

DAILY MARKET REVIEW

10 August, Thursday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 9 August some moderately negative external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 closed with a decrease by 0.1-0.2%, on Wednesday the main country indices of the Asia-Pacific region showed a predominantly negative trend. Risky assets were pressured by a sharp aggravation of the situation around North Korea. The Telegraph Agency of the Democratic People's Republic of Korea reported that the possibility of a missile strike against American military bases on the island of Guam is being considered. In response, US President Donald Trump said that North Korea should stop threats against the US, otherwise a hard answer will be given. The escalation of geopolitical tension spurred investors' demand for defensive assets, including yen, franc, government bonds and gold. The unexpected slowdown in consumer inflation in China in July did not add to the optimism of traders. October Brent futures traded near \$52 per barrel, \$0.5 lower than the closing level on 8 August. Oil prices were pressured by the information that the US Department of Energy in the monthly report raised the forecasts of oil production in the country for 2017-2018. At the same time, the potential for lower quotes was limited by the data of the American Petroleum Institute, which indicated a significant reduction in US oil reserves last week.

On Wednesday the Russian market was dominated by sellers against the background of mass sale of risky assets due to sharp mutual threats in the US-Korean rhetoric. In the first half of the day the MICEX Index and futures for US indices fell within half a percent, the European Stoxx Europe 600 Index lost almost a percent. The Brent crude getting moderately more expensive than \$52.5 per barrel kept the domestic market from a greater decline. Traders are counting on improving the implementation of the agreement on limiting production by OPEC+ countries after Tuesday when Iraq, the UAE, Kazakhstan and Malaysia confirmed their readiness for full compliance in the coming months. In the second half of the day the losses of the MICEX Index exceeded half a percent due to the slowdown in oil recovery after the release of ambiguous data from the US Department of Energy. On the one hand, the reduction in oil reserves in the country last week exceeded the market's expectations by three times, while oil production declined. On the other hand, gasoline inventories in the US unexpectedly increased by 3.4 million barrels with a decline forecast of 1.5 million barrels.

During the trading session the MicexPWR Sector Index looked better than the broad market, mainly due to purchases in securities of RusHydro and Mosenergo, thanks to corporate news. Citi began analysis of RusHydro's shares with a "buy" recommendation and a target price of 26% above current. In turn, Mosenergo's shares added 3.5% after the publication of strong IFRS financials for the first half of the year.

ELECTRIC POWER INDUSTRY NEWS

Tariff regulation: the FAS instructed electricity suppliers

After the functions of tariff regulation were transferred to the Federal Antimonopoly Service (FAS), active work began to reform the tariff system. Of course, with their attention the reformers could not bypass such a vital sphere for the economy as the electric power industry.

Read full text: <http://rcmm.ru/ekonomika-i-biznes/38435-tarifnoe-regulirovanie-postavschikam-elektroenergii-postupila-komanda-fas.html>

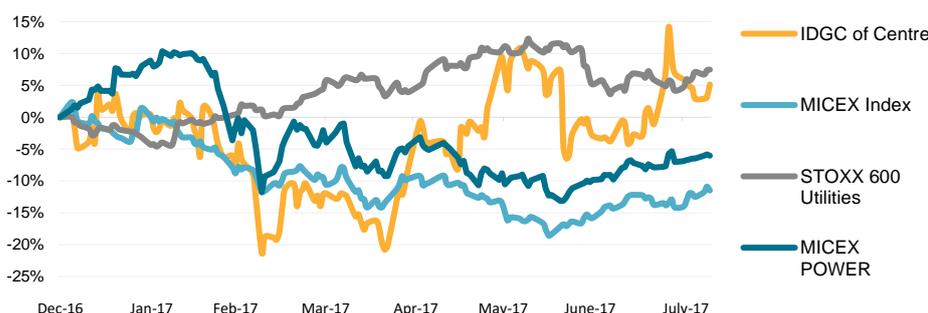
COMPANY NEWS

IDGC of Centre in the first half-year connected a number of large and significant facilities to the grids in the regions of the Central Federal District

IDGC of Centre summarized the results of work on connection to electric grids in the first half of 2017. During this period, the company connected to the power grid a number of facilities that are important for the socio-economic development of its regions of activity (11 subjects of the Central Federal District).

Read full text: <https://www.mrsk-1.ru/press-center/news/company/61024/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	1 975,91	-0,69%	-11,50%
S&P 500	2 474,02	-0,04%	10,51%
FTSE 100	7 498,06	-0,59%	4,97%
DAX	12 154,00	-1,12%	5,86%
DJStoxx 600	379,84	-0,73%	5,10%
STOXX Utilities	297,45	0,10%	7,47%
Nikkei	19 738,71	-1,29%	3,27%
Sensex	31 797,84	-0,68%	19,42%
CSI300	3 731,04	-0,03%	12,72%
Bovespa	67 671,06	-0,34%	12,36%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,17	-0,08%	11,67%
USD/RUB	59,99	-0,12%	-1,10%
Euro/RUB	70,84	0,00%	11,02%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 277,30	1,30%	11,31%
Brent*, USD/bbl	52,70	1,07%	-10,39%

* - October futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,4700
Capitalisation**, billion RUB	19,84
Capitalisation**, million USD	330,77

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	-0,17%	-6,02%
Shares of IDGC of Centre**	1,95%	5,15%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	-1,90%	-21,93%
FGC UES	-1,18%	-15,38%
IDGC of Volga	-0,32%	67,14%
MOESK	-0,58%	-4,90%
IDGC of Northern Caucasus	-0,82%	-17,46%
IDGC of Centre and Volga Reg	0,60%	81,08%
IDGC of North-West	-2,09%	-6,36%
IDGC of Urals	-0,95%	-4,86%
IDGC of Siberia	0,11%	6,45%
IDGC of South	-1,39%	-18,51%
Lenenergo, ordinary shares	-0,61%	-10,90%
TRK, ordinary shares	0,00%	-15,97%
Kubanenergo	0,00%	-13,91%

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
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