

# Bond Market Insight

## Situational increase in demand

### Comment on government bond placement

WEDNESDAY, 11 JUNE 2025

Yesterday, the Ministry of Finance raised more than UAH9bn for the state budget, which was approximately equally distributed between the three instruments offered at the auction.

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

ISIN	Coupon rate (%)	Payment frequency <sup>1</sup>	Maturity	Qty of bonds sold	Price (UAH)	Proceeds <sup>2</sup> (UAHm)	Volume <sup>2</sup> (UAHm)	YTM <sup>3</sup> (%)	Outstanding (m) <sup>4</sup>
UA4000235865	16.35	SA	16-Sep-26	3,139,032	1,036.94	3,255.00	3,139.03	17.07	3,139.03
UA4000234413	16.61	SA	13-Jan-27	3,149,507	1,059.91	3,338.19	3,149.51	17.89	11,918.11
UA4000235782	17.80	SA	29-Nov-28	2,672,777	1,003.29	2,681.58	2,672.78	18.65	5,611.99
<b>Total UAH</b>				<b>8,961,316</b>		<b>9,274.77</b>	<b>8,961.32</b>		<b>20,669.13</b>

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 41.53/USD, 46.99/EUR; [3] yields on coupon-bearing bonds are effective yields to maturity. Sources: Ministry of Finance of Ukraine, Bloomberg, ICU.

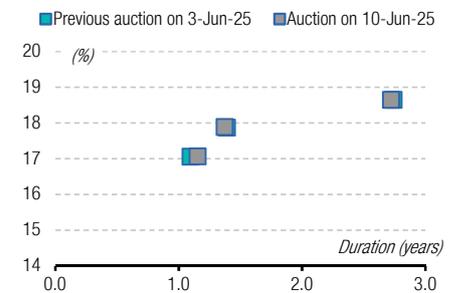
New military bills received 49 bids, the largest number of bids yesterday, for more than UAH3.1bn in par value. Despite these government bonds being offered by the MoF for the first time, the auction participants evaluated them as equivalent to the previous one, which had a maturity a month earlier. Therefore, all bids had rates from 16.3% to 16.35% and were satisfied. The cut-off and weighted average rates did not see any material changes.

The 19-month paper, which the Ministry of Finance has been offering since February, collected more than UAH3bn in applications for the first time. However, only four bids were received, so someone with many funds could join the participants. Since the bid yields remained the same, the MoF satisfied all of them.

The volume of bids for the 3.5-year bond slid compared with last week, but this time, there were no more investors looking to receive higher yields. Therefore, all applications were satisfied in full at a rate of 17.8%.

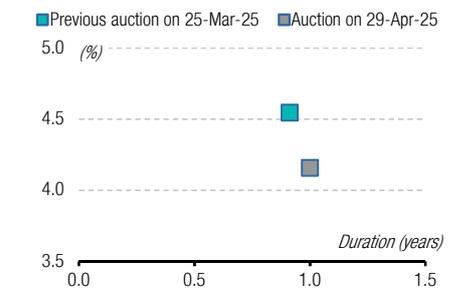
The total volume of borrowings increased due to the 19-month securities, in which one or two large buyers showed interest. Given the considerable fragmentation of the government bond market with a concentration of interest in the shortest and longest instruments, this could have been demand from large banks or corporate clients interested in just such a maturity. So next week, we may again see lower demand for government bonds maturing in January 2027 and, accordingly, smaller budget proceeds.

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



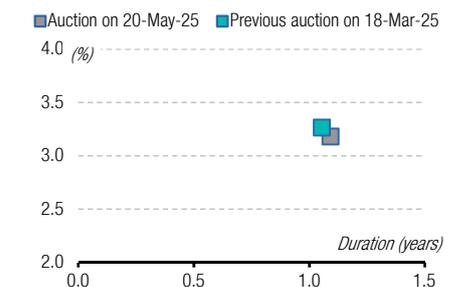
Source: Ministry of Finance of Ukraine, ICU.

### 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



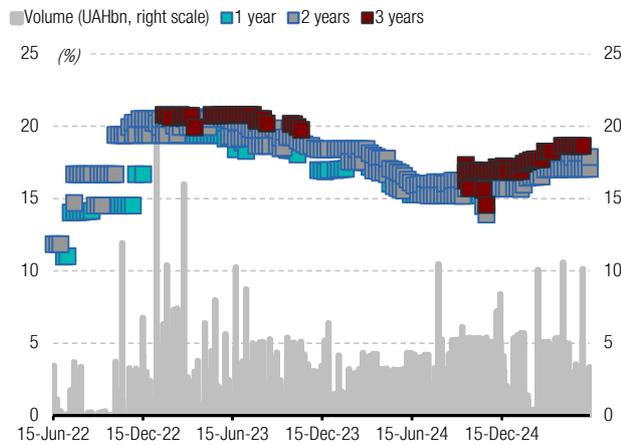
Source: Ministry of Finance of Ukraine, ICU.

**THE NEXT BOND AUCTION REVIEW IS SCHEDULED FOR JUNE 25, 2025.**

# Appendix: Yields-to-maturity, repayments

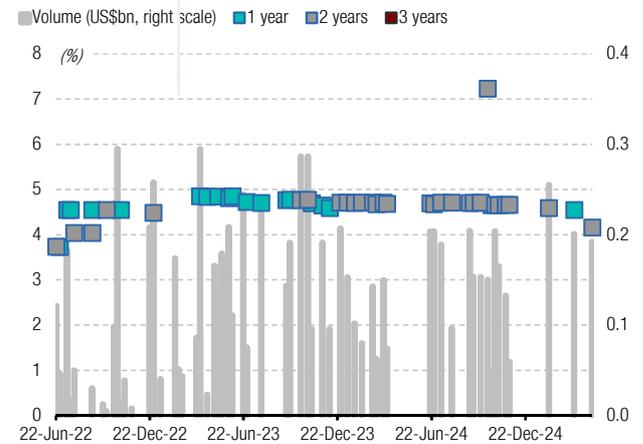
**Chart 1. Three-year history of domestic government bond placements at primary market: proceeds (in billions) and yields-to-maturity (%)**

*UAH-denominated domestic government bonds*



Source: Ministry of Finance of Ukraine, ICU.

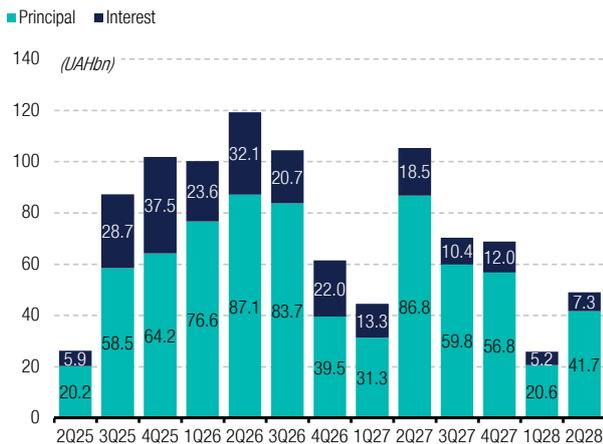
*USD-denominated domestic government bonds*



Source: Ministry of Finance of Ukraine, ICU.

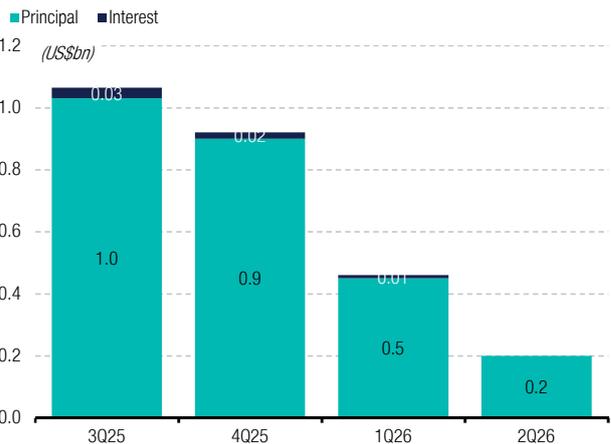
**Chart 2. Future repayments on domestic government bonds (in billions of currency)**

*UAH-denominated domestic government bonds*



Source: Ministry of Finance of Ukraine, ICU.

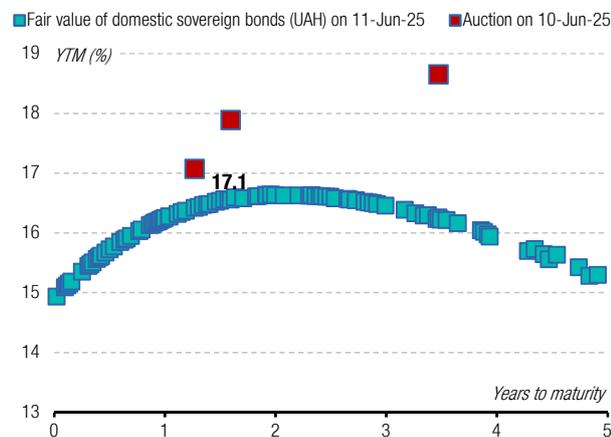
*USD-denominated domestic government bonds*



Source: Ministry of Finance of Ukraine, ICU.

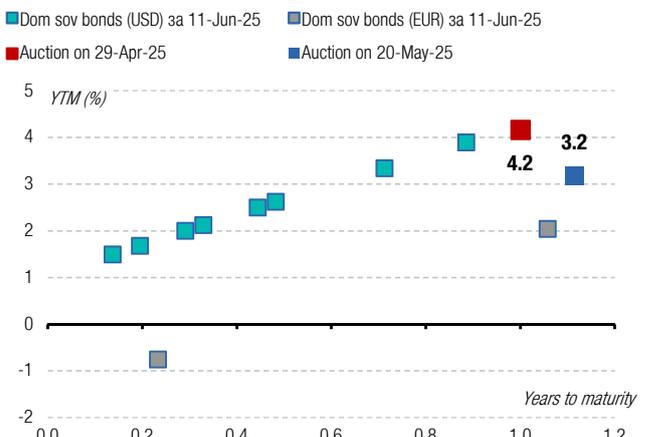
**Chart 3. YTM of domestic government bonds as calculated by NBU versus placements via primary market auctions**

*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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