

DAILY MARKET REVIEW

7 August, Monday

2017



ROSSETI



IDGC OF CENTRE

REVIEW OF STOCK MARKETS

Before the opening of trading on Friday 04 August some moderately negative external background formed on the Russian market. On Thursday the US indices DJIA and S&P500 closed in different directions with changes within 0.25% after the publication of mixed corporate reporting and statistics. On the one hand, the business activity index in the service sector fell to a minimum in 11 months in July, on the other hand, data on orders for durable goods in June and applications for unemployment benefits were better than forecasts. On Friday the composite index of the Asia-Pacific region MSCI Asia Pacific lost about 0.5%. The Japanese market was under pressure of the yen rising against the dollar, the Australian market was pressured by worsening forecasts of economic growth due to the strengthening of the national currency. Negative background for the Chinese market, including, was media reports that the US administration is considering the introduction of restrictive measures in trade with China in connection with violations in the field of intellectual property, the presence of barriers for American companies to access the PRC market. In addition, Washington believes that China is not doing enough to persuade North Korea to abandon the further development of the nuclear missile program. October Brent futures traded near the mark of \$51.8 per barrel, a dollar lower than the closing level on 03 August. Oil prices are down on information on the growth in oil exports from the OPEC countries in July to record highs. In addition, investors fear that the active recovery of oil production in the US will slow the rebalancing of the market, which the OPEC countries and their partners count on.

The MICEX Index held most of the trading session in a small minus, mostly within 0.5%, despite the growth of Brent quotations above \$52 per barrel and improving sentiment on the western markets after the publication of strong statistics on the US labour market. In July the unemployment rate in the US declined from 4.4% to 4.3%, updating the minimum of 16 years, the number of new jobs was better than expected, data on the number of jobs in May were upwardly revised. These labour data speak in favour of further tightening of the monetary policy by the Fed, MarketWatch writes. At the same time, experts believe that the Fed's determination to implement the exit strategy will mainly be determined by changes of inflation. In the second half of the day the MICEX Index was pressured by the strengthening of the ruble after the publication of data from Rosstat, which recorded a sharp, above expectations, decrease in monthly inflation in July to 0.1%, and a decrease in annual inflation below the CBR target of 3.9%. According to economists, the changes of inflation so far clearly indicates that the Bank of Russia will lower the rate in September and will choose between 0.25 percentage points and 0.5 percentage points.

During the trading session the MicexPWR Sector Index outperformed. The main contribution to the conditional final growth of the sector indicator in the antiphase with the MICEX Index was made by shares of FGC UES and Rosseti.

ELECTRIC POWER INDUSTRY NEWS

Mr. Putin instructed to work out measures to prevent system-related energy shocks

President Vladimir Putin instructed the Ministry of Energy to analyze the situation and prepare measures to prevent system failures in the country's electric power industry and report to the Government's Chairman Dmitry Medvedev.

Read full text: <https://ria.ru/society/20170803/1499684574.html>

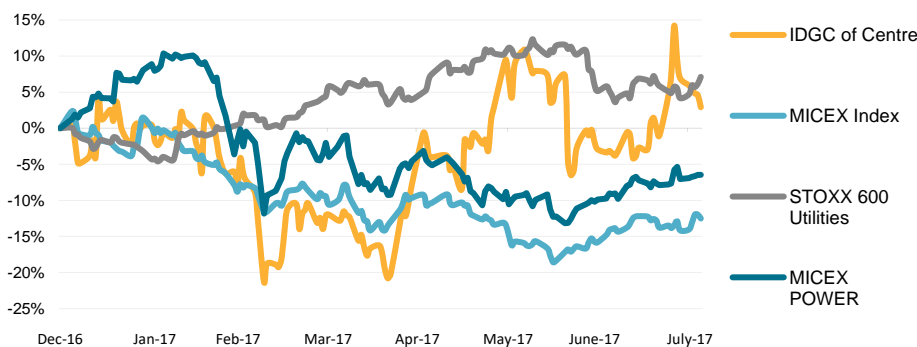
COMPANY NEWS

Smolenskenergo for the first half-year recovered from non-payers more than 30 million rubles

IDGC of Centre - Smolenskenergo division successfully works to recover accounts receivable. The branch conducts active claim-related work: sends notice-claims to debtors, conducts recovery in court.

Read full text: <http://www.elektroportal.ru/news/news-84217.html>

DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.16
MICEX	1 953,49	-0,60%	-12,51%
S&P 500	2 476,87	0,19%	10,63%
FTSE 100	7 511,71	0,49%	5,16%
DAX	12 297,72	1,18%	7,11%
DJStoxx 600	382,53	0,95%	5,84%
STOXX Utilities	296,45	0,89%	7,11%
Nikkei	19 952,33	-0,38%	4,38%
Sensex	32 325,41	0,27%	21,40%
CSI300	3 707,58	-0,54%	12,01%
Bovespa	66 978,38	0,30%	11,21%

Source: Bloomberg, Company calculations (19:00 MSK)

Currency rates	Value	Change	
		per day	fr 31.12.16
Euro/USD	1,19	0,00%	12,86%
USD/RUB	60,75	0,28%	0,79%
Euro/RUB	71,95	0,37%	14,17%

Source: Bloomberg, Company calculations (19:00 MSK)

Raw	Value	Change	
		per day	fr 31.12.16
Gold, USD/oz	1 268,60	0,00%	10,10%
Brent*, USD/bbl	52,01	0,00%	-8,47%

* - October futures

Source: Bloomberg, Company calculations (19:00 MSK)

Shares of IDGC of Centre	Value
Last transaction, RUB	0,46
Capitalisation**, billion RUB	19,42
Capitalisation**, million USD	319,67

Source: Central Bank of Russia, Company calculations

Russian indexes	Change	
	per day	fr 31.12.16
MICEX-Power Index	0,02%	-6,46%
Shares of IDGC of Centre**	-1,60%	2,91%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.16
Rosseti, ordinary shares	0,72%	-23,04%
FGC UES	0,62%	-16,34%
IDGC of Volga	0,53%	69,55%
MOESK	-0,47%	-5,01%
IDGC of Northern Caucasus	-0,26%	-13,83%
IDGC of Centre and Volga Reg	-0,30%	81,89%
IDGC of North-West	-1,70%	-5,45%
IDGC of Urals	-0,62%	-3,34%
IDGC of Siberia	-1,96%	7,77%
IDGC of South	-5,11%	-18,51%
Lenenergo, ordinary shares	0,72%	-11,08%
TRK, ordinary shares	-0,50%	-15,76%
Kubanenergo	0,13%	-14,25%

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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