest rates after the Fed's strong statistics on business activity in the services sector in July. In particular, analysts noted the statement by the Federal Reserve Bank of Dallas that if the statistical data on the economy of the United States continue to be as strong as the July ISM Non-Manufacturing index, the U.S. Central Bank will have to raise rates earlier than planned. Secondly, there are increased geopolitical risks associated with Ukraine. According to Bloomberg, the U.S. authorities accused Russia of doubling the number of its troops on the border with Ukraine, as well as in the discharge of tension in connection with plans to carry out military maneuvers. At the same time, the agency said, the Pentagon claimed that Russian troops are now closer to the border with Ukraine, than they were in the spring, when Russia annexed the Crimea. September Brent traded around \$104.8 per barrel – at the level of our closing on the 05th of August.

News from the United States on the interest rate and the escalation of tensions around Ukraine became defining drivers to reduce Russian and European markets on Wednesday – in the middle of the trading session the loss of the MICEX Index exceeded 1.5%, major European indices – on average more than one percent. Weak European statistics had additional pressure on the markets: drop in orders of industrial enterprises in Germany in June was the highest since September 2011, Italy's GDP in quarter II decreased by 0.2% after its 0.1% reduction in quarter I - thus, the third largest economy of the Eurozone is again in recession, and data on industrial production in the UK in June were worse than expected. Moderately positive start of trading in the United States did not have any material impact on the dynamics of the Russian indices.

By the end of the trading session the dynamics of the MicexPWR Sector Index looked better than the market mainly due to more than a 3% increase in RusHydro's shares, which could be provided with support of the yesterday's MSCI report on some moderate increase of the company's shares in the MSCI Russia Index – the changes will come into force on the 7th of August. On Western exchanges the European DJStoxx 600 Index fell by 0.88%, and the U.S. S&P Index closed near zero.

ELECTRIC POWER INDUSTRY NEWS

Mr. Medvedev signed a resolution to reduce the magnitude of cross-subsidies in the electric grid

Voltage levels were set, based on which single (joint operation) tariffs for electricity transmission are differentiated. A new level of voltage (HV1) was introduced. The procedure for calculating the rate of cross-subsidization in setting tariffs for 2015 and subsequent years was also approved.

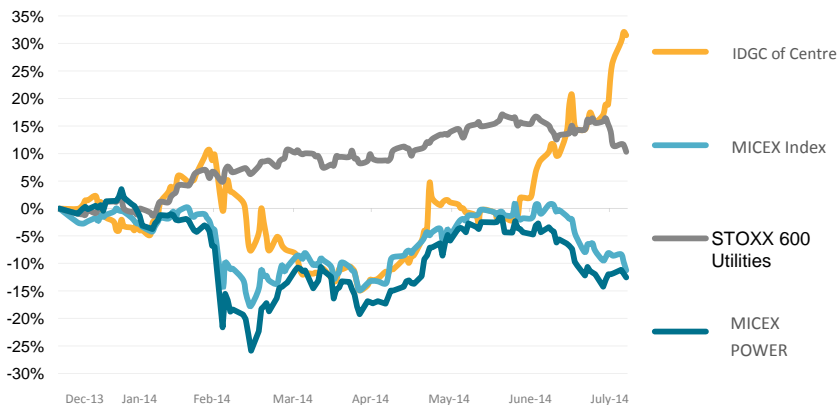
To read full text: <http://www.bigpowernews.ru/news/document57771.phtml>

COMPANY NEWS

IDGC of Centre in the first half of 2014 increased the number of executed contracts for grid connection by 23% compared to the same period last year

To read full text: http://www.mrsk-1.ru/ru/press/news/company/?id_4=89530

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change for the day fr 31.12.13	
MICEX	1 334,66	-1,71%	-11,26%
S&P 500	1 920,24	0,00%	3,89%
FTSE 100	6 636,16	-0,69%	-1,67%
DAX	9 130,04	-0,65%	-4,42%
DJStoxx 600	329,19	-0,88%	0,28%
STOXX Utilities	307,00	-1,14%	10,30%
Nikkei	15 159,79	-1,05%	-6,95%
Sensex	25 665,27	-0,94%	21,23%
CSI300	2 363,22	-0,26%	1,42%
Bovespa	56 487,18	0,51%	9,67%

Source: Bloomberg, Company calculations

Currency rates	Value	Change for the day fr 31.12.13	
Euro/USD	1,34	0,00%	-3,05%
USD/RUB	35,80	0,39%	9,38%
Euro/RUB	48,05	0,38%	6,85%

Source: Bloomberg, Company calculations

Raw	Value	Change for the day fr 31.12.13	
Gold, USD/oz	1 305,90	1,33%	8,68%
Brent*, USD/bbl	104,59	-0,02%	-3,04%

* - September futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,2875
Capitalisation**, billion RUB	12,14
Capitalisation**, million USD	339,05

Source: Central Bank of Russia, Company calculations

Russian indexes	Change for the day fr 31.12.13	
MICEX-Power Index	-0,82%	-12,55%
Shares of IDGC of Centre**	-0,45%	31,52%

Source: MOEX, Company calculations

Grid companies	Change** for the day fr 31.12.13	
JSC Russian Grids	-2,22%	-37,58%
FGC UES	-2,48%	-41,19%
IDGC of Volga	0,00%	-0,40%
MOESK	-1,44%	-27,29%
IDGC of Northern Caucasus	-0,66%	-1,88%
IDGC of Centre and Volga Reg	-4,25%	56,11%
IDGC of North-West	-10,40%	6,44%
IDGC of Urals	0,11%	-11,29%
IDGC of Siberia	3,46%	29,87%
IDGC of South	-5,02%	18,74%
Lenenergo	-2,40%	10,47%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

Moscow Exchange

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