

Bond Market Insight

MoF satisfies all bidders

Comment on government bond placement

WEDNESDAY, 23 APRIL 2025

At yesterday's primary auction, the MoF accepted all bids.

Demand for 14-month military bills sharply rose, probably because they were the only military paper offered at the primary bond auction. The MoF received 27 bids for UAH2.8bn and accepted them without changes in interest rates.

1.8-year regular bills saw the usual demand, slightly above UAH1bn with rates ranging within 17-17.1%. Therefore, the MoF accepted all bids.

Table 1. Details of domestic government bonds placed at the auction (UAHbn)

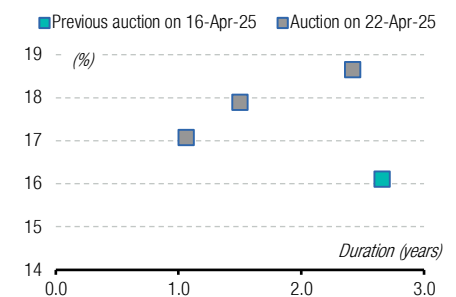
ISIN	Coupon rate (%)	Payment frequency ¹	Maturity	Qty of bonds sold	Price (UAH)	Proceeds ² (UAHm)	Volume ² (UAHm)	YTM ³ (%)	Outstanding (m) ⁴
UA4000234215	15.10	SA	24-Jun-26	2,824,888	1,035.83	2,926.11	2,824.89	17.07	19,939.43
UA4000234413	16.61	SA	13-Jan-27	1,027,440	1,036.79	1,065.24	1,027.44	17.88	5,402.19
UA4000235196	17.80	SA	12-Apr-28	5,000,000	1,003.29	5,016.45	5,000.00	18.65	7,800.07
Total UAH				8,852,328		9,007.81	8,852.33		33,141.68

Note: [1] payment frequency abbreviations: M - monthly, Qtly - quarterly, SA - semi-annually, @Mty - at maturity date; [2] proceeds and volumes for the USD-denominated bonds are calculated based on the previous day's exchange rate 41.55/USD, 45.32/EUR; [3] yields on coupon-bearing bonds are effective yields to maturity. Sources: Ministry of Finance of Ukraine, Bloomberg, ICU.

Just a three-year note was oversubscribed. Bids were within 17.7-17.8%, and the MoF accepted all of them.

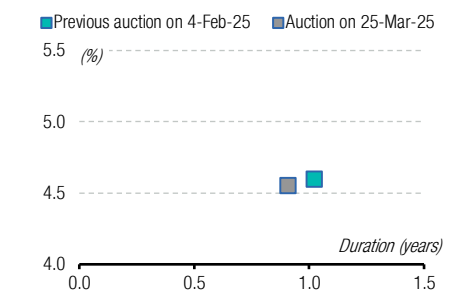
Finally, the state budget received UAH9bn. We don't expect that interest rates will see material changes soon.

UAH-denominated domestic gov't bonds: yield curve in past two auctions



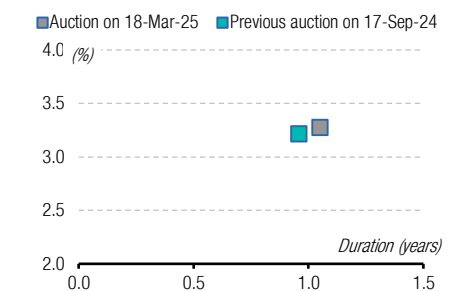
Source: Ministry of Finance of Ukraine, ICU.

USD-denominated domestic gov't bonds: yield curve in past two auctions



Source: Ministry of Finance of Ukraine, ICU.

EUR-denominated domestic gov't bonds: yield curve in past two auctions

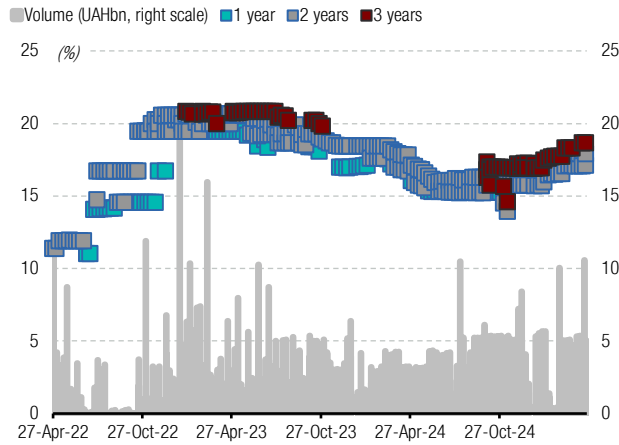


Source: Ministry of Finance of Ukraine, ICU.

Appendix: Yields-to-maturity, repayments

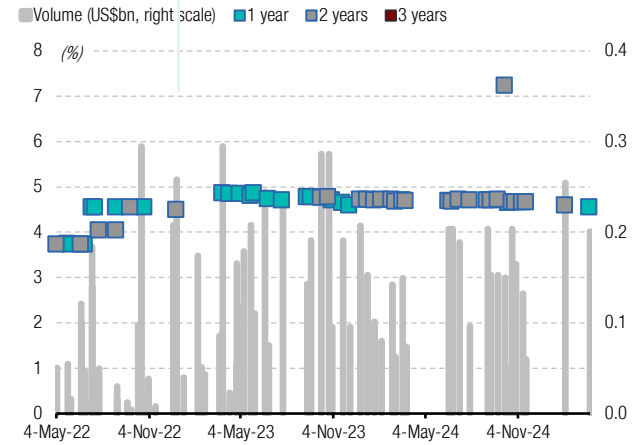
Chart 1. Three-year history of domestic government bond placements at primary market: proceeds (in billions) and yields-to-maturity (%)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

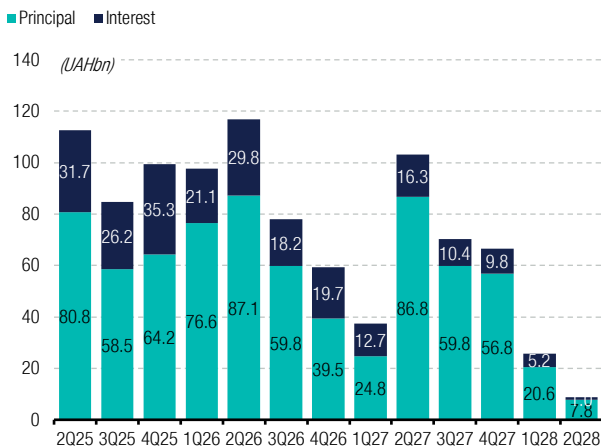
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

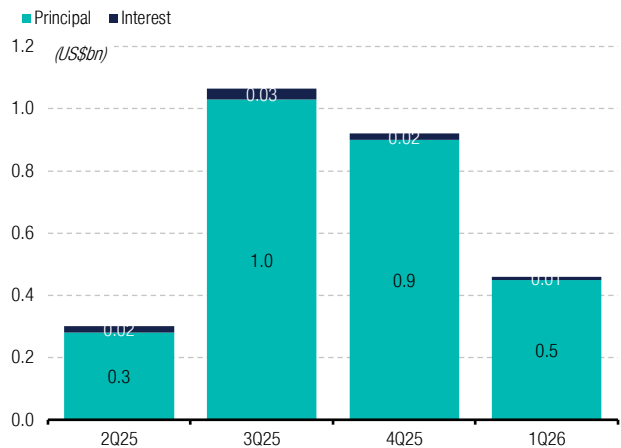
Chart 2. Future repayments on domestic government bonds (in billions of currency)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

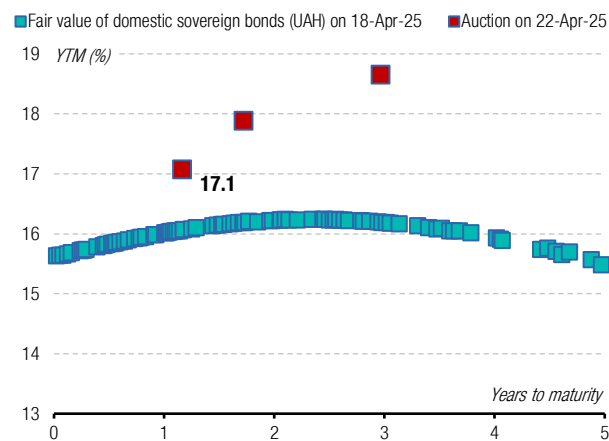
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

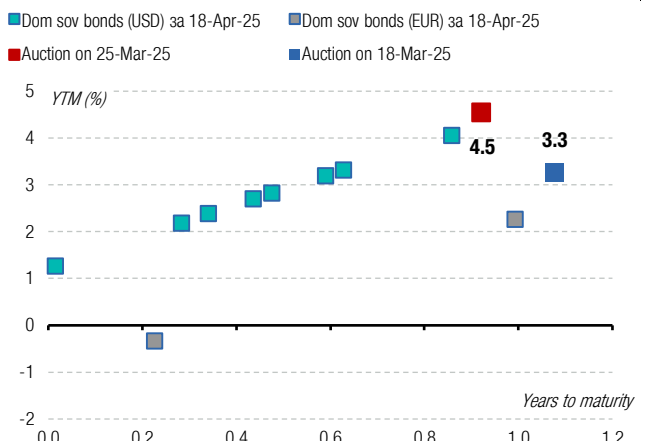
Chart 3. YTM of domestic government bonds as calculated by NBU versus placements via primary market auctions

UAH-denominated domestic government bonds



Source: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

USD- and EUR-denominated domestic government bonds



Source: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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