

Bond Market Insight

Focus on longer maturities

Comment on government bond placement

Yesterday, the Ministry of Finance again offered 1.9-year military paper, and it received the vast majority of demand.

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	1,083,281	1,054.81	1,142.66	1,083.28	15.77	4,057.57
UA4000239040	15.85	SA	26-Apr-28	2,000,000	1,014.93	2,029.87	2,000.00	16.52	4,000.00
Total UAH				3,083,281		3,172.53	3,083.28		8,057.57

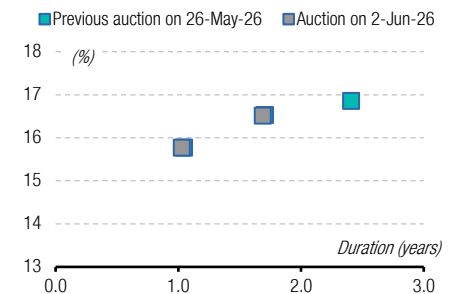
Note: [1] payment frequency abbreviations: M - monthly, Qtly - quarterly, SA - semi-annually, @Mty - at maturity date; [2] proceeds and volumes for the USD-denominated bonds are calculated based on the previous day's exchange rate 43.95/USD, 51.44/EUR; [3] yields on coupon-bearing bonds are effective yields to maturity. Sources: Ministry of Finance of Ukraine, Bloomberg, ICU.

Demand for the 1.4-year military issue rose slightly WoW to UAH1.1bn. Although, unlike the previous auction, one bid was with a slightly higher yield level – 15.18%, but for only UAH5m. So, the MoF satisfied 12 of 13 bids, keeping the cut-off and weighted-average rates unchanged at 15.15%.

At the same time, total demand for two-year military paper declined slightly to UAH4bn. The offer of UAH2bn worth of bonds was exhausted at a yield of 15.84%, so the ministry set the cut-off rate at this level, potentially satisfying some bids partially. The MoF also set the weighted-average rate at 15.84%, at which it satisfied all non-competitive demand.

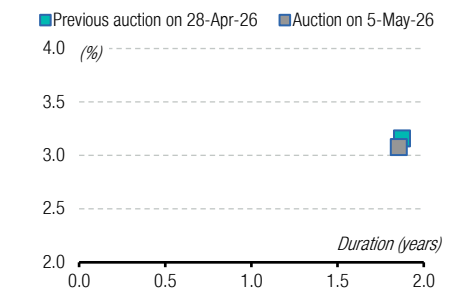
WEDNESDAY, 3 JUNE 2026

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



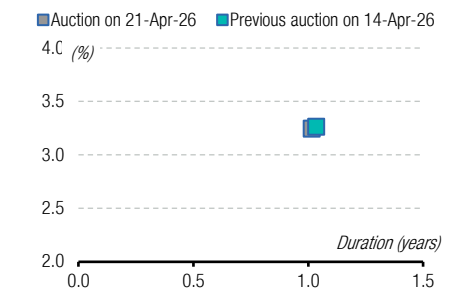
Source: Ministry of Finance of Ukraine, ICU.

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

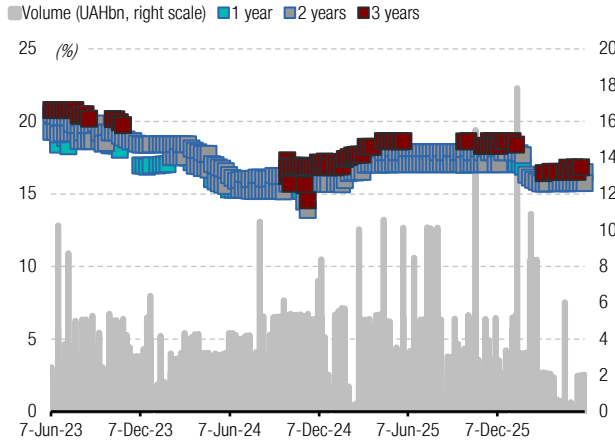


Source: Ministry of Finance of Ukraine, ICU.

Appendix: Yields-to-maturity, repayments

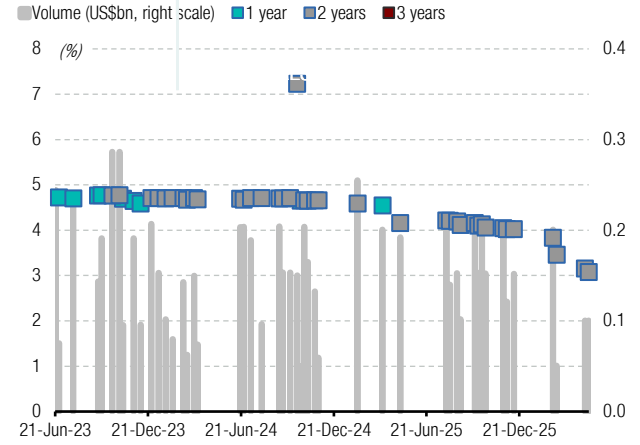
Chart 1. Three-year history of domestic government bond placements at primary market: proceeds (in billions) and yields-to-maturity (%)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

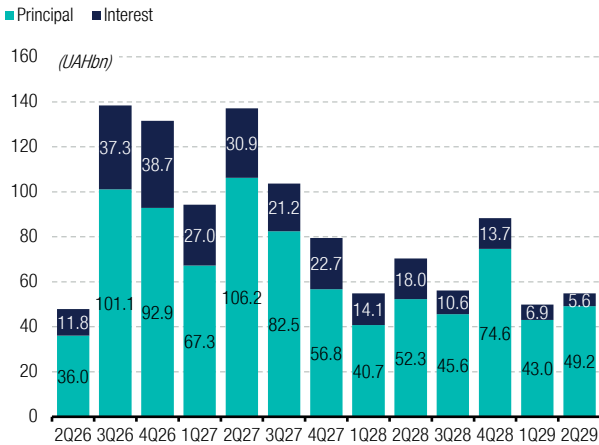
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

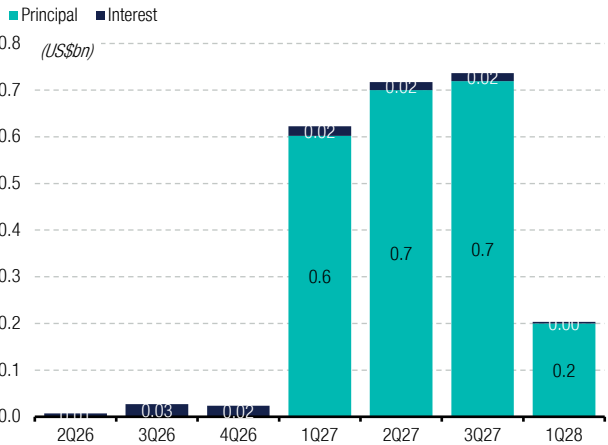
Chart 2. Future repayments on domestic government bonds (in billions of currency)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

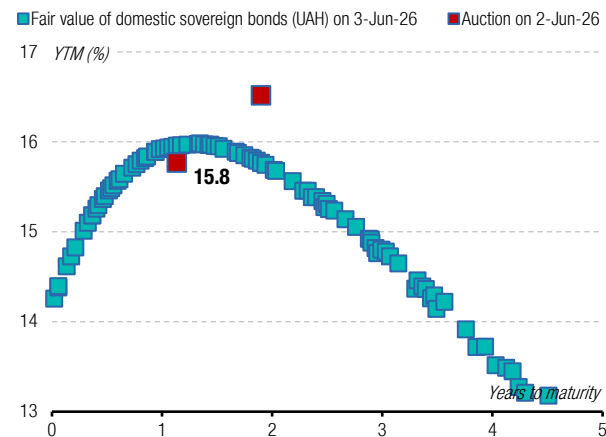
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

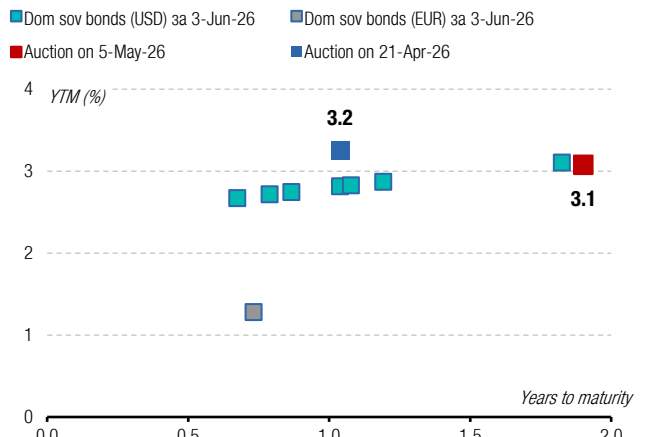
Chart 3. YTM of domestic government bonds as calculated by NBU versus placements via primary market auctions

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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