



IDGC OF CENTRE

DAILY MARKET REVIEW

17 December, Wednesday

2014

REVIEW OF STOCK MARKETS

Before the opening of trading on 16 December some moderately negative external background formed on the Russian market. The U.S. indices DJIA and S&P500, having started the trading session on Monday with the growth of 0.7-0.8%, closed the day lower by 0.6%. Strong positive statistics – in November the growth rate in industrial production was the highest since May 2010 – was offset by the continuing decline in oil prices. As noted by Bloomberg, the decrease in the oil prices was caused by the expected decline in global demand for oil, which enhances investors' concerns about global economy growth. In addition, the pressure on the market was put by expectations of the Fed's meeting on December 16-17, which, as analysts believe, will clarify the wording on the timing of the first increase in interest rates. On Tuesday the composite MSCI Asia Pacific index declined by 0.9%. An additional negative factor for the markets was the statistics from China – according to preliminary HSBC data, in December the manufacturing PMI fell below the threshold level of 50 points. However, the Chinese CSI300 added 2.6% in the hope of expanding stimulus programs from the Central Bank of China. January Brent futures traded around \$60.6 per barrel – a dollar below the level of our closing 15 December.

The main event for the Russian market, triggering strong volatility in the foreign exchange and stock markets, was the Central Bank's decision, which was a surprise to analysts, taken on the night of Tuesday to raise its key interest rate by 6.5 percentage points to 17%, due to "the need to limit the significantly increased devaluation and inflation risks recently". The first reaction of the markets was expected – the ruble got higher sharply, the MICEX Index began trading slightly down, and the dollar RTS index rose by 5%. However, an hour later the dollar and the euro started growing up again, including, after the fall of the Brent price to around \$59 per barrel, and investors, having not seen the effect of the emergency decision of the Central Bank, began selling shares. In that case, the sales, reinforced with closing margin positions, quickly acquired the character of panic – the collapse of the MICEX Index exceeded 8%. Meanwhile, the panic was also growing at the foreign exchange market, the growth of the dollar and the euro quickly exceeded 10%, on the daily highs in the second half of the trade the dollar was worth more than 80 rubles, the euro – more than 100. Against this backdrop investors are once again drew attention to the strong dividend papers of exporters – Lukoil and Norilsk Nickel, having turned back after a heavy fall, led the rise of the MICEX Index, whose growth in the second half of the day exceeded 4%. At the end of the day the ruble indicator lost two-thirds of growth in response to the strengthening of the ruble, the continuing fall in oil prices – Brent broke the level of \$59 per barrel, and the uncertain dynamics of western stock markets.

During the trading session the MicexPWR Sector Index showed the dynamics considerably worse than the market mainly due to active sales in shares of state owned companies. On the daily lows the MicexPWR Index fall exceeded more than 14% against the collapse in shares of Inter RAO, FGC UES and Russian Grids more than 26%. By the end of the day MicexPWR could halve the loss both on the correction of these securities from the daily lows, and the 4% growth of RusHydro, which looked much better yesterday than securities of other utilities. On Western exchanges the European DJStoxx Index rose by 1.73%, and the U.S. S&P Index fell 0.85%.

ELECTRIC POWER INDUSTRY NEWS

The development strategy of the electric grid complex of the Russian Federation in need of significant adjustments

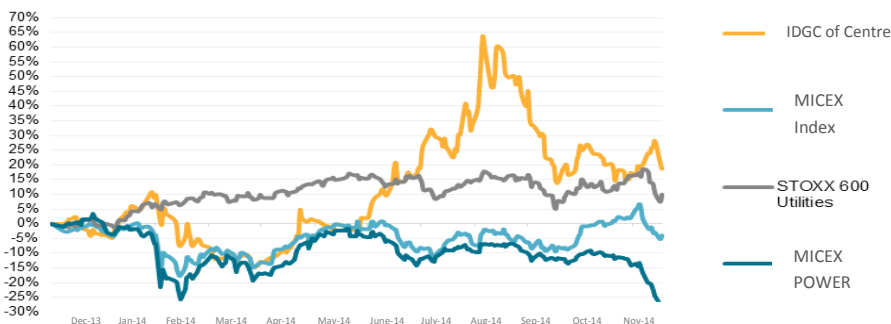
To read full text: <http://www.kommersant.ru/doc/2630713?isSearch=True>

COMPANY NEWS

IDGC of Centre - Tverenergo division expands its vehicle fleet

To read full text: http://www.mrsk-1.ru/ru/press/news/branches/?id_4=89883

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change for the day	fr 31.12.13
MICEX	1 444,32	1,36%	-3,97%
S&P 500	1 972,74	-0,85%	6,73%
FTSE 100	6 331,83	2,41%	-6,18%
DAX	9 563,89	2,46%	0,12%
DJStoxx 600	328,88	1,73%	0,19%
STOXX Utilities	306,01	2,33%	9,95%
Nikkei	16 755,32	-2,01%	2,85%
Sensex	26 781,44	-1,97%	26,50%
CSI300	3 303,40	2,68%	41,78%
Bovespa	47 007,51	-0,02%	-8,74%

Source: Bloomberg, Company calculations

Currency rates	Value	Change for the day	fr 31.12.13
Euro/USD	1,25	0,57%	-9,28%
USD/RUB	58,35	2,56%	78,27%
Euro/RUB	72,66	3,03%	61,58%

Source: Bloomberg, Company calculations

Raw	Value	Change for the day	fr 31.12.13
Gold, USD/oz	1 197,01	0,32%	-0,39%
Brent*, USD/bbl	60,01	-1,96%	-43,06%

* - January futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,2595
Capitalisation**, billion RUB	10,96
Capitalisation**, million USD	187,77

Source: Central Bank of Russia, Company calculations

Russian indexes	Change for the day	fr 31.12.13
MICEX-Power Index	-6,92%	-32,60%
Shares of IDGC of Centre**	-1,70%	18,71%

Source: MOEX, Company calculations

Grid companies	Change** for the day	fr 31.12.13
JSC Russian Grids	-18,22%	-58,69%
FGC UES	-16,43%	-63,54%
IDGC of Volga	-2,85%	4,70%
MOESK	4,08%	-8,23%
IDGC of Northern Caucasus	-13,94%	-30,05%
IDGC of Centre and Volga Reg	-13,33%	15,61%
IDGC of North-West	-4,76%	-22,56%
IDGC of Urals	-5,34%	-13,75%
IDGC of Siberia	1,03%	24,82%
IDGC of South	-9,80%	-14,23%
Lenenergo	-9,41%	-23,28%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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