

Bond Market Insight

MoF increases borrowing

Comment on government bond placement

Yesterday, the Ministry of Finance raised almost UAH4.4bn from UAH bonds, the largest amount in three months.

Back in March, the MoF borrowed several billion hryvnias from UAH bonds, but for most of April and the first two weeks of May, it raised less than UAH1bn per week for the budget at regular auctions. Only yesterday, it raised almost UAH4.4bn, the maximum for all three spring months. Of course, we do not take into account exchange auctions, which mainly attract substantial volumes of demand.

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

ISIN	Coupon rate (%)	Payment freq 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	885,371	1,051.86	931.29	885.37	15.77	2,974.29
UA4000239040	15.85	SA	26-Apr-28	2,000,000	1,011.81	2,023.61	2,000.00	16.53	2,000.00
UA4000238992	16.16	SA	25-Apr-29	1,398,579	1,012.25	1,415.71	1,398.58	16.85	7,693.22
Total UAH				4,283,950	4,370.61	4,283.95			12,667.51

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.

Yesterday, the ministry offered three UAH bonds. The greatest demand was for new paper with almost two-year maturity. Although the other two bonds also received greater demand than in previous weeks. Most likely, the reason for this increase was last week's large redemption, as the need for reinvestment and portfolio reformatting rises.

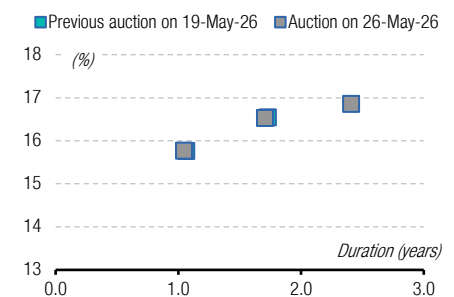
The total volume of bids for 14-month military bills increased almost threefold WoW to UAH 0.9 bn, with no changes in interest rates. Therefore, the Ministry of Finance satisfied all bids without changing the cut-off rate.

Bid-to-cover ratio for the new 1.9-year paper was 2.4. Therefore, out of 31 bids, the MoF satisfied only 26, and some of them partially. The minimum bid rate was 15.8%, and non-competitive demand was small at UAH0.3bn. Therefore, all non-competitive bids were satisfied at the weighted-average rate of 15.85%. The Ministry of Finance set the cut-off rate at the same level because the entire supply volume was exhausted at 15.85%. Bids at 15.85% were partially satisfied, within the remaining supply and in proportion to each bid volume.

The volume of demand for the three-year note almost doubled, reaching UAH1.4bn. The MoF rejected only one bid for UAH50m at a rate of 16.16%, i.e., 1 bp above the auction cut-off rate two weeks ago. The remaining demand was in a three-fold narrower range than two weeks ago, only from 16.1% to 16.15%.

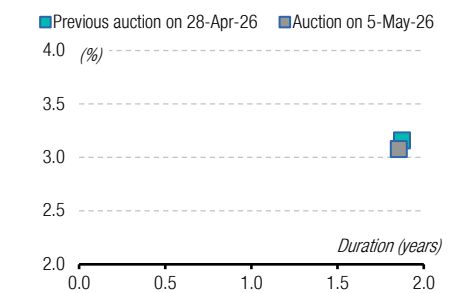
WEDNESDAY, 27 MAY 2026

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



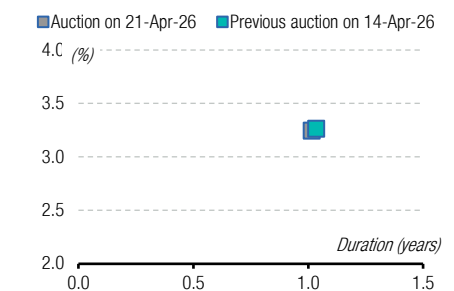
Source: Ministry of Finance of Ukraine, ICU.

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



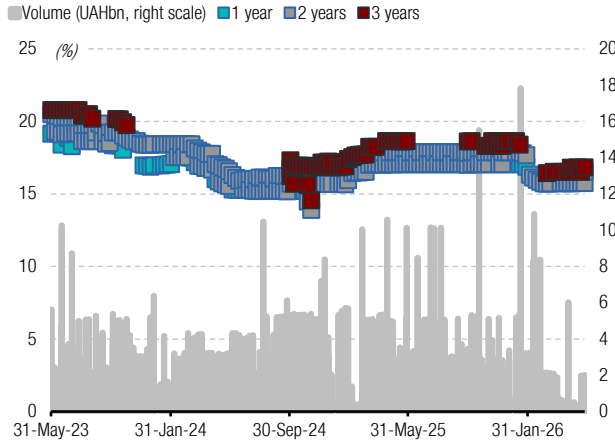
Source: Ministry of Finance of Ukraine, ICU.

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

Appendix: Yields-to-maturity, repayments

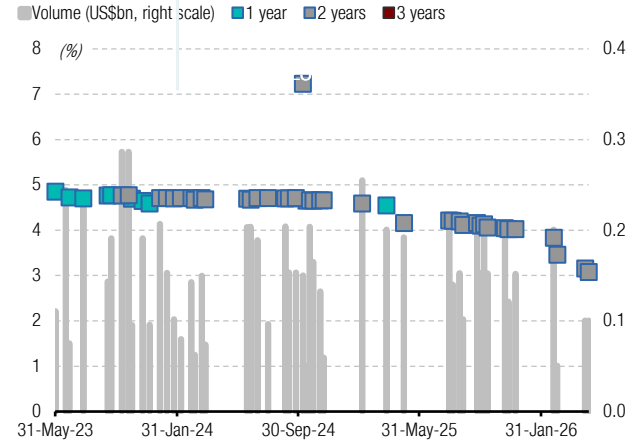
Chart 1. Three-year history of domestic government bond placements at primary market: proceeds (in billions) and yields-to-maturity (%)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

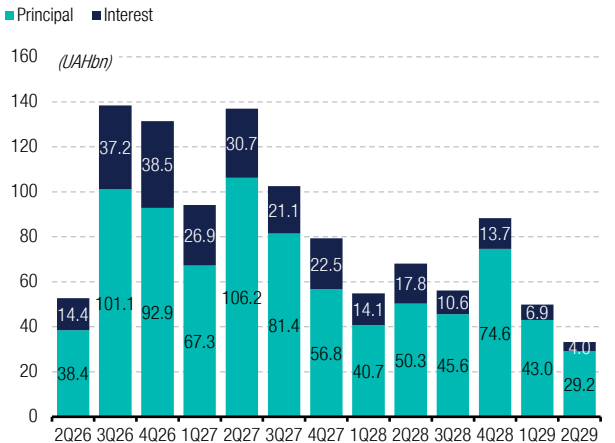
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

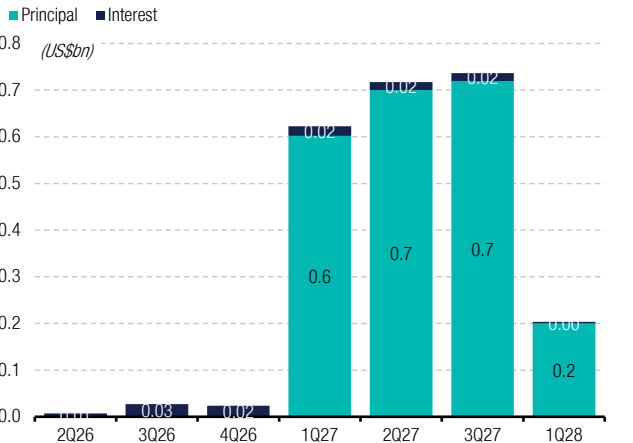
Chart 2. Future repayments on domestic government bonds (in billions of currency)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

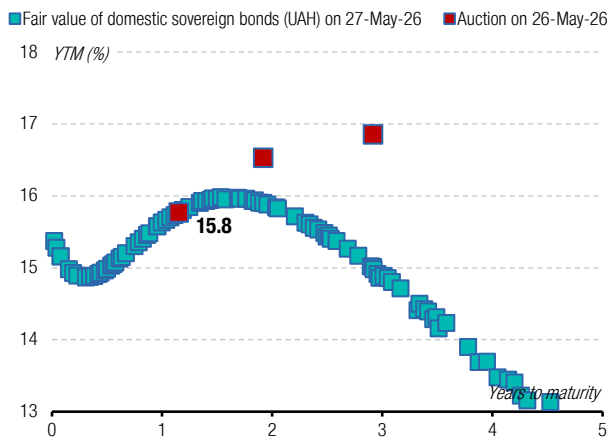
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

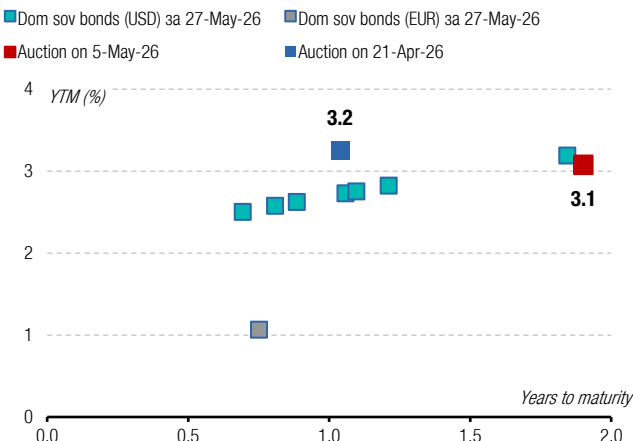
Chart 3. YTM of domestic government bonds as calculated by NBU versus placements via primary market auctions

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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