

REVIEW OF STOCK MARKETS

Before the opening of trading some moderately negative external background formed on the Russian market. The U.S. indices S&P500 and DJIA closed Thursday with a decrease of 0.1-0.4% – investors were disappointed by poor reporting of Citigroup, which was worse than analysts' expectations. As a result, shares of banks made the major contribution to the decrease in the indices, papers of Citigroup itself fell by 4.4%, showing the most significant decline since November 2012. The U.S. market was kept from big losses by statistics on the labour market – the number of applications for unemployment benefits last week fell to the lowest level since the end of November last year. Major APR stock indices were down on an average within half a percent, and the U.S. index futures were near zero. March Brent was trading around the level of \$105.5 per barrel – \$0.5 below our closing on Thursday.

Neutral dynamics of Russian and European indices in the first half of the session was replaced on an average with a half-point increase, drivers for which were also the U.S. futures rising and statistics from the UK, where the December's retail sales growth was the strongest in nearly four years. After the publication of generally ambiguous statements of General Electric, Morgan Stanley and BNY Mellon the sentiment on the western exchanges deteriorated – U.S. futures and major European indices were back to zero. The reaction of the Russian market for these statements was considerably more restrained – the MICEX Index was able to hold its half-point growth. Released in late afternoon neutral December statistics from the U.S. on industrial production and new construction had no material impact on the dynamics of trading.

Following the results of the day the MICEX Index rose by 0.42% to close trading at 1,486.88 points. Dynamics of the MicexPWR Sector Index outperformed the market mainly due to a sharp rise in shares of Inter RAO in the afternoon – these papers, adding up to 9% of the day, provided nearly 55% of the MicexPWR increase. The shares of Inter RAO, firstly, were supported with the information about the share price at which Rosneftegaz to acquire the 13.76% parcel of Inter RAO's shares from the Federal Property Management Agency – 1,308 kopeck, which is 34% higher than the closing on January 16. Secondly, analysts of UBS, having started the analysis of Inter RAO, set the target price for the shares at 0.0151 ruble, which implies a 50% upside to the current quotes, and recommend to "buy" these papers. On Western exchanges the DJStoxx 600 European Index rose by 0.55%, and the American S&P 500 Index fell by 0.39%.

ELECTRIC POWER INDUSTRY NEWS

MED not to waive introduction of long-term counter-cyclical tariffs

The Ministry of Economic Development (MED) of Russia does not abandon the idea to introduce a scheme of long-term counter-cyclical tariffs. On Friday, January 17, Minister of Economic Development Alexey Ulyukayev told reporters.

To read full text: <http://www.bigpowernews.ru/news/document54184.phtml>

COMPANY NEWS

IDGC of Centre has installed the first energy-efficient transformer in its grid

To read full text: http://www.mrsk-1.ru/ru/press/news/company/?id_4=89060

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change for the day fr 31.12.13	
MICEX	1 486,88	0,42%	-1,14%
S&P 500	1 838,70	-0,39%	-0,52%
FTSE 100	6 829,30	0,20%	1,19%
DAX	9 742,96	0,26%	2,00%
DJStoxx 600	335,82	0,55%	2,30%
STOXX Utilities	281,44	0,78%	1,12%
Nikkei	15 734,46	-0,08%	-3,42%
Sensex	21 063,62	-0,95%	-0,51%
CSI300	2 178,49	-1,51%	-6,50%
Bovespa	49 181,86	-1,04%	-4,51%

Source: Bloomberg, Company calculations

Currency rates	Value	Change for the day fr 31.12.13	
Euro/USD	1,35	-0,38%	-1,80%
USD/RUB	33,40	0,14%	2,05%
Euro/RUB	45,49	0,01%	1,16%

Source: Bloomberg, Company calculations

Raw	Value	Change for the day fr 31.12.13	
Gold, USD/oz	1 254,05	0,94%	4,36%
Brent*, USD/bbl	106,48	0,69%	-3,66%

* - February futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,2150
Capitalisation**, billion RUB	9,08
Capitalisation**, million USD	271,75

Source: Central Bank of Russia, Company calculations

** - at the price of last transaction at MICEX

Russian indexes	Change for the day from 31.12.13	
MICEX-Power Index	1,76%	1,34%
Shares of IDGC of Centre**	-0,83%	-1,65%

Source: MICEX, Company calculations

Grid companies	Change** for the day fr 31.12.13	
JSC Russian Grids	1,31%	-0,26%
FGC UES	1,99%	2,15%
IDGC of Volga	1,87%	3,07%
MOESK	2,42%	-7,87%
IDGC of Northern Caucasus	2,02%	-1,81%
IDGC of Centre and Volga Reg	0,80%	2,62%
IDGC of North-West	-0,15%	-3,20%
IDGC of Urals	-0,12%	0,94%
IDGC of Siberia	-1,09%	-3,69%
IDGC of South	1,27%	-0,56%
Lenenergo	2,24%	15,95%

Source: MICEX, Company calculations

** - at the price of last transaction at MICEX

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Tickers
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