

Bond Market Insight

MoF continues to outpace NBU

Comment on government bond placement

WEDNESDAY, 4 FEBRUARY 2026

Yesterday, the Ministry of Finance continued to reduce yields on UAH bonds, offering small volumes and encouraging competition among bidders.

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

ISIN	Coupon rate (%)	Pay- ment freq ¹	Maturity	Qty of bonds sold	Price (UAH)	Pro- ceeds ² (UAHm)	Volume ² (UAHm)	YTM ³ (%)	Out- standing (m) ⁴
UA4000238976	15.68	SA	24-Mar-27	2,000,000	1,056.71	2,113.42	2,000.00	16.34	2,000.00
UA4000238968	17.48	SA	7-Mar-29	3,000,000	1,081.40	3,244.20	3,000.00	17.77	7,000.00
Total UAH				5,000,000		5,357.62	5,000.00		9,000.00

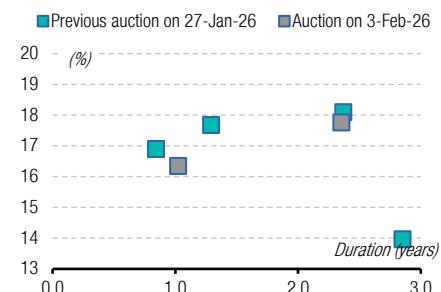
Note: [1] payment frequency abbreviations: M - monthly, Qtly - quarterly, SA - semi-annually, @Mty - at maturity date; [2] proceeds and volumes for the USD-denominated bonds are calculated based on the previous day's exchange rate 42.39/USD, 49.53/EUR; [3] yields on coupon-bearing bonds are effective yields to maturity. Sources: Ministry of Finance of Ukraine, Bloomberg, ICU.

The new "one-year" government bond maturing in March 2027 was almost tenfold oversubscribed: demand amounted to UAH19.4bn vs a cap of UAH2bn, with yields in bids ranging from 15.68% to 16.35%. According to auction rules, the MoF began accepting bids at the lowest rate and did not deviate from it. So, both the cut-off rate and the weighted average (as well as the coupon rate) were set by the MoF at 15.68%. In total, 23 out of 69 bids were satisfied, and most likely all only partially.

The rate cut for the three-year bond also continued. The MoF received almost UAH20.3bn in demand, against an offer of UAH3bn, resulting in nearly 7x oversubscription. The yields in bids ranged from 16.85% to 17.5%. However, here the appetite to compete has already decreased somewhat. In satisfying bids, the MoF reached the 17% cut-off and satisfied 29 bids, setting the weighted average rate at 16.99%, only 1bp lower. So, the MoF could see bids at lower rates in small numbers or small volumes, with minimal impact on the weighted average rate.

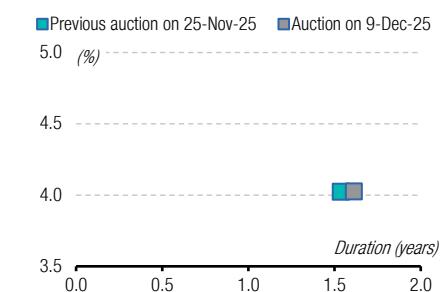
It is quite clear that the small offer and the prospect of an NBU key rate reduction in March or April increased investors' desire to purchase bonds as early as possible and lock in a higher rate. But increased competition continues to push yields down, and ultimately, the decline in rates may exceed the NBU's rate cut.

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



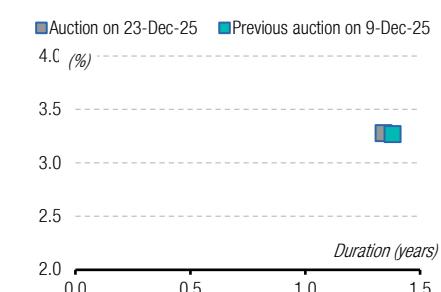
Source: Ministry of Finance of Ukraine, ICU.

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

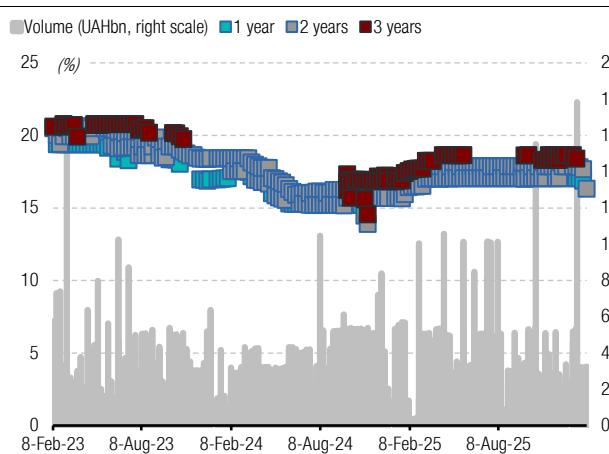


Source: Ministry of Finance of Ukraine, ICU.

Appendix: Yields-to-maturity, repayments

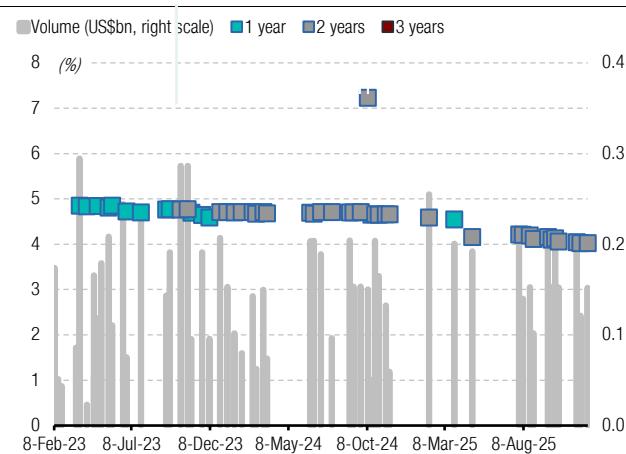
Chart 1. Three-year history of domestic government bond placements at primary market: proceeds (in billions) and yields-to-maturity (%)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

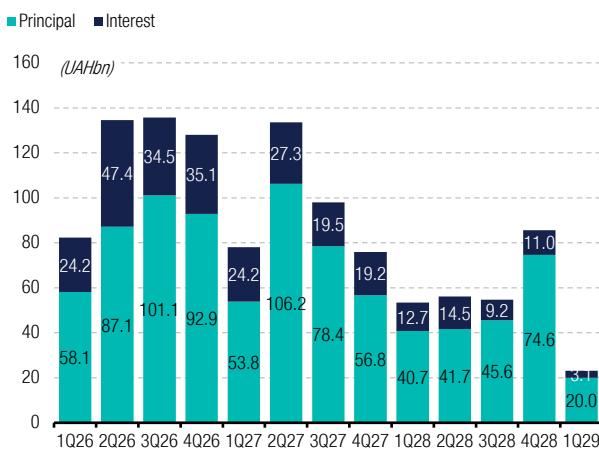
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

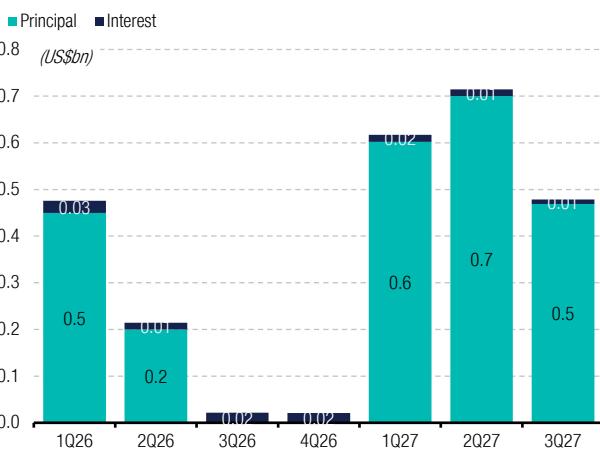
Chart 2. Future repayments on domestic government bonds (in billions of currency)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

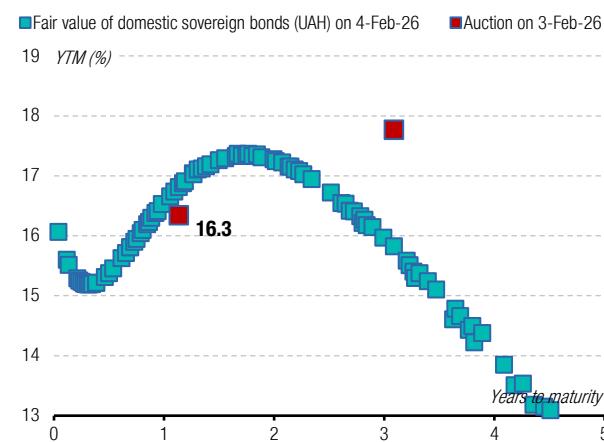
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

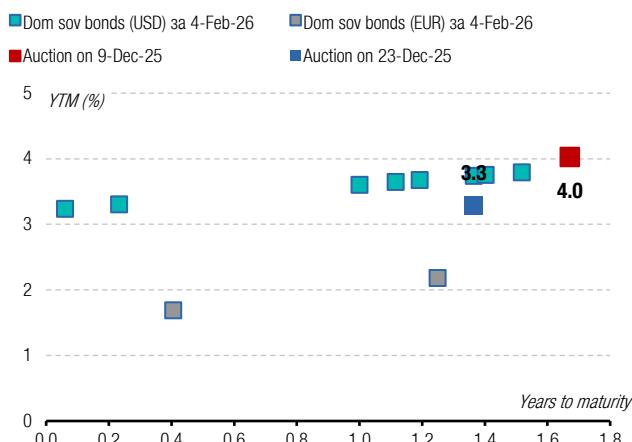
Chart 3. YTMs of domestic government bonds as calculated by NBU versus placements via primary market auctions

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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