

Bond Market Insight

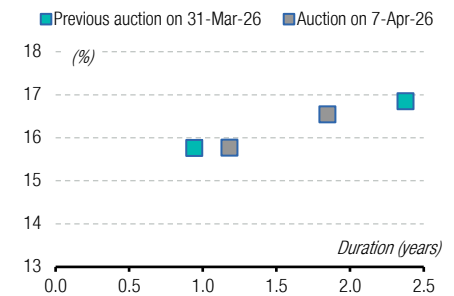
MoF launches new military bond

Comment on government bond placement

WEDNESDAY, 8 APRIL 2026

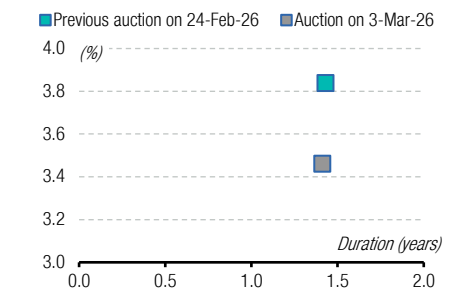
The Ministry of Finance began the 2Q26 with an offering of new military paper. However, it decided not to change the yield and only borrowed less than UAH1.3bn.

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



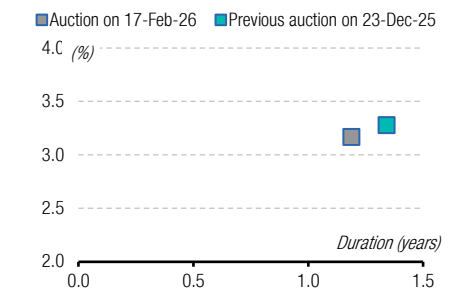
Source: Ministry of Finance of Ukraine, ICU.

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.

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
UA4000239016	15.15	SA	21-Jul-27	585,181	1,031.37	603.54	585.18	15.77	585.18
UA4000239008	15.78	SA	14-Jun-28	626,438	1,046.31	655.45	626.44	16.54	4,626.44
Total UAH				1,211,619		1,258.99	1,211.62		5,211.62

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.

April's debut auction brought the budget a relatively small amount of funds, as the MoF rejected 56% of the demand for new military government bonds. The ministry replaced the bill with maturity at the end of March 2027, with new securities maturing in July 2027. Of course, the bidders wanted to receive at least a small, term premium for the additional four months and submitted several bids with a yield of 15.3%.

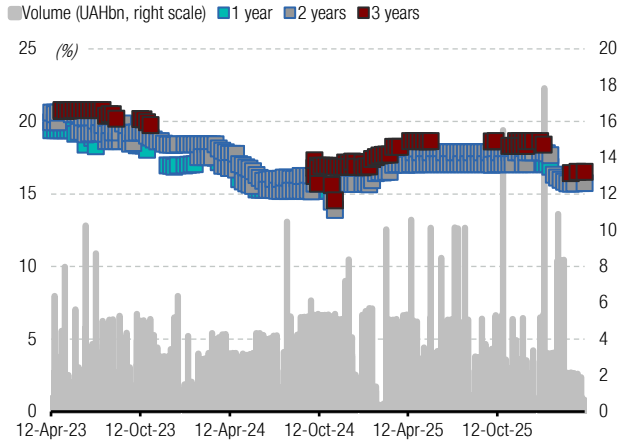
However, the MoF did not agree to a higher yield and satisfied 22 of 26 bids, setting the cut-off rate and weighted average yield at 15.15%, the same as for 12-month bills last week.

Two-year paper received only five bids for UAH0.6bn, which the Ministry of Finance satisfied in full, keeping the cut-off rate unchanged.

Appendix: Yields-to-maturity, repayments

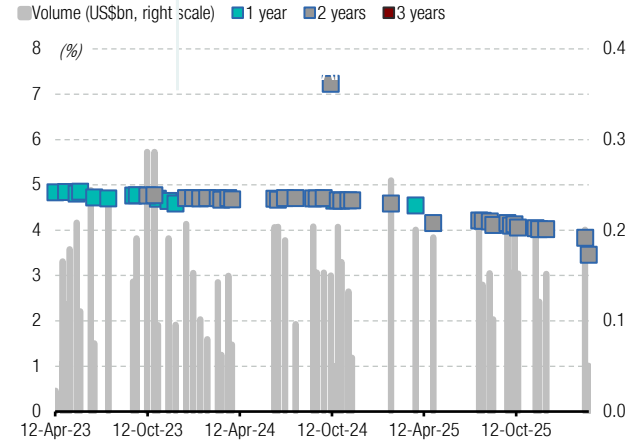
Chart 1. Three-year history of domestic government bond placements at primary market: proceeds (in billions) and yields-to-maturity (%)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

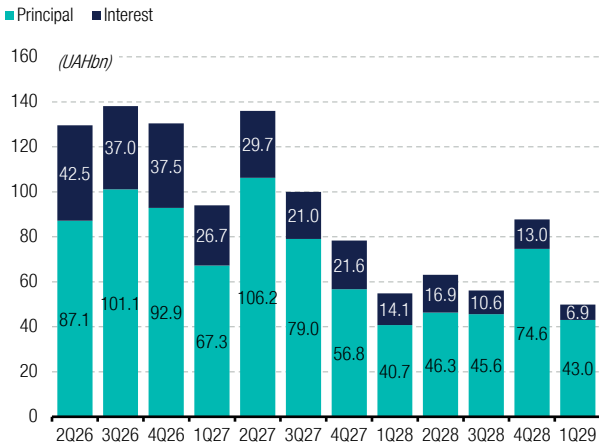
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

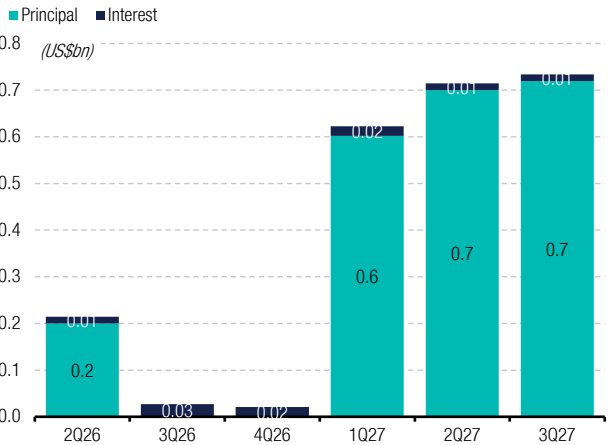
Chart 2. Future repayments on domestic government bonds (in billions of currency)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

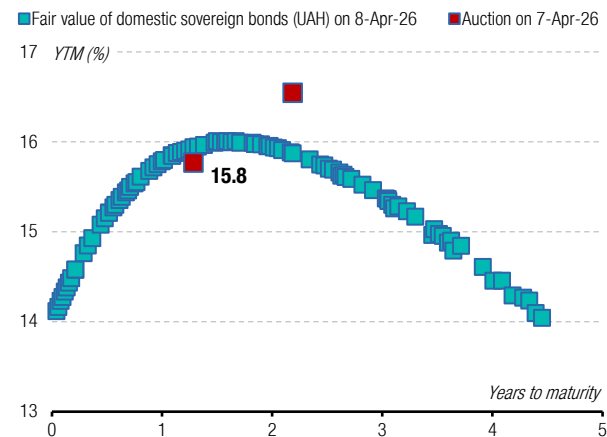
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

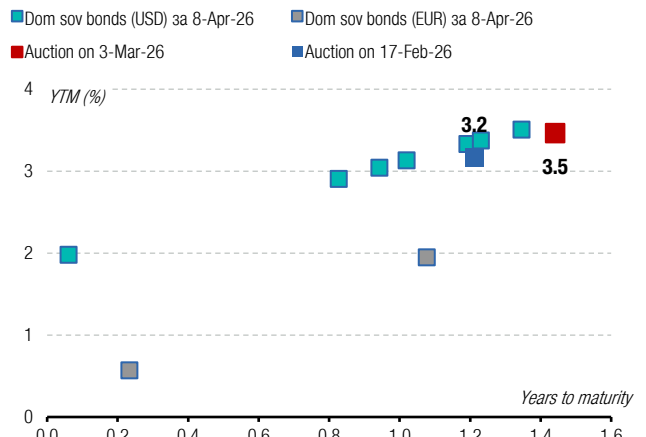
Chart 3. YTM of domestic government bonds as calculated by NBU versus placements via primary market auctions

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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