



## REVIEW OF STOCK MARKETS

Before the opening of trading on Thursday 18 May some negative external background formed on the Russian market. On Wednesday the US indices DJIA and S&P500 closed with the maximum drop for eight months – by 1.8%, on Thursday the composite index of the Asia-Pacific region MSCI ASIA Pacific lost about a percent. World financial markets are under pressure of escalating political crisis in the US, which can lead to impeachment of the president. In this regard, experts say, investors' doubts about the ability of Donald Trump to gain sufficient political support to implement his economic program, the expectations of which have been supporting the global financial markets since November last year, are growing. July Brent futures traded near the mark of \$52.1 per barrel, \$0.4 below the closing level of 17 May. The diminishing chances of stimulating the American economy have put pressure on oil quotes. At the same time, the potential for a decline in oil prices was limited to the upcoming meeting of the OPEC+ countries on 25 May and data from the US Department of Energy, which indicated a reduction in oil reserves and production in the country last week.

On Thursday the Russian market was dominated by sellers on the background of a massive sale of risky assets due to the political crisis in the US. An additional negative factor for investors was the 10% collapse of the Brazilian stock market, provoked by a massive corruption scandal with the Brazilian president. In the second half of the day, the loss of the MICEX Index exceeded 1.5% following the 5% drop in Gazprom's shares on the information that Gazprom's board of directors recommended allocating about 20% of IFRS net profit for dividends for 2016. At the end of the day, the Russian indices could move away from daily lows after the neutral start of trading in the US, where the indices stabilized after the drop on Wednesday, and the rise in Brent quotes above \$52.5 per barrel.

As a result of the trading session the MicexPWR Sector Index underperformed. The main contribution to the MicexPWR reduction was made by RusHydro's shares, which lost 3.6% in the absence of news significant for such changes, and shares of electric grid companies that appeared under the pressure of the dividend factor. MOESK's shares fell 7% on the recommendations of the Board of Directors to allocate 25% of RAS net profit (16% of IFRS profit) for dividends for 2016. In turn, this information and the message on Gazprom's dividends became an occasion for strengthening of sales in stocks of Rosseti and FGC UES.

## ELECTRIC POWER INDUSTRY NEWS

### RusHydro offers consumers of the Wholesale market for electricity and power to pay not only lower tariffs in the Far East, but also investments in this region, says the newspaper

At the end of 2016, Russian President Vladimir Putin signed amendments to the law on electricity to reduce tariffs in the Far East to the average Russian level. The industrial consumers of price zones (the European part of Russia, the Urals and Siberia) should compensate for the decline in the Far Eastern energy sector through a special surplus for the tariff. But at a meeting with Deputy Prime Minister Yury Trutnev on 11 May, the Ministry of Regional Development and RusHydro asked to include in the surplus for 2018-2019 of the investment component, writes "Vedomosti", which could learn the minutes of the meeting.

Read full text: <http://www.bigpowernews.ru/markets/document77165.phtml>

## COMPANY NEWS

### Smolenskenergo intensified efforts to identify and suppress unauthorized electricity consumption

IDGC of Centre - Smolenskenergo division within the framework of the declared by PJSC "Rosseti" Year of Combating Electricity Losses increases the work on detection and suppression of unauthorized electricity consumption. Specialists of the branch developed a whole range of measures aimed at reducing the level of electricity losses in the grids.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/60128/>

## DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	1 967,66	-1,34%	-11,87%
S&P 500	2 365,72	0,37%	5,67%
FTSE 100	7 436,42	-0,89%	4,11%
DAX	12 590,06	-0,33%	9,66%
DJStoxx 600	389,19	-0,50%	7,68%
STOXX Utilities	298,34	0,04%	7,79%
Nikkei	19 553,86	-1,32%	2,30%
Sensex	30 434,79	-0,73%	14,30%
CSI300	3 398,11	-0,35%	2,66%
Bovespa	61 597,05	-8,80%	2,27%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,11	-0,11%	5,79%
USD/RUB	56,74	0,85%	-6,46%
Euro/RUB	62,96	1,48%	-1,34%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 247,07	-1,13%	8,68%
Brent*, USD/bbl	52,51	0,57%	-10,55%

\* - July futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,4355
Capitalisation**, billion RUB	18,39
Capitalisation**, million USD	324,05

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	-2,03%	-8,73%
Shares of IDGC of Centre**	-0,68%	-2,57%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	-3,83%	-23,68%
FGC UES	-1,62%	-7,58%
IDGC of Volga	-2,68%	16,88%
MOESK	-6,80%	2,23%
IDGC of Northern Caucasus	-0,90%	-25,40%
IDGC of Centre and Volga Reg	-2,24%	3,04%
IDGC of North-West	-2,11%	-24,18%
IDGC of Urals	0,73%	-16,11%
IDGC of Siberia	-1,75%	-19,35%
IDGC of South	-2,63%	-36,45%
Lenenergo, ordinary shares	-2,07%	-9,72%
TRK, ordinary shares	1,23%	-13,87%
Kubanenergo	-2,83%	-9,08%

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**  
**MRKC:MM**