



IDGC OF CENTRE

DAILY MARKET REVIEW

05 September, Friday

2014

REVIEW OF STOCK MARKETS

Before the opening of trading on 04 September some neutral external background formed on the Russian market. On Wednesday the U.S. indices DJIA and S&P500 closed the trading session with insignificant, within 0.1%, opposite changes. On Thursday the major indices of the Asia-Pacific region mainly showed moderately negative dynamics, and the composite MSCI Asia Pacific index decreased by 0.4%. October Brent futures traded near \$102 a barrel – at our closing on 03 September.

In the first half of the trading session the Russian and European markets were slightly negative, correcting after rising on Wednesday. Motives for profit taking were both skeptical reaction of the EU and the USA on the plan to resolve the situation in Ukraine, proposed by the President of the Russian Federation, and the ECB's meeting pending outcome. According to media reports, the claims of the West to the Russian plan of the ceasefire in the south-east of Ukraine are summarized to one key point – the reduction of Russia's participation in the conflict does not follow from it. In particular, the State Department said that the plan did not provide for the termination of "financing, arming and training of the separatists, the withdrawal of the Russian troops from Ukraine". Meanwhile, Russia continues to categorically deny its participation in the Ukrainian conflict, including the presence of its troops on the territory of Ukraine. Against this background, expectations of new sanctions against Russia continue to put pressure on the Russian market – the European Commission on Wednesday announced that it had developed additional restrictive measures against the Russian Federation relating to the admission to the capital markets, the use of sensitive technologies and dual-use goods. In the afternoon, investors' sentiment got improved significantly, the growth rate of the Russian and European indices exceeded 0.5%. Firstly, the markets were supported with the unexpected for analysts determination of the ECB in the expansion of incentives: the Bank cut its interest rate from 0.15% to 0.05% per annum, the head of the ECB announced the launch of a quantitative easing program – in October it will buy asset-backed securities. The reason for the activity of the ECB was the worsening outlook for the Eurozone economy for 2014-2015, including due to geopolitical risks, and an increase of deflationary expectations. Secondly, some positive backdrop for investors was the statement of the President of Ukraine that he hoped to sign a document on the implementation of the peace plan to resolve the situation in the east of the country during the meeting of the contact group of the Russian Federation, Ukraine, the OSCE on Friday 5th of September. Thirdly, the United States released the next portion of good statistics: the index of business activity in the services sector in August rose to a maximum of 9 years, the number of new jobs in August, according to ADP, again exceeded 200 thousand.

By the end of trading session the MicexPWR Sector Index underperformed the market mainly due to sales in shares of electric grid companies – FGC UES and Russian Grids. On Western exchanges the European DJStoxx 600 Index added 1.14%, and the U.S. S&P Index lost 0.15%.

ELECTRIC POWER INDUSTRY NEWS

From the beginning of the year utility rates in Russia increased by 5%

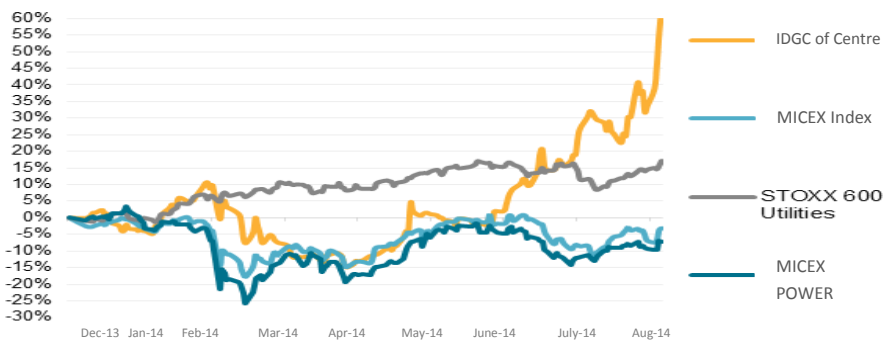
To read full text: http://ejnews.ru/news_zhkh/2014/09/05/25875

COMPANY NEWS

Using modern methods of equipment diagnostics, Kurskenergo increases efficiency of production

To read full text: http://www.mrsk-1.ru/ru/press/news/branches/?id_4=89616

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change for the day	fr 31.12.13
MICEX	1 457,34	0,56%	-3,11%
S&P 500	1 997,65	-0,15%	8,08%
FTSE 100	6 877,97	0,06%	1,91%
DAX	9 724,26	1,02%	1,80%
DJStoxx 600	348,89	1,14%	6,28%
STOXX Utilities	326,17	1,24%	17,19%
Nikkei	15 676,18	-0,33%	-3,78%
Sensex	27 085,93	-0,20%	27,94%
CSI300	2 426,22	0,72%	4,13%
Bovespa	60 800,02	-1,68%	18,04%

Source: Bloomberg, Company calculations

Currency rates	Value	Change for the day	fr 31.12.13
Euro/USD	1,29	-1,48%	-6,11%
USD/RUB	37,32	-0,08%	14,02%
Euro/RUB	49,02	0,00%	9,01%

Source: Bloomberg, Company calculations

Raw	Value	Change for the day	fr 31.12.13
Gold, USD/oz	1 261,67	-0,61%	5,00%
Brent*, USD/bbl	101,83	-0,91%	-5,12%

* - October futures

Source: Bloomberg, Company calculations

Shares of IDGC of Centre	Value
Last transaction, RUB	0,3580
Capitalisation**, billion RUB	15,11
Capitalisation**, million USD	405,00

Source: Central Bank of Russia, Company calculations

Russian indexes	Change for the day	fr 31.12.13
MICEX-Power Index	-0,18%	-7,17%
Shares of IDGC of Centre**	5,23%	63,77%

Source: MOEX, Company calculations

Grid companies	Change** for the day	fr 31.12.13
JSC Russian Grids	-1,50%	-32,43%
FGC UES	-1,74%	-38,75%
IDGC of Volga	4,45%	15,45%
MOESK	-0,58%	-26,57%
IDGC of Northern Caucasus	0,52%	11,66%
IDGC of Centre and Volga Reg	1,95%	55,64%
IDGC of North-West	2,84%	15,84%
IDGC of Urals	-3,07%	-4,78%
IDGC of Siberia	0,56%	26,26%
IDGC of South	-1,41%	21,63%
Lenenergo	-0,18%	16,38%

Source: MOEX, Company calculations

** - at the price of last transaction at MOEX

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Tickers

Moscow Exchange

Bloomberg

Reuters

MRKC

MRKC.RX

MRKC.MM