

Bond Market Insight

MoF now refuses rate hikes

Comment on government bond placement

WEDNESDAY, 13 MAY 2026

The Ministry of Finance rejected almost half of demand at yesterday's auction, refusing a slight increase in the yield on the three-year note.

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

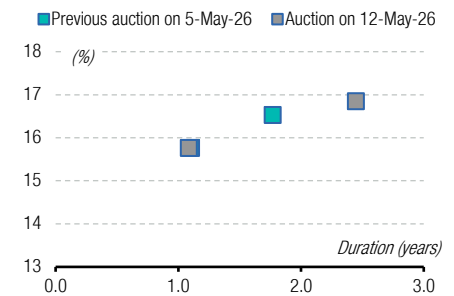
ISIN	Coupon rate (%)	Payment frequency ¹	Maturity	Qty of bonds sold	Price (UAH)	Proceeds ² (UAHm)	Volume ² (UAHm)	YTM ³ (%)	Outstanding (m) ⁴
UA4000239016	15.15	SA	21-Jul-27	289,140	1,046.03	302.45	289.14	15.76	1,772.72
UA4000238992	16.16	SA	25-Apr-29	336,832	1,006.38	338.98	336.83	16.84	6,294.64
Total UAH				625,972		641.43	625.97		8,067.36

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 43.95/USD, 51.44/EUR; [3] yields on coupon-bearing bonds are effective yields to maturity. Sources: Ministry of Finance of Ukraine, Bloomberg, ICU.

Demand for 14-month securities almost halved WoW to UAH289m. Unlike last week, all 24 bids were with rates no higher than 15.15%. Therefore, the cut-off rate and the weighted average yield remained at 15.15% and 15.14%, respectively.

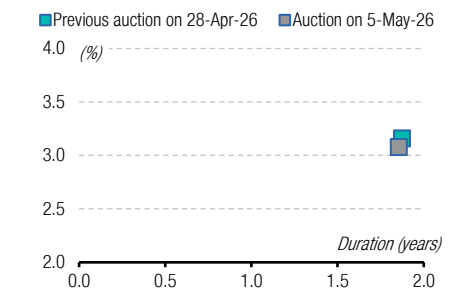
At the same time, interest in bonds maturing at the end of April 2029 increased more than tenfold compared with the auction at the end of April, when the MoF offered this paper last time. However, among 23 bids, one was for UAH500m at a rate of 16.2%, 5bp above the cut-off rate of the previous auction, while most had yields of 16% to 16.15%. The MoF decided to reject the bid requiring an increase in yield and sold only UAH337m of bonds.

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



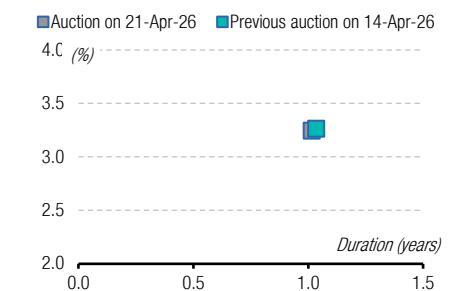
Source: Ministry of Finance of Ukraine, ICU.

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

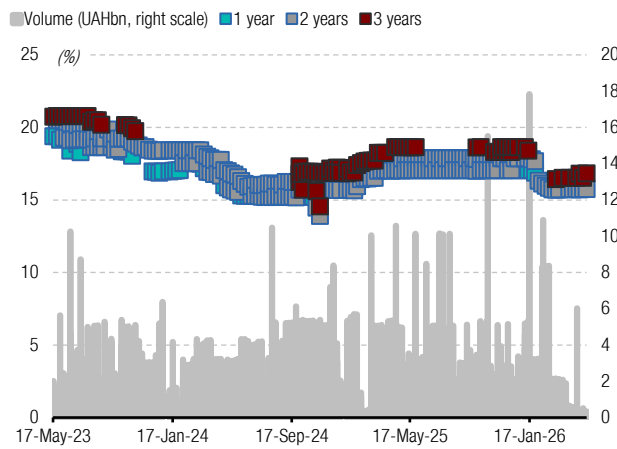


Source: Ministry of Finance of Ukraine, ICU.

Appendix: Yields-to-maturity, repayments

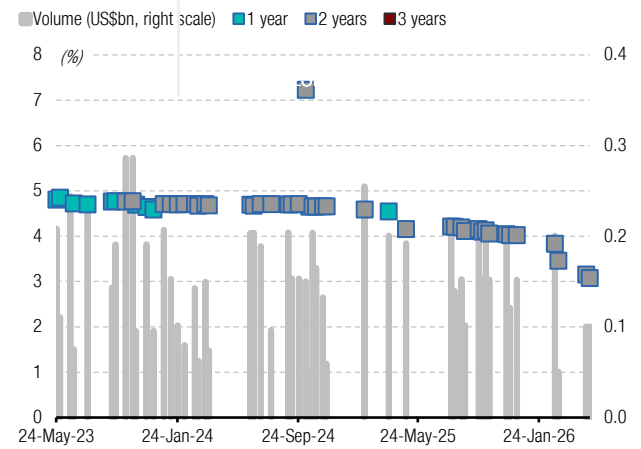
Chart 1. Three-year history of domestic government bond placements at primary market: proceeds (in billions) and yields-to-maturity (%)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

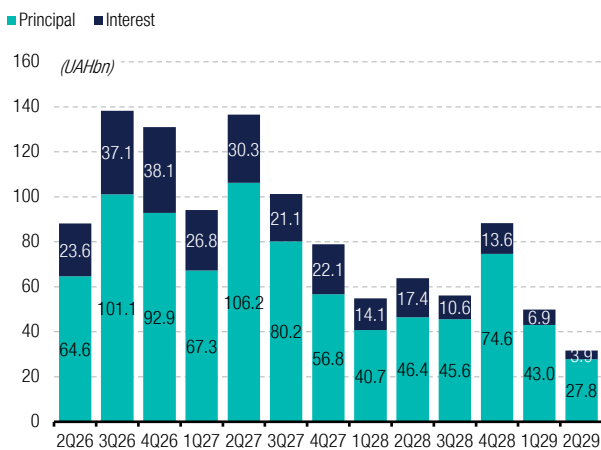
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

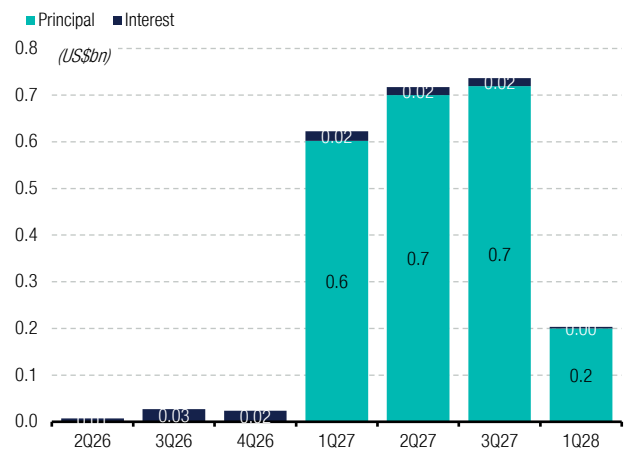
Chart 2. Future repayments on domestic government bonds (in billions of currency)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

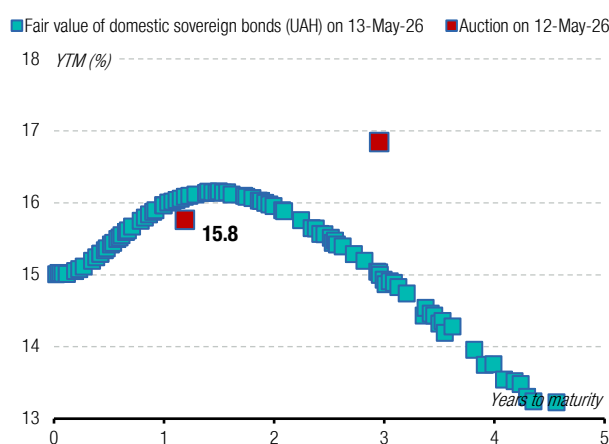
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

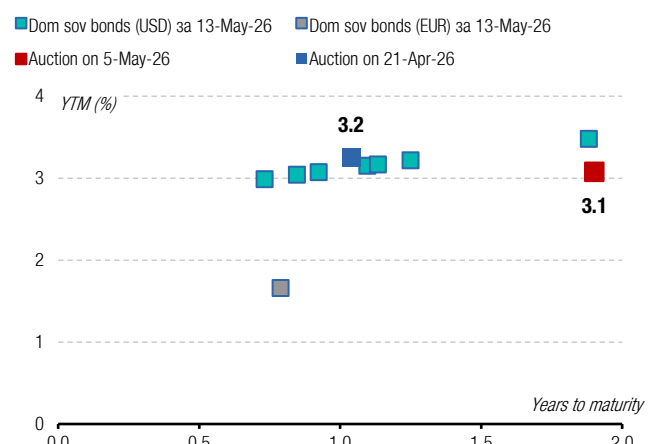
Chart 3. YTM of domestic government bonds as calculated by NBU versus placements via primary market auctions

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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