

Bond Market Insight

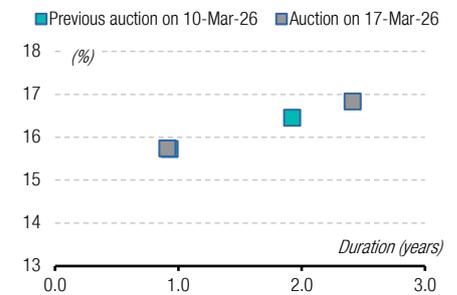
Halt in decline of UAH bond yields

Comment on government bond placement

WEDNESDAY, 18 MARCH 2026

At yesterday's primary auction, yields on one-year bills stopped declining, and yields on three-year securities decreased by only a few basis points.

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



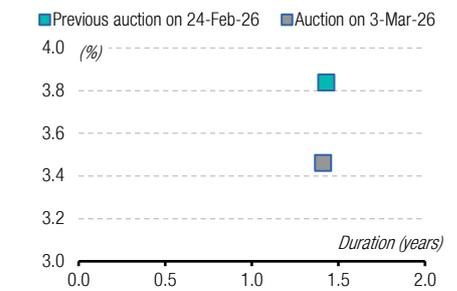
Source: Ministry of Finance of Ukraine, ICU.

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

ISIN	Coupon rate (%)	Payment frequency	Maturity	Qty of bonds sold	Price (UAH)	Proceeds ² (UAHm)	Volume ² (UAHm)	YTM ³ (%)	Outstanding (m) ⁴
UA4000238976	15.68	SA	24-Mar-27	1,301,547	1,080.36	1,406.14	1,301.55	15.74	13,301.55
UA4000238992	16.16	SA	25-Apr-29	2,000,000	1,062.25	2,124.50	2,000.00	16.83	4,000.00
Total UAH				3,301,547		3,530.64	3,301.55		17,301.55

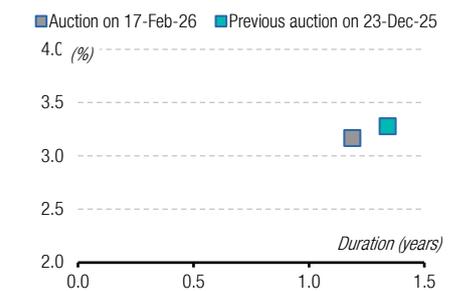
Note: [1] payment frequency abbreviations: M - monthly, Qtly - quarterly, SA - semi-annually, @Mty - at maturity date; [2] proceeds and volumes for the USD-denominated bonds are calculated based on the previous day's exchange rate 43.91/USD, 50.95/EUR; [3] yields on coupon-bearing bonds are effective yields to maturity. Sources: Ministry of Finance of Ukraine, Bloomberg, 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.

Demand for one-year UAH paper was less than UAH2bn for the first time this year, and, accordingly, was less than supply. Yields in bids ranged from 15.0% to 15.2%, and total demand volume was only UAH1.8bn. The MoF refused to accept only one of 33 bids received, for UAH0.5bn at a rate of 15.2%. Therefore, the cut-off rate remained 15.15%, and the weighted average yield increased by 1bp to 15.12%.

At the same time, demand for three-year notes is still significantly higher than supply, despite more than halving from the auction two weeks ago from almost UAH18bn to UAH7bn. Yields in demand were in the 16-16.2% range, but a 3.5 bid-to-cover ratio still allowed the MoF to lower interest rates slightly. The cut-off rate decreased by 5bp to 16.15%, and the weighted average rate slid only 3bp to 16.13%.

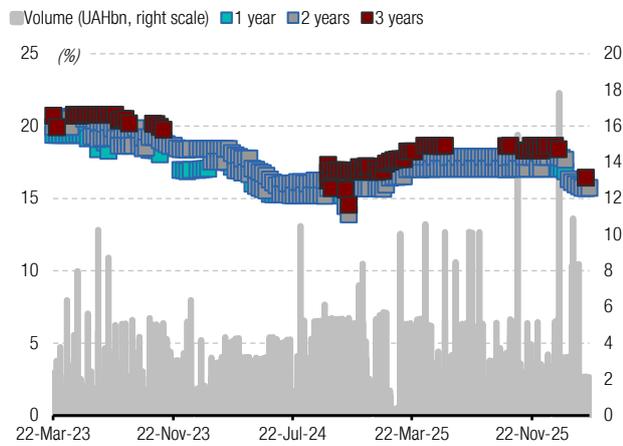
Thus, since the beginning of the year, the yield on one-year securities has decreased by 123bp, and on three-year notes by 167 bp.

Currently, the difference between the minimum and maximum satisfied rates for both instruments has decreased to 15 bp, and it is likely that any further decrease would be very insignificant. That would be especially so in conditions of a significant decrease in bond demand and increased expectations that the NBU's key policy rate will not change soon.

Appendix: Yields-to-maturity, repayments

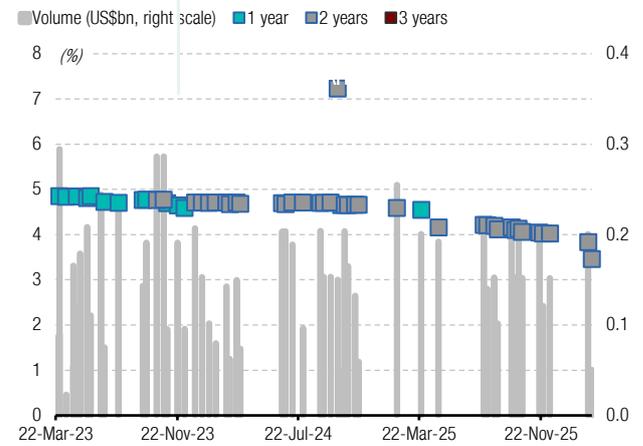
Chart 1. Three-year history of domestic government bond placements at primary market: proceeds (in billions) and yields-to-maturity (%)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

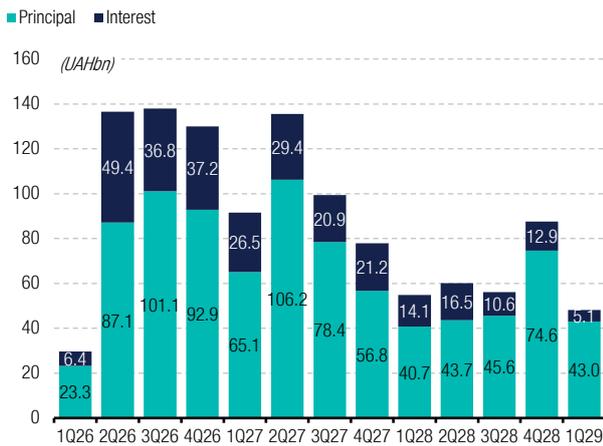
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

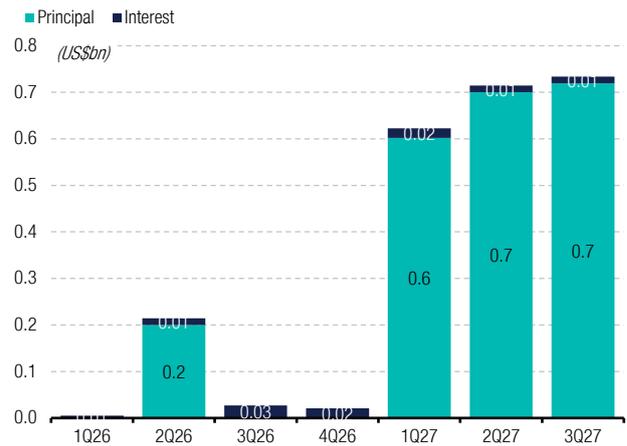
Chart 2. Future repayments on domestic government bonds (in billions of currency)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

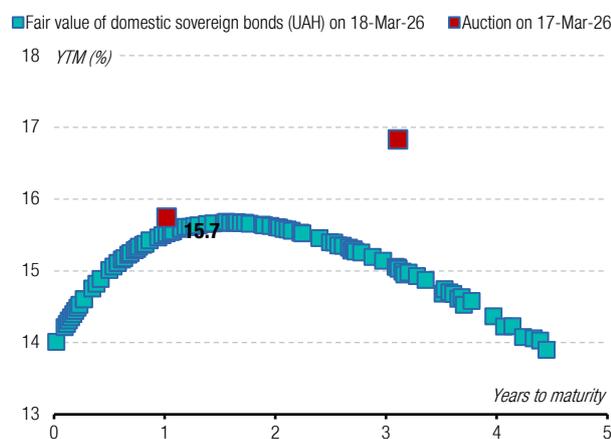
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

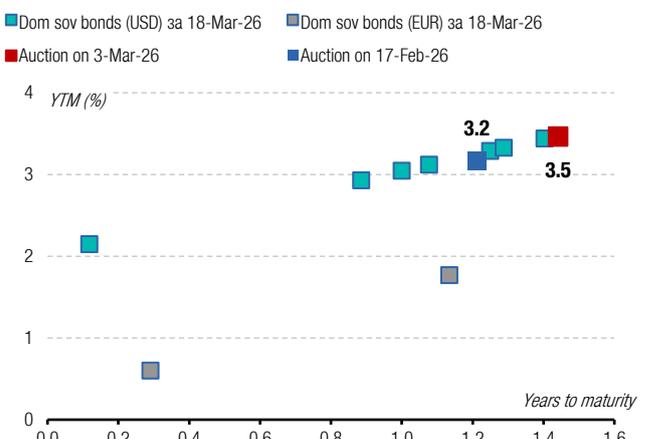
Chart 3. YTM of domestic government bonds as calculated by NBU versus placements via primary market auctions

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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