

DAILY MARKET REVIEW

14 September, Wednesday

2016



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 13 September some neutral external background formed on the Russian market. On Monday the US indices DJIA and S&P500 rose by 1.3-1.5% in the correction after the maximum since June more than 2% drop on Friday. On Monday the US market was supported by statements from several members of the Fed's leadership that there was no need to rush to increase interest rates. Following the statements, according to Bloomberg, traders' estimate of the chances of a rate hike at the meeting in September dropped to 22% from 30% on Monday. On Tuesday the composite stock index of the Asia-Pacific region MSCI Asia Pacific was slightly down with multidirectional changes of the major country indices in the region. Released better than expected statistics on China's industrial production and retail sales in August was not able to provide significant support to investors. November Brent futures traded at \$47.7 per barrel, or \$0.7 less than the closing level on 12 September. According to analysts, the oil gets cheaper in anticipation of data on the level of raw stocks in the US market, which this week may show considerable growth after the collapse of the previous week.

The Russian and European markets started the trading session with an increase in major indices within 0.5%, reacting to the growth of the US market on Monday. However, already in the second half of the day the MICEX Index and the Stoxx Europe 600 Index had a foothold in negative territory after the publication of worse than expectations statistics for the index of confidence in the German economy in September and the IEA report release, which triggered the fall in oil prices to around \$47.1 per barrel. In particular, the IEA lowered the forecast for oil demand in 2016-2017 and worsened the forecast periods to restore the balance on the market – now the agency expects that the offer will exceed demand at least until the end of the first half of 2017. According to IEA experts, it is including due to the weakening economies of China and India.

At the end of the trading session the MicexPWR Sector Index underperformed. The main contribution to the MicexPWR underperformance in comparison with the MICEX Index was made by shares of Inter RAO and RusHydro.

ELECTRIC POWER INDUSTRY NEWS

Ministry of Finance proposes in 2017 to cut subsidies to "Rosseti" for the 2018 World Cup to 1.2 billion rubles

The Ministry of Finance proposes to cut from 2 billion to 1.2 billion subsidies to "Rosseti" on funding for the preparation and holding of the World Cup in Russia. This follows from the Ministry of Finance materials.

Read full text: <http://tass.ru/ekonomika/3618499>

Expanding access to SMEs to participate in the procurement of major customers

Recently, the Russian government has increased the proportion of direct state procurement from small and medium-sized businesses from 10 to 15%, the corresponding resolution dated August 25, 2016 was signed by Prime Minister Dmitry Medvedev. On 1 January 2018 the decision will come into force, it is necessary to ensure the implementation of the regulation in practice, and it can be difficult.

Read full text: <http://tass.ru/msp/3617743>

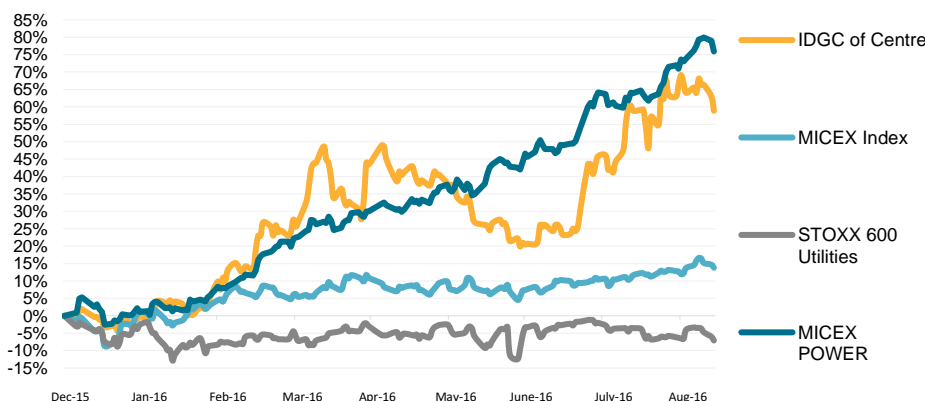
COMPANY NEWS

Belgorod power engineers in 2016 expect to save more than 1 million rubles on the use of energy-efficient transformers

IDGC of Centre – Belgorodenergo division has proceeded to install energy-efficient transformers of 6(10)/0.4 kV, says the press service of the company.

Read full text: <http://www.energyland.info/news-show-tek-electro-150473>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.15
MICEX	2 004,50	-0,76%	13,80%
S&P 500	2 127,02	-1,48%	4,06%
FTSE 100	6 665,63	-0,53%	6,78%
DAX	10 386,60	-0,43%	-3,32%
DJStoxx 600	338,72	-1,03%	-7,41%
STOXX Utilities	284,40	-1,14%	-7,10%
Nikkei	16 729,04	0,34%	-12,11%
Sensex	28 353,54	0,00%	8,56%
CSI300	3 260,33	-0,07%	-12,62%
Bovespa	56 820,77	-3,01%	31,07%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.15
Euro/USD	1,12	-0,01%	-7,58%
USD/RUB	65,05	1,39%	-10,74%
Euro/RUB	73,20	1,19%	-8,15%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.15
Gold, USD/oz	1 319,05	-0,66%	24,31%
Brent*, USD/bbl	47,10	-2,52%	7,58%

* - November futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,3100
Capitalisation**, billion RUB	13,09
Capitalisation**, million USD	201,18

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.15
MICEX-Power Index	-1,69%	75,91%
Shares of IDGC of Centre**	-2,52%	58,89%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.15
Rosseti	-1,94%	98,69%
FGC UES	-1,63%	198,06%
IDGC of Volga	2,16%	130,59%
MOESK	0,53%	27,07%
IDGC of Northern Caucasus	0,59%	36,80%
IDGC of Centre and Volga Reg	-0,83%	52,07%
IDGC of North-West	-0,75%	93,43%
IDGC of Urals	-0,98%	59,47%
IDGC of Siberia	-2,12%	22,95%
IDGC of South	-2,02%	55,45%
Lenenergo	-0,88%	120,09%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

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Bloomberg

Reuters

MRKC

MRKC.RX

MRKC.MM