

# RUSSIAN EQUITY AND BOND INDICES

## February 2017

Index	Value 28.02.17	Return over the period, %		
		Month	Quarter	Year
<b>Composite Indices</b>				
MICEX Index	2,035.77	-8.19%	-3.28%	10.63%
RTS Index	1,099.46	-5.56%	6.84%	43.01%
Blue-Chip Index	13,222.07	-8.46%	-4.13%	8.36%
Second-Tier Index	6,134.85	-6.86%	6.08%	75.05%
Broad Market Index	1,450.71	-8.18%	-3.12%	11.72%
<b>Sectoral Indices (in RUB)</b>				
Oil & Gas	5,090.89	-10.07%	-2.96%	3.46%
Electric Utilities	1,952.46	-8.84%	0.67%	90.77%
Consumer goods & Retail	6,525.97	-5.42%	-3.85%	-2.14%
Telecommunication	1,833.44	-0.87%	12.88%	2.95%
Industrials	1,757.26	-2.91%	7.96%	19.91%
Financials	7,835.93	-6.70%	0.62%	22.73%
Chemicals	14,329.49	-4.53%	-1.74%	6.11%
Metals & Mining	5,362.65	-9.06%	-2.74%	30.39%
Transport	1,954.87	-6.47%	12.75%	122.35%
<b>Thematic indices</b>				
MICEX 10 Index	4,451.90	-10.47%	-4.52%	9.00%
Russian Volatility Index	27.35	16.04%	15.69%	-36.76%
MICEX Innovation Index	409.88	1.98%	2.39%	13.29%
MICEX Siberia Index	850.61	-4.77%	-0.46%	63.17%
MICEX SMID Index	1,835.10	-7.83%	-0.31%	48.33%
<b>Currency (CBR)</b>				
RUB / USD	57.94	-3.70%	-10.79%	-22.84%

In February, Moscow Exchange's Indices reflected the negative trend by the MICEX Index on the Russian stock market. The MICEX Index was down 8.19% to 2,035.77 (from 2,217.39 on 31 January), while the dollar-denominated RTS Index fell 5.56% to 1,099.46 (from 1,164.15).

The dollar depreciated 3.70% against the rouble.

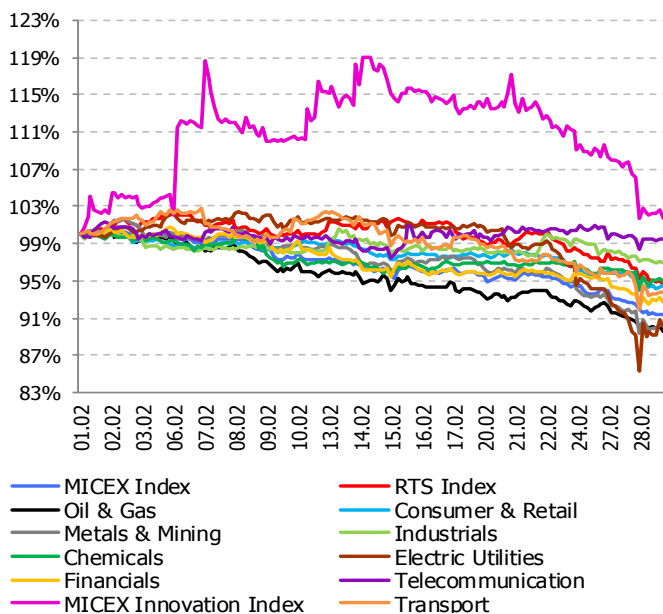
Volatility increased, with the Russian Volatility Index rising 16.04% to 27.35 (from 23.57).

All of the key sectors made losses. The largest downturn was in Oil and gas, the sector index of which fell 10.07%. Metals and mining and Electric Utilities climbed down a respective 9.06% and 8.84%.

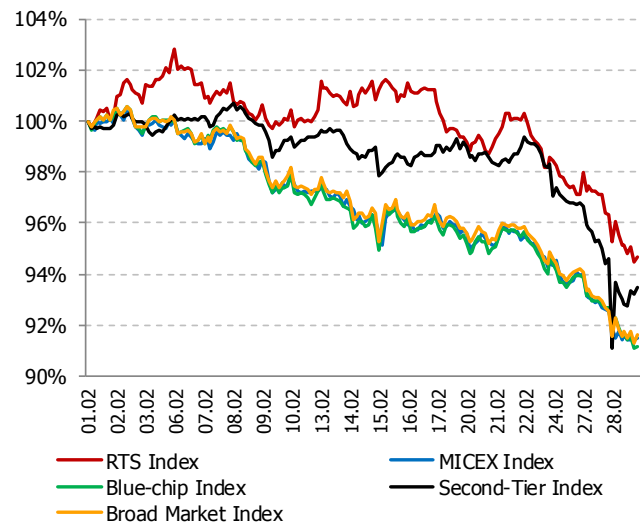
The Blue Chip Index decreased 8.46% to 13,222.07 (from 14,443.65).

The Second Tier Index depreciated 6.86% to 6,134.85 (from 6,586.73). The Broad Market Index lost 8.18% to 1,450.71 (from 1,579.90).

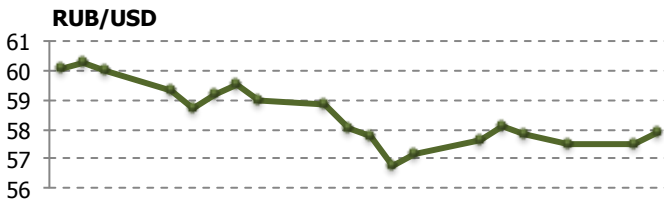
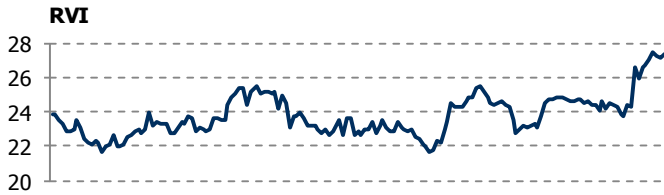
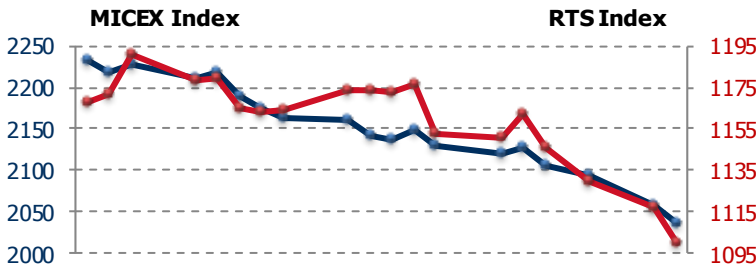
**KEY SECTORS**



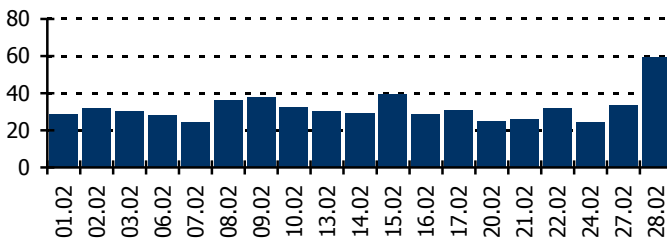
**COMPOSITE INDICES**



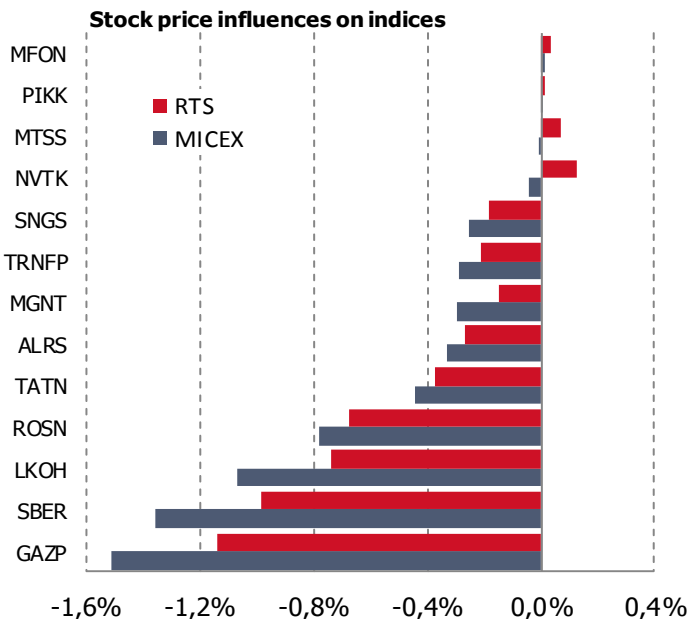
### MICEX & RTS Indices: Moscow Exchange's main indices



Constituents volume\*, bln.



\* for the constituent stocks



In February, Moscow Exchange's Indices reflected the negative trend by the MICEX Index on the Russian stock market. The MICEX Index was down 8.19% to 2,035.77 (from 2,217.39 on 31 January), while the dollar-denominated RTS Index fell 5.56% to 1,099.46 (from 1,164.15).

The MICEX Index on 28 February was up 10.63% YoY (from 1,840.17). The RTS Index was up 43.01% YoY (from 768.80).

The RTS Index's decrease last month was accompanied by an increase in volatility, with the Russian Volatility Index (RVI) up 16.04%.

The turnover of securities included in Moscow Exchanges' indices was RUB 609.00 bln, and their market cap totaled RUB 30,917.06 bln.

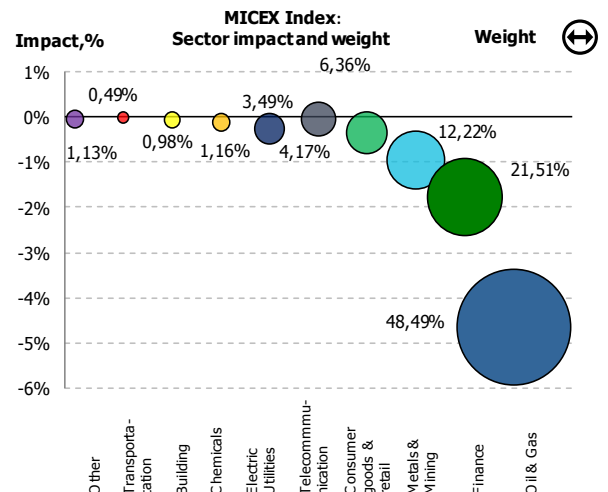
Of the 50 MICEX Index constituents, included in the Index list, 47 pulled the index down (falling a total 8.21%), while 3 incurred gains (totaling 0.02%).

On the sector level, the major negative impact was from oil & gas (down 4.67%) and finances (off 1.76%).

The largest negative impact on the MICEX Index was from price losses by ords of PJSC "GAZPROM" (down 1.51%), Sberbank (off 1.36%) and PJSC "LUKOIL" (down 1.07%). The largest positive impact was from prices rising for ords of PJSC "MegaFon" (up 0.01%), and PIK GROUP (up 0.01%).

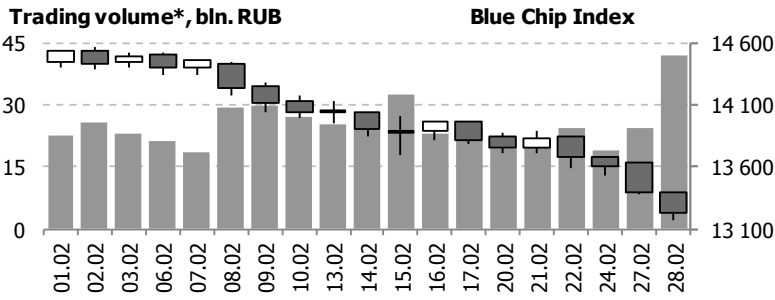
The largest negative impact on the RTS Index was from price losses by ords of PJSC "GAZPROM" (down 1.14%), Sberbank (off 0.98%) and PJSC "LUKOIL" (down 0.74%). The largest positive impact was from prices rising for ords of JSC "NOVATEK" (up 0.12%), MTS PJSC (up 0.07%).

Oil & gas accounted for 48.49% of the MICEX Index's total capitalization. The other heavily weighted sectors were financials (21.51%) and metals and mining (12.22%).



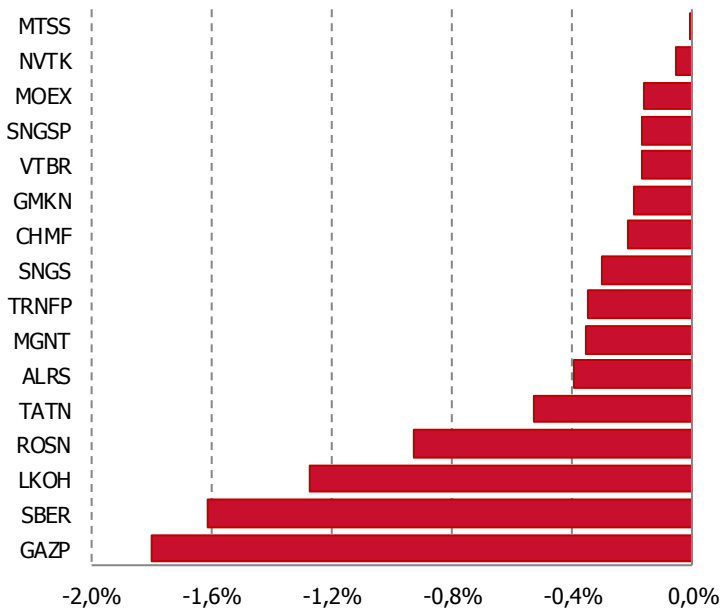
Monthly impact on indices	Up	Down	Unchanged	Total influence, %
MICEX Index	+0.02%	-8.21%	0	-8.19%
RTS Index	+0.28%	-5.86%	0	-5.56%

### Blue Chip Index

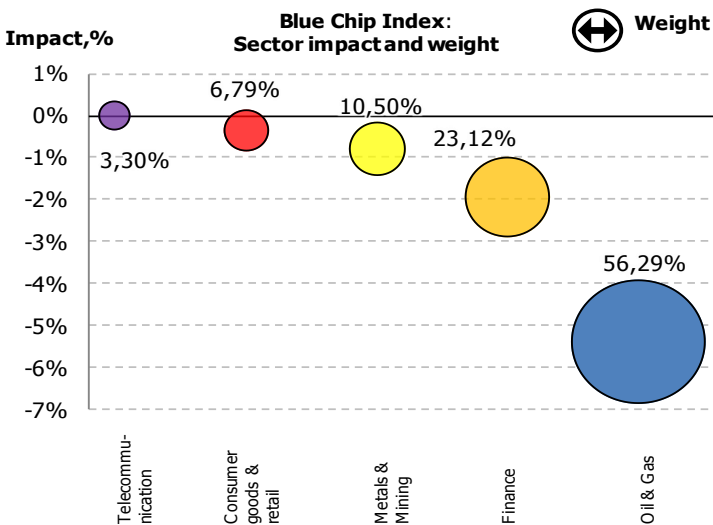


\*for the constituent stocks

#### Stock price influences on Blue Chip Index



Monthly impact on indices	Up	Down	Unchanged	Total influence, %
Number of constituents	0	16	0	16
Influence, %	0.00%	-8.46%	0	-8.46%



The Blue Chip Index fell in February.

It was down 1.99% MoM to 13,222.07 (from 14,443.65), and up 8.36% YoY (from 12,201.68).

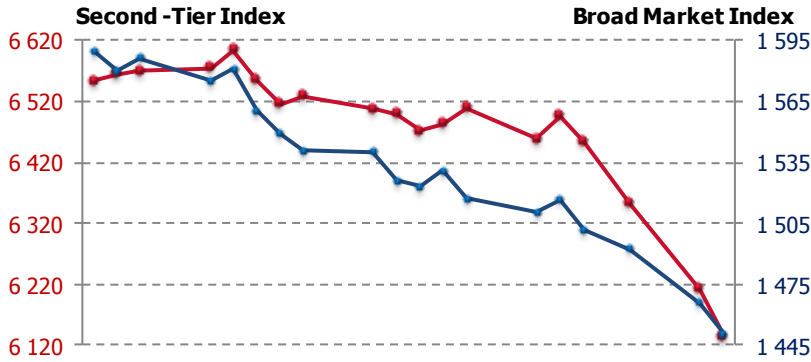
Of the sixteen securities, included in the Blue Chip Index list, all pulling the Blue Chip Index down at the end of the month (falling a total 8.46%).

The largest negative impact on the index was from price losses by ords of PJSC "GAZPROM" (down 1.79%), Sberbank (off 1.61%) and PJSC "LUKOIL" (down 1.27%).

The oil & gas sector accounted for 56.29% of the Blue Chip Index's total capitalization. The other large weight sectors were financials (23.12%) and metals and mining (10.50%).

Code	Security name	Weight in Blue Chip Index	Weight in MICEX Index
SBER	Sberbank, ord	17.13%	14.43%
GAZP	Gazprom, ord	17.02%	14.33%
LKOH	Lukoil, ord	15.06%	12.69%
NVTK	Novatek, ord	7.12%	5.99%
MGNT	Magnit, ord	6.57%	5.53%
GMKN	Norilsk Nickel, ord	5.74%	4.84%
ROSN	Rosneft, ord	5.34%	4.49%
VTBR	VTB, ord	3.98%	3.35%
TRNFP	Transneft, pref	3.63%	3.06%
SNGS	Surgutneftegas, ord	3.30%	2.78%
TATN	Tatneft, ord	3.24%	2.73%
ALRS	Alosa, ord	3.02%	2.55%
MTSS	MTS, ord	3.02%	2.54%
SNGSP	Surgutneftegas, prefs	2.21%	1.86%
MOEX	Moscow Exchange, ord	1.99%	1.68%
CHMF	Severstal, ord	1.64%	1.38%
<b>Total</b>		<b>100.00%</b>	<b>84.23%</b>

### Broad Market and Second-Tier Indices



In February, the Second Tier Index depreciated 6.86% to 6,134.85 (from 6,586.73). The Broad Market Index lost 8.18% to 1,450.71 (from 1,579.90).

The Second Tier Index was up 75.05% YoY (from 3,504.54). The Broad Market Index was up 11.72% YoY (from 1,298.48).

Of the fifty securities, included in the Second Tier Index list, forty three pulling the index down (falling a total 7.75%), while seven made gains (0.89%).

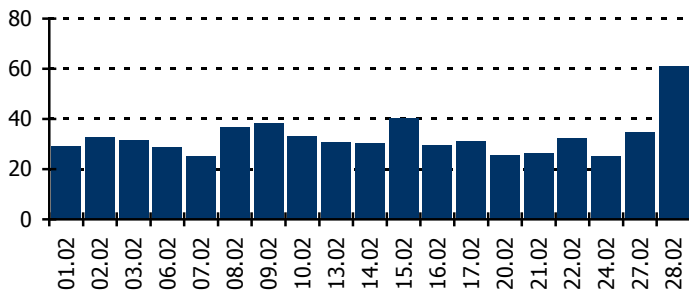
The largest negative impact on the Second Tier Index was from prefs of Mechel (down 1.00%) and JSC "OGK-2" (off 0.84%).

The heaviest negative impact on the Broad Market Index was from ords of PJSC "GAZPROM" (down 1.51%) and Sberbank (off 1.36%).

The largest negative impact on the Second Tier Index was from electric utilities (down 2.75%) and metals and mining (off 2.57%).

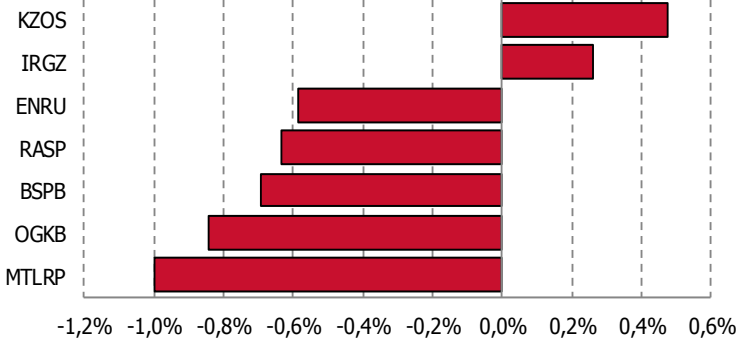
Electric utilities accounted for 32.24% of the Second Tier Index's total capitalization. The other heavily weighted sectors were metals and mining (25.38%) and chemicals (10.72%).

#### Trading volume\*, bln. RUB

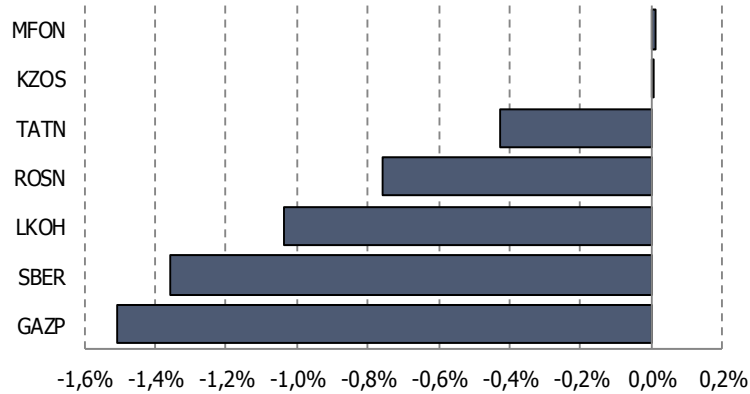


\* for the constituent stocks

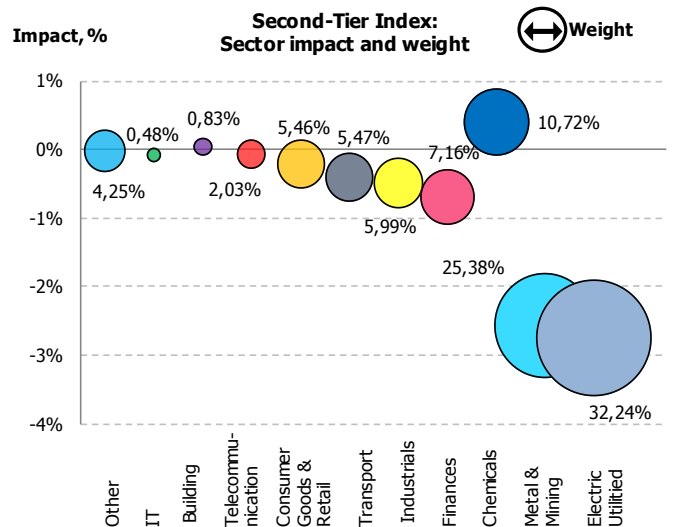
#### Stock price influences on Second Tier Index



#### Stock price influences on Broad Market Index

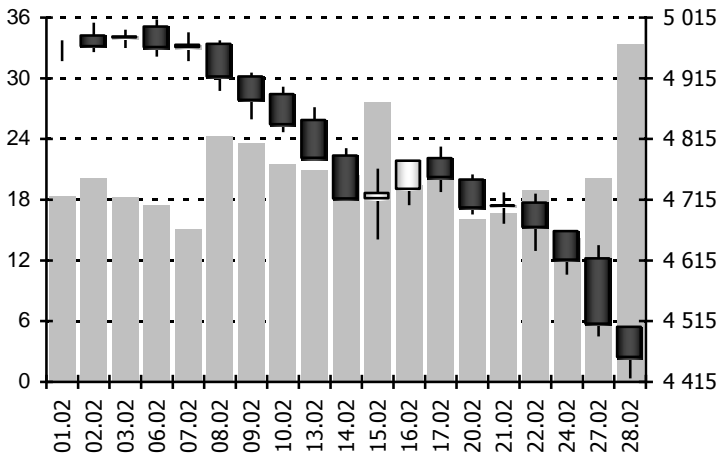


Monthly impact on indices	Up	Down	Total influence, %
Second Tier Index	+0.89%	-7.75%	-6.86%
Broad Market Index	+0.04%	-8.22%	-8.18%

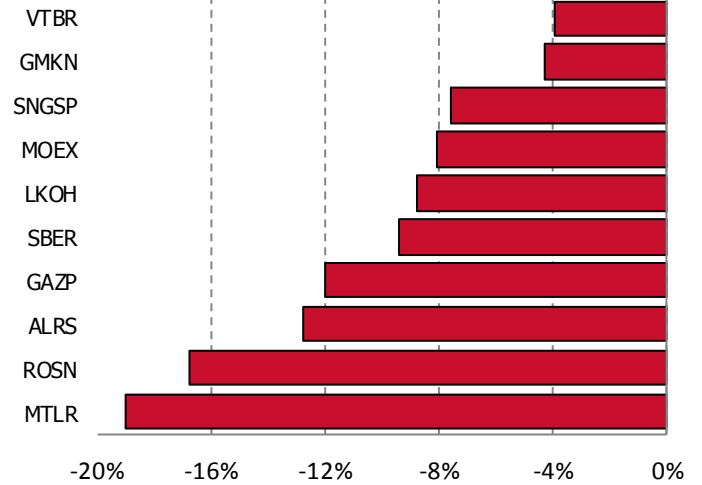


## MICEX 10 Index

Trading volume\*, bln. RUB

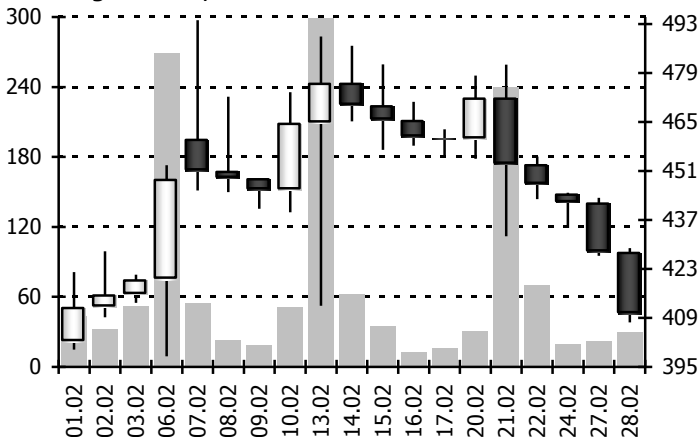


MICEX 10 stock price changes

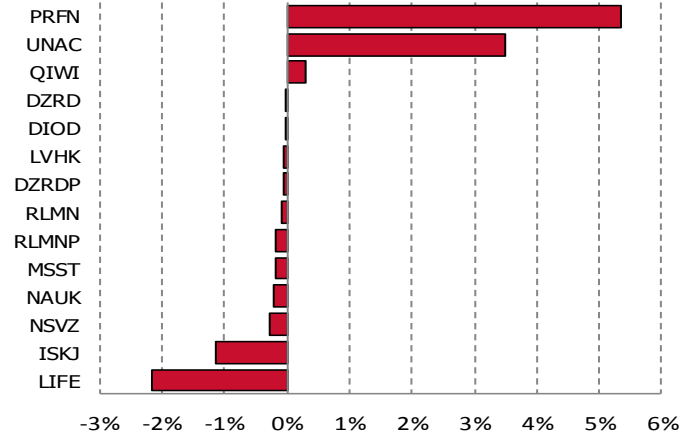


## MICEX Innovation Index

Trading volume\*, mln. RUB

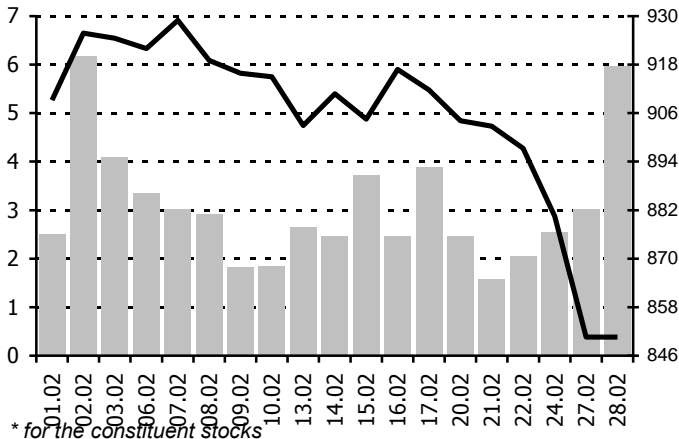


Stock price influences on MICEX Innovation Index

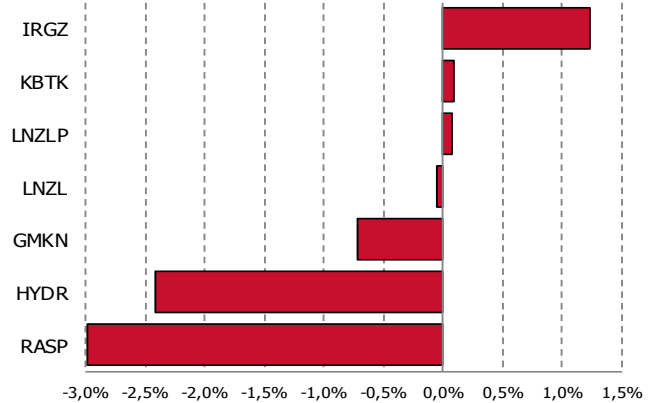


## MICEX Siberia Index

Trading volume\*, bln. RUB



Stock price influences on MICEX Siberia Index



### Debt market

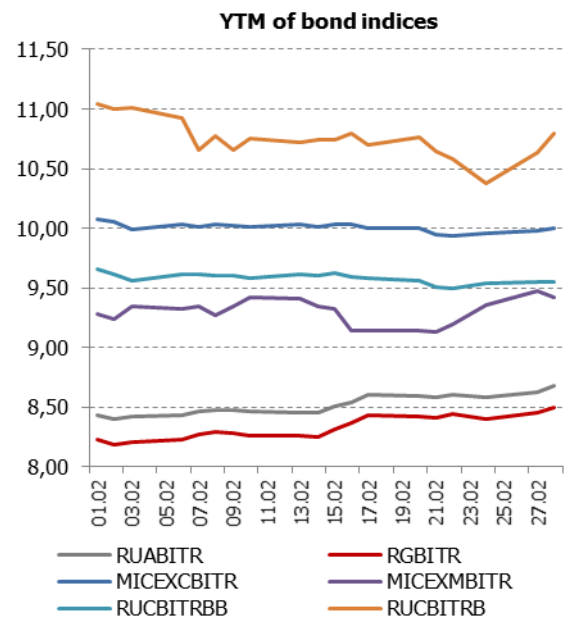
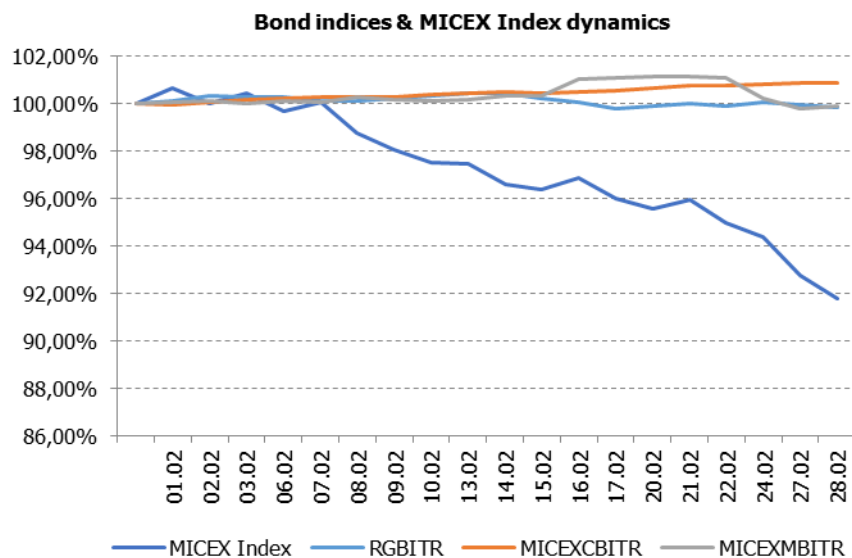
Index	Value	YTM. %	Return over the period. %		
	28.02.2017	28.02.2017	Month	Quarter	Year
<b>Aggregate bond index</b>					
RUABITR	153.16	8.68	0.08%	3.91%	9.76%
<b>Government bond indices</b>					
RGBITR	419.10	8.50	-0.02%	4.18%	14.14%
RUGBITR3Y	390.29	8.72	0.13%	2.45%	6.71%
RUGBITR5Y	386.67	8.46	-0.27%	3.70%	8.44%
RUGBITR5+	402.89	8.37	0.00%	5.72%	13.44%
<b>Corporate bond indices</b>					
MICEXCBITR	322.38	10.00	0.85%	3.02%	10.97%
MICEXCBITR3Y	316.42	9.98	0.73%	2.81%	10.07%
MICEXCBITR5Y	380.60	10.17	1.05%	3.38%	13.85%
<b>BBB Segment</b>					
RUCBITRBBB	334.66	9.92	0.66%	2.40%	12.34%
RUCBITRBBB3Y	325.02	9.41	0.71%	2.09%	10.81%
RUCBITRBBB5Y	409.39	10.33	0.62%	2.69%	15.14%
RUCBITRBBB3+	406.09	10.33	0.61%	2.67%	15.14%
<b>BB Segment</b>					
RUCBITRBB	322.80	9.55	0.88%	3.22%	11.55%
RUCBITRBB3Y	324.57	9.46	0.64%	2.89%	12.46%
RUCBITRBB3+	374.39	9.78	1.51%	4.11%	9.63%
<b>B Segment</b>					
RUCBITRB	293.79	10.80	1.40%	4.07%	-3.54%
RUCBITRB3Y	296.78	10.80	1.41%	4.09%	-3.54%
<b>Municipal indices</b>					
MICEXMBITR	223.05	9.42	-0.20%	1.52%	10.77%
RUMBITR3Y	251.34	9.49	0.30%	2.57%	12.73%
RUMBITRBBB	247.95	9.21	0.20%	2.65%	13.68%
RUMBITRBBB3Y	238.58	9.29	-0.07%	2.28%	11.56%
RUMBITRBBB3+	256.29	9.05	0.53%	3.15%	14.93%
RUMBITRBB	257.32	9.54	0.51%	2.60%	13.18%
RUMBITRBB3Y	261.01	9.56	0.43%	2.67%	13.15%

Aggregate bond index RUABITR (total return) comprised of Government, corporate and municipal bonds traded on Moscow Exchange was up 0.08% in February.

Russian Government Bond Index RGBITR was down 0.02% to 419.10 points. The YTM of securities included in the index was 8.50%. The highest growth among government bond indices, segmented by duration, showed RGBITR3Y that includes government bonds with duration from 1 to 3 years. It grew up by 0.13%.

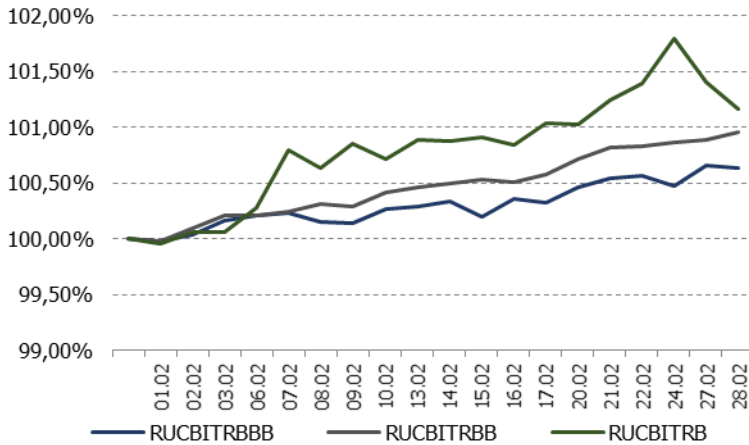
Municipal bond index MICEXMBITR was down 0.20% and equaled 223.05 points. The highest growth among municipal bond indices segmented by duration and credit quality showed RUMBITRBBB3+ that includes bonds with duration from 3 years and credit rating from BBB- to BBB+. It grew up by 0.51% in February.

The MICEX Corporate Bond Index MICEXCBITR total return value was up 0.85% to 322.38 points. The YTM of securities included in the calculation formula was 10.00%.

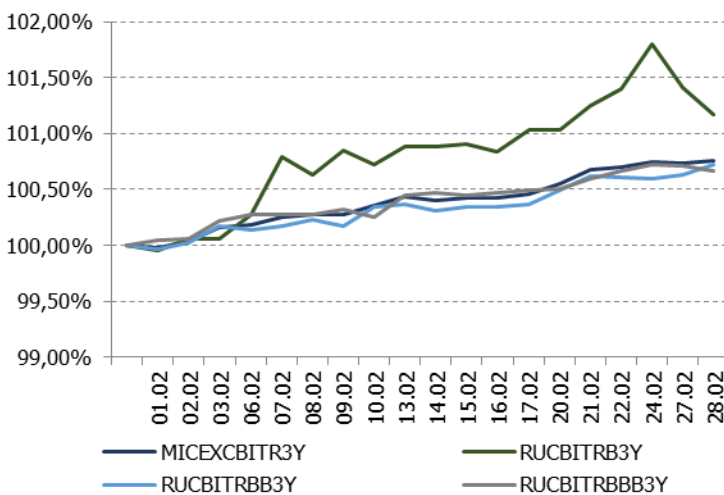


### Debt market

**Bond indices by credit quality**



**Bond indices with duration from 1 to 3 years**



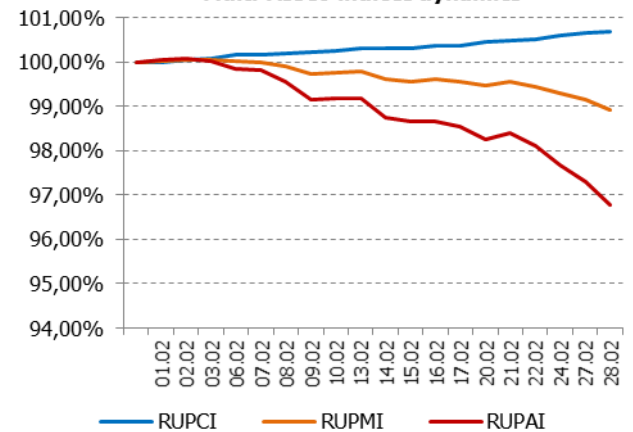
Index	Value	Return over the period. %		
	28.02.2017	Month	Quarter	Year
<b>Pension indices</b>				
Conservate index	2091.11	0.66%	2.71%	10.78%
Moderate index	1866.08	-0.84%	1.94%	11.39%
Aggressive index	1650.41	-2.70%	0.89%	12.16%

Index	Value	Return over the period. %		
	28.02.2017	Month	Quarter	Year
<b>Bond Repo rate Indicator</b>				
MOEXREPO	10.17	-6	1	-79
MOEXREPOE	10.34	-3	-7	-70
MOEXREPOEQ	10.37	0	3	-84
MOEXREPOEQE	10.28	-4	-4	-90

High credit quality corporate bond index RUCBITRBBB was up 0.66%. «BB segment» bond index RUCBITRBB was up 0.88%.

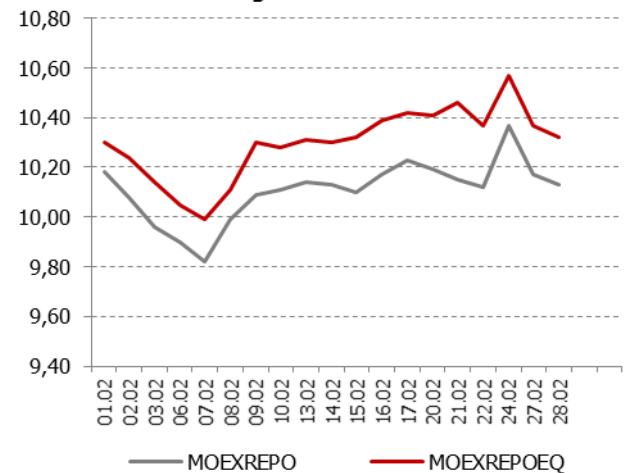
The highest yield to maturity (YTM) on 02/28/2017 showed RUCBITRB index. It was 10.80%.

**Multi-Asset indices dynamics**



A conservative multi-asset investment strategy tracking RUPCI index could have resulted in 0.66% gain. The aggressive investment strategy could have brought a loss of 2.70%. Moderate Pension index was down 0.84%.

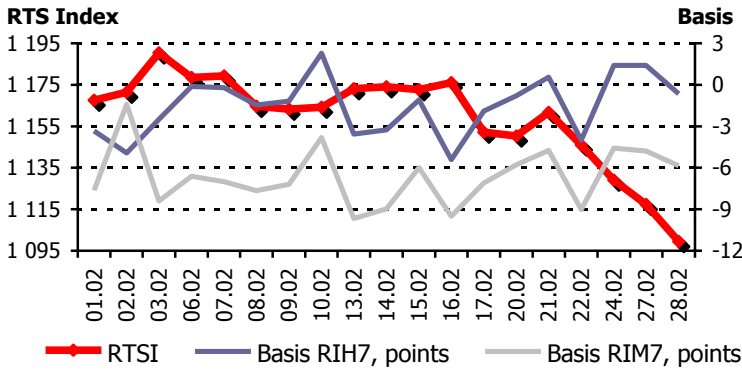
**Overnight REPO Rates indicators**



The bond repo rate indicator MOEXREPO was down 6 bps (from 10.23% to 10.17%).

The equity repo rate indicator MOEXREPOEQ was 10.37%.

## Index Derivatives



The total trading volume in index futures and options on Moscow Exchange's Derivatives Market in February 2017 was RUB 1,840.87 bln, or 14.32 mln contracts.

Last month's trading volume in RTS Index futures, which is one of the most liquid contract on FORTS, was RUB 1,420.74 bln, or 10.46 mln contracts.

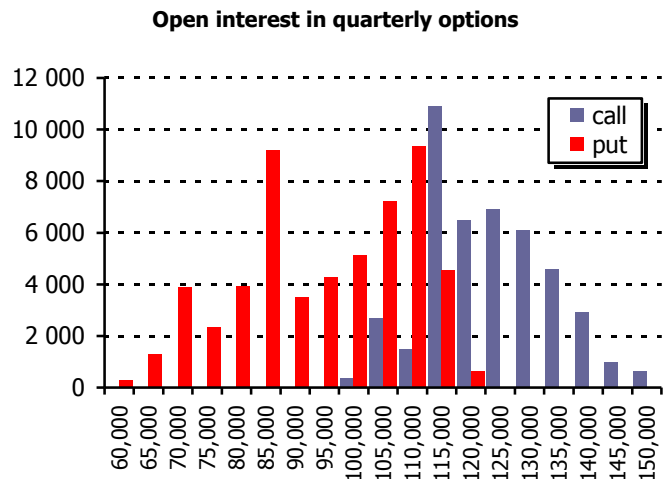
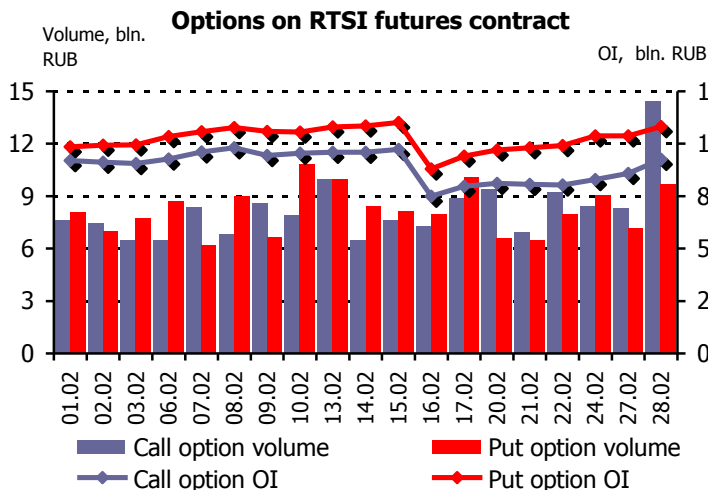
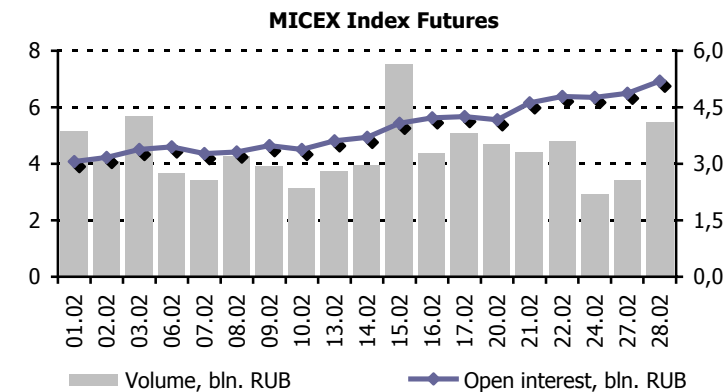
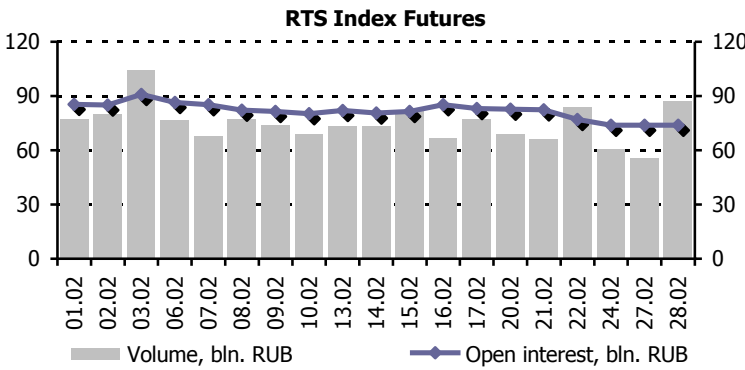
The RTS Index futures contract traded in backwardation last month. The RTS Index fell 5.56% MoM, while the March and the June futures were down a respective 5.71% and 5.72%.

Open interest in RTS Index futures decreased 10.30%.

Turnover in MICEX Index futures was RUB 83.75 bln, or 386.29 thousand contracts. Open interest in MICEX Index futures increased 74.47%.

The trading volume in options on RTS Index futures totaled RUB 312.73 bln, or 2.37 mln contracts. Open interest was RUB 224.83 bln, or 1.91 mln contracts. Puts made up 53.91% of the total open interest. The 115,000 strike calls and 110,000 strike puts had the highest open interest.

The open interest in options on RTS index futures rose 11.19%.





**Moscow Exchanges Indices** are key indicators of the Russian organized securities and derivatives market. Moscow Exchange Indices responds with the Principles for Financial Benchmarks (the IOSCO Principles), published by the International Organization of Securities Commissions (IOSCO) in July 2013. The compliance was confirmed by the Ernst & Young company during the audit.

**The MICEX and RTS Indices** are Russian stock market composite indices that include the 50 most liquid stocks of the largest and most dynamically developing Russian issuers. The MICEX Index is calculated based on the stock prices denominated in RUB. The RTS Index is calculated based on the stock prices denominated in USD.

**Sectoral indices** are capitalisation weighted indices calculated based on prices of the most liquid local sector shares. Moscow Exchange has indices for nine sectors:

- MICEX O&G (RTSog) comprises stocks of oil & gas companies.
- MICEX PWR (RTSeu) comprises stocks of utilities companies.
- MICEX TLC (RTStl) comprises stocks of telecoms companies.
- MICEX M&M (RTSmm) comprises stocks of metals & mining companies.
- MICEX MNF (RTSin) comprises stocks of manufacturing companies.
- MICEX FNL (RTSfn) comprises stocks of banks and financial companies.
- MICEX CGS (RTScr) comprises stocks of consumer & retail companies.
- MICEX CHM (RTSch) comprises stocks of chemicals companies.
- MICEX TRN (RTStn) - comprises stocks of transport companies.

Values of the sectoral indices are presented in RUB and USD. MICEX sectoral indices' historical values provide historical values for rouble denominated indices, while the RTS indices' historical values provide them for dollar-denominated indices.

**The MICEX Blue Chip Index** is an indicator that tracks blue chips' performances. It is calculated from rouble denominated prices and bids for the 15 most liquid Russian stocks.

**The MICEX10** is an unweighted price index calculated as the average of price fluctuations of 10 most liquid stocks admitted to trading on the exchange. The index tracks the increase in the value of a portfolio comprising 10 stocks with the same initial weights.

**The Second-Tier Index** is an indicator that tracks the performance of stocks issued by small and mid cap companies. The index includes 50 securities with free floats ranked by market cap behind the stocks in the MICEX Index and RTS Index's unified constituent list. The Index is calculated based on USD and RUB denominated stock prices.

**The Broad Market Index** includes the top 100 shares by liquidity, market cap, and the proportion of shares in free float. The Index's list of securities is used as the basis for the constituent list of other Moscow Exchange indices. The top 50 stocks in the Broad Market Index list are used to calculate the MICEX Index and RTS Index, and the bottom 50 to calculate the Second Tier Index. Sectoral indices baskets comprise relevant names in the Broad Market Index.

**The MICEX Innovation Index** is a capitalization weighted price index comprising Russian stocks traded on the Innovations and Investments Market.

**Regional Indices** are equity indices designed to include stocks admitted to trading on Moscow Exchange, selected based on liquidity and capitalization, with issuers operating primarily in a specific region of Russia. Information on the MICEX Siberia Index, comprising stocks of companies from the Siberian federal district, is currently available.

**Moscow Exchange SMID Indices** are free float-adjusted cap-weighted composite indices calculated based on the prices of the small and medium capitalization stocks listed in Russia.

**The Russian Volatility Index** is an aggregated indicator which reflects the average value of implied volatility of options on RTS Index futures. The Black Scholes model is used to calculate the index's values.

**The Bond Indices** are Corporate, Government and Municipal Bond Indices segmented by bonds duration and credit quality. The Bond Indices are calculated concurrently by total return and clean price methods. In addition, duration and YTM are calculated based on the index constituent lists.

**The repo rate indicators** are calculated to evaluate Russian organized repo market conditions. They are calculated separately for the stock and bond repo markets. Trades in shares in the MICEX Index and in bonds included on the CBR's Lombard list are used to calculate the indicators. There are overnight, one-week, and two-week repo rate indicators.

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# RUSSIAN EQUITY AND BOND INDICES

## February 2017

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This report includes forward-looking statements. All statements other than statements of historical fact included in this report, including, without limitation, those regarding our financial position, business strategy, management plans and objectives for future operations are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance, achievements or industry results to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we expect to operate in the future. Important factors that could cause our actual results, performance, achievements or industry results to differ materially from those in the forward-looking statements include, among other factors:

- Perception of market services offered by the Company and its subsidiaries
- Volatility (a) of the Russian economy and the securities market and (b) sectors with a high level of competition that the Company and its subsidiaries operate
- Changes in (a) domestic and international legislation and tax regulation and (b) state policies related to financial markets and securities markets
- Competition increase from new players on the Russian market
- The ability to keep pace with rapid changes in science and technology environment, including the ability to use advanced features that are popular with the Company's and its subsidiaries' customers
- The ability to maintain continuity of the process of introduction of new competitive products and services, while keeping the competitiveness
- The ability to attract new customers on the domestic market and in foreign jurisdictions
- The ability to increase the offer of products in foreign jurisdictions

Forward-looking statements speak only as of the date of this report and we expressly disclaim any obligation or undertaking to release any update of, or revisions to, any forward-looking statements in this report as a result of any change in our expectations or any change in events, conditions or circumstances on which these forward-looking statements are based.