

# Bond Market Insight

## Investors switch focus to FX bonds

### Comment on government bond placement

Yesterday, the focus of the auction participants shifted to FX-denominated bills, which brought the budget more than half of the funds raised. The shortest military bonds saw the most significant demand among hryvnia bonds.

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

ISIN	Coupon rate (%)	Payment freq <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	4,632,393	1,059.18	4,906.55	4,632.39	17.06	20,540.64
UA4000236228	17.10	SA	10-Mar-27	659,225	1,065.15	702.17	659.23	17.88	5,526.08
UA4000236475	17.77	SA	27-Sep-28	964,480	1,056.55	1,019.03	964.48	18.65	2,969.19
<b>Total UAH</b>				<b>6,256,098</b>		<b>6,627.75</b>	<b>6,256.10</b>		<b>29,035.91</b>
UA4000236541	4.17	SA	4-Feb-27	211,797	1,020.01	9,032.96	8,855.76	4.22	8,855.76
<b>Total USD</b>				<b>211,797</b>		<b>9,032.96</b>	<b>8,855.76</b>		<b>8,855.76</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 41.81/USD, 48.99/EUR; [3] yields on coupon-bearing bonds are effective yields to maturity. Sources: Ministry of Finance of Ukraine, Bloomberg, ICU.

The MoF has not offered USD-denominated bills since April, so accumulated demand was evident in yesterday's auction. This week's redemption may be reinvested in new securities at the next auction or on the secondary market.

The total amount of bids for USD-denominated securities was US\$217m, but seven of them for more than US\$5m have required an increase in rates. The MoF disagreed and left the cut-off and weighted average rates unchanged at 4.25% and 4.17%, respectively.

The budget received most of the hryvnia funds from 14-month military bills without material changes in rates. The Ministry is finishing placing this issue and will most likely offer new bonds with a longer maturity next week, although it is unlikely that they will have a different rate level.

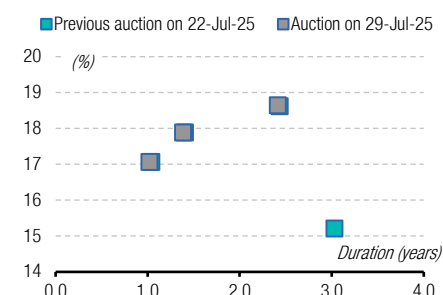
The rates on longer, regular, UAH-denominated bonds have not changed either. However, the demand for these bonds was relatively small: UAH659mn for 20-month securities and almost UAH1bn for three-year securities.

Investors are now interested in FX-denominated securities, which are in a deficit in the bond market, and the Ministry of Finance seeks to reduce its outstanding gradually. At the same time, there is an expectation that interest rates for hryvnia bonds will stay unchanged until the NBU is convinced of the expediency and timeliness of the transition to easing monetary policy by lowering the key policy rate.

READ FIRST THE DISCLOSURES SECTION (ON LAST PAGE) FOR IMPORTANT DISCLOSURES AND ANALYST CERTIFICATION

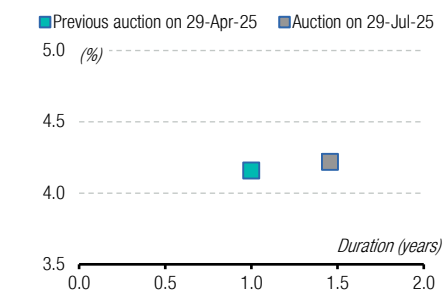
WEDNESDAY, 30 JULY 2025

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



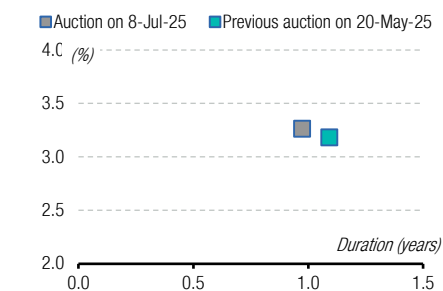
Source: Ministry of Finance of Ukraine, ICU.

### 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

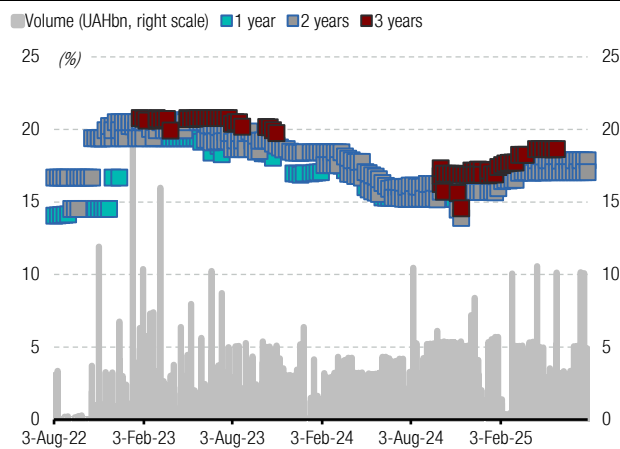


Source: Ministry of Finance of Ukraine, ICU.

# Appendix: Yields-to-maturity, repayments

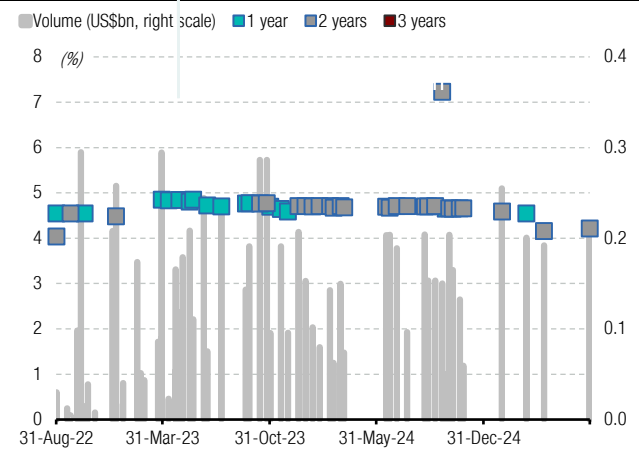
**Chart 1. Three-year history of domestic government bond placements at primary market: proceeds (in billions) and yields-to-maturity (%)**

*UAH-denominated domestic government bonds*



Source: Ministry of Finance of Ukraine, ICU.

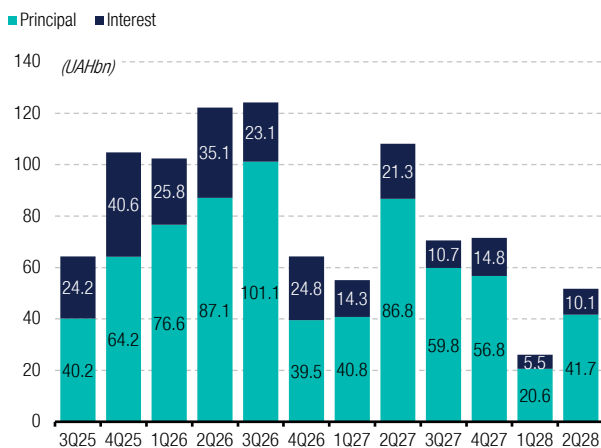
*USD-denominated domestic government bonds*



Source: Ministry of Finance of Ukraine, ICU.

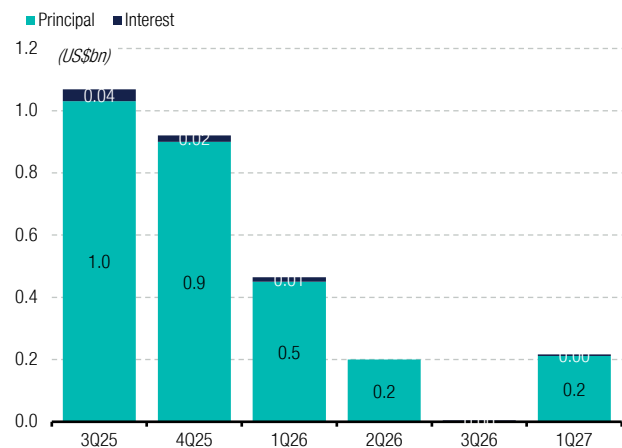
**Chart 2. Future repayments on domestic government bonds (in billions of currency)**

*UAH-denominated domestic government bonds*



Source: Ministry of Finance of Ukraine, ICU.

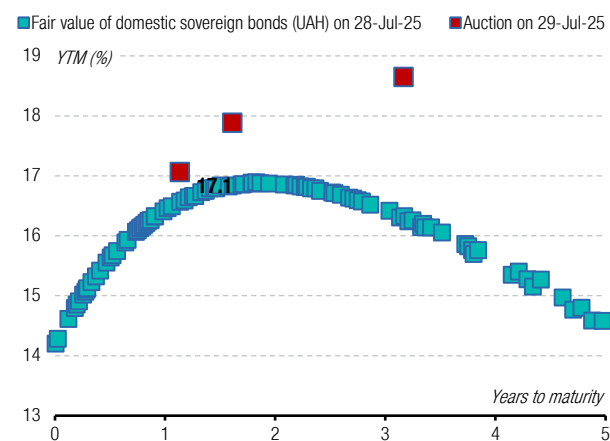
*USD-denominated domestic government bonds*



Source: Ministry of Finance of Ukraine, ICU.

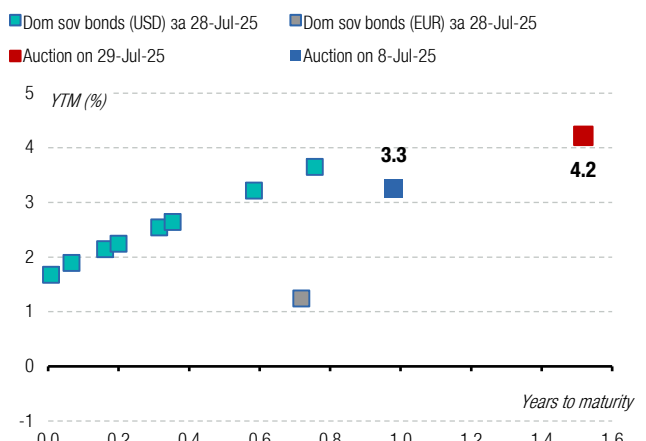
**Chart 3. YTM of domestic government bonds as calculated by NBU versus placements via primary market auctions**

*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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