

DAILY MARKET REVIEW

6 October, Thursday

2016



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Wednesday 05 October some moderately negative external background formed on the Russian market. On Tuesday the US indices DJIA and S&P500 lost 0.5%, on Wednesday most of the major country indices of the Asia-Pacific region declined, with exception of the Japanese Nikkei. The markets were pressured by fears of monetary policy tightening by the Fed and ECB, Japanese stocks were supported the yen weakening against the dollar and the euro. The concern of investors about the possible increase in the Fed rate before the end of the year increased after a series of statements by the heads of the US Federal Reserve. In particular, the head of the Federal Reserve Bank of Richmond said that currently the rate by 1.5 percentage points above the current target range at least corresponds to the situation in the US economy, and reiterated his call for higher interest rates to avoid a sharp increase in inflation. In turn, the president of the Chicago Fed said the rate may be increased before the end of the year, taking into account the strengthening of the US economy. As for the ECB, then, according to Bloomberg data, the bank may slow down purchasing securities under the QE program from its current level of €80 billion per month towards the end of its term in March 2017. According to Bloomberg, the purchase of assets may be reduced by €10 billion each month – this approach was used by the Fed when tapering its own QE starting in December 2013 and up to October 2014 when the program was completed. December Brent futures traded near the mark of \$51.4 per barrel, or \$0.2 higher than our closing level of 04 October. Oil prices are rising after publication of the American Petroleum Institute statistics, which recorded a drop in US oil inventories by 7.5 million barrels, while analysts expected growth of stocks by more than 2 million barrels.

The Russian market declined for the second day in a row – the loss of the MICEX Index in the middle of the trading session exceeded a percent, despite the continued rise in oil prices and generally neutral mood in the western markets. Published throughout the day statistics was ambiguous in terms of its potential impact on the determination of the Fed and the ECB to curtail stimulating policies and did not have significant impact on the mood of foreign investors – in the Eurozone the composite index of business activity, as expected, fell to a 20-month low, in the United States, on the one hand, the September ADP data pointed to a slowdown in employment growth, on the other hand, the index of activity in the service sector in September rose to the highest since October last year. At the end of the day the MICEX Index was able to play half of the losses back following the increase in Brent prices above \$52 a barrel after the publication of the US Department of Energy data, reporting the reduction of oil reserves and production volumes over the past week.

During the trading session the MicexPWR Sector Index looked significantly worse than the market mainly due to ongoing active sales in shares of FGC UES and RusHydro.

ELECTRIC POWER INDUSTRY NEWS

Electricity consumption for nine months of 2016 for the whole Russia amounted to 760.6 billion kWh, which is 1.0% more than in the same period of 2015.

Read full text: [http://so-ups.ru/index.php?id=press_release_view&no_cache=1&tx_ttnews\[tt_news\]=9769](http://so-ups.ru/index.php?id=press_release_view&no_cache=1&tx_ttnews[tt_news]=9769)

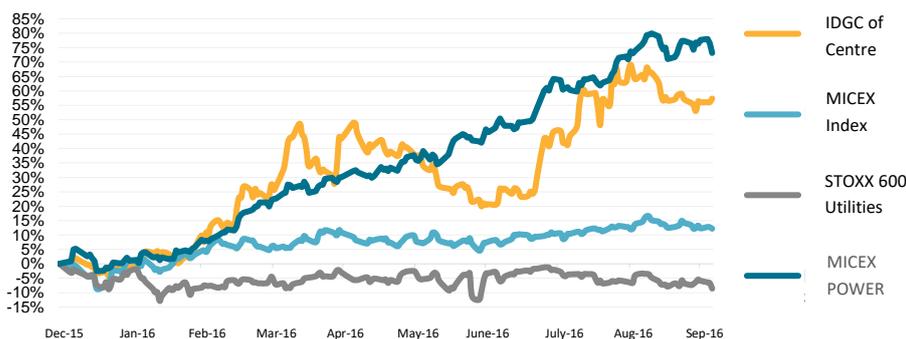
COMPANY NEWS

The Board of Directors of IDGC of Centre, PJSC approved the adjusted Investment Program for 2016-2020

4 October, a meeting of the Board of Directors of IDGC of Centre, PJSC (hereinafter – the Company) was held. The meeting approved the adjusted Investment Program of the Company for 2016-2020. The main reasons for adjustment of the Investment Program are: taking into account the tariff and balance decisions for 2016 and the current forecast of socio-economic development of the Russian Federation for the planning period, the update of the Company's obligations on connection of customers to the grid.

Read full text: <https://www.mrsk-1.ru/press-center/news/company/57148/>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.15
MICEX	1 975,85	-0,46%	12,18%
S&P 500	2 159,73	0,43%	5,67%
FTSE 100	7 033,25	-0,58%	12,67%
DAX	10 585,78	-0,32%	-1,46%
DJStoxx 600	344,20	-0,55%	-5,91%
STOXX Utilities	279,80	-2,06%	-8,60%
Nikkei	16 519,29	0,00%	-13,21%
Sensex	28 220,98	-0,40%	8,05%
CSI300	3 253,28	0,00%	-12,80%
Bovespa	60 254,34	1,54%	39,00%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.15
Euro/USD	1,12	0,11%	-7,82%
USD/RUB	62,43	-0,18%	-14,34%
Euro/RUB	69,76	-0,69%	-12,47%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.15
Gold, USD/oz	1 266,85	-0,13%	19,39%
Brent*, USD/bbl	51,86	1,95%	16,80%

* - December futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,3070
Capitalisation**, billion RUB	12,96
Capitalisation**, million USD	207,60

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.15
MICEX-Power Index	-1,89%	73,11%
Shares of IDGC of Centre**	0,82%	57,36%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.15
Rosseti	-3,89%	91,09%
FGC UES	-4,17%	184,51%
IDGC of Volga	-1,94%	95,37%
MOESK	-0,10%	27,33%
IDGC of Northern Caucasus	-0,88%	35,60%
IDGC of Centre and Volga Reg	0,65%	47,93%
IDGC of North-West	-1,90%	87,96%
IDGC of Urals	-1,35%	53,68%
IDGC of Siberia	-2,00%	20,49%
IDGC of South	4,12%	53,85%
Lenenergo	-0,66%	129,69%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers
Moscow Exchange (MOEX)
Bloomberg
Reuters

MRKC
MRKC.RX
MRKC.MM