Focus	Markets	Analyst(s)
Ukraine	**Domestic government bonds**	**Taras Kotovych**

Bond Market Insight

New, even longer bonds

Comment on government bond placement

WEDNESDAY, 29 JULY 2026

Yesterday, the Ministry of Finance placed the usual military bills with maturities of one year and almost two years, and also placed a new note, currently the longest maturity, over 3.5 years.

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

ISIN	Coupon rate (%)	Pay-ment freq[1]	Maturity	Qty of bonds sold	Price (UAH)	Pro-ceeds[2] (UAHm)	Volume[2] (UAHm)	YTM[3] (%)	Out-standing (m)[4]
UA4000239016	15.15	@Mty	21-Jul-27	2,000,000	1,002.97	2,005.94	2,000.00	15.75	17,930.74
UA4000239040	15.85	SA	26-Apr-28	2,000,000	1,044.67	2,089.33	2,000.00	16.11	20,000.00
UA4000239081	16.44	SA	20-Feb-30	5,000,000	1,069.14	5,345.70	5,000.00	17.17	5,000.00
Total UAH				**9,000,000**		**9,440.98**	**9,000.00**		**42,930.74**

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 44.48/USD, 51.04/EUR; [3] yields on coupon-bearing bonds are effective yields to maturity. Sources: Ministry of Finance of Ukraine, Bloomberg, ICU.

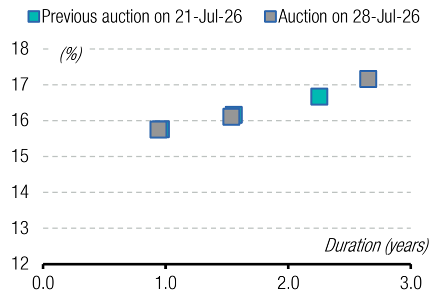
One-year paper again collected bids at a level slightly above supply, with yields no higher than the cut-off rate—which has not changed since March—15.15%. At the same time, the rate minimum in bids slid to 15%, reducing the weighted average rate by 1bp to 15.13%.

The bid-to-cover ratio for 1.8-year bills was 2.3x, which led to a further decrease in yields on this security. The cut-off rate slid by another 2bp, and the weighted average yield decreased by 5bp. Unexpectedly, the Ministry of Finance decided to satisfy all non-competitive demand, selling almost 90% of bonds via non-competitive bids (satisfied under the weighted average yield) instead of the usual fulfilment rate of up to 30%. With this decision, the MoF slowed the decline in yields on this paper.

Most interesting was the placement of a new ordinary UAH note with maturity in February 2030. This paper collected 43 bids for almost UAH14bn with a 2.7x bid-to-cover ratio. Having allocated 30% (UAH1.5bn) for non-competitive bids, the remaining supply was exhausted on bids with a yield of 16.49%, and the weighted average yield was set at 16.44%.

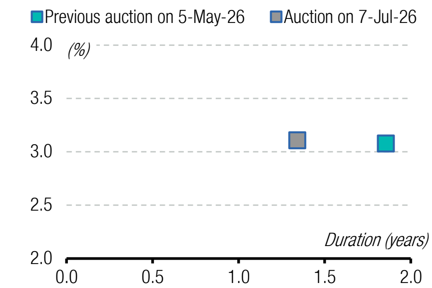
Compared with the yield of the bond maturing in April 2029, which until yesterday was the longest in the primary bond market, the cut-off rate for new securities is higher by 49bp, and the weighted average by 46bp. Clearly, the ministry is ready to pay such a maturity premium for an extra 10 months.

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



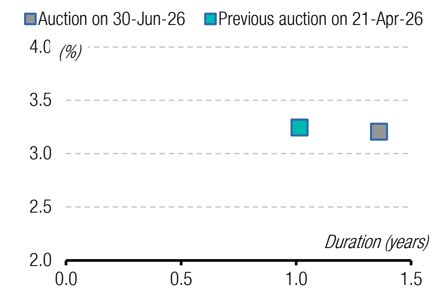
Source: Ministry of Finance of Ukraine, ICU.

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

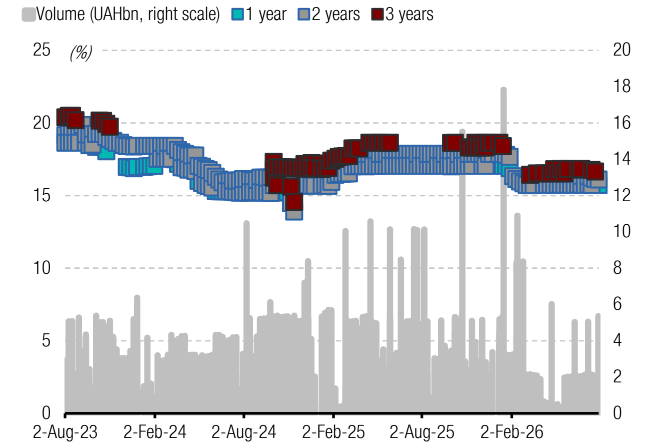


Source: Ministry of Finance of Ukraine, ICU.

Appendix: Yields-to-maturity, repayments

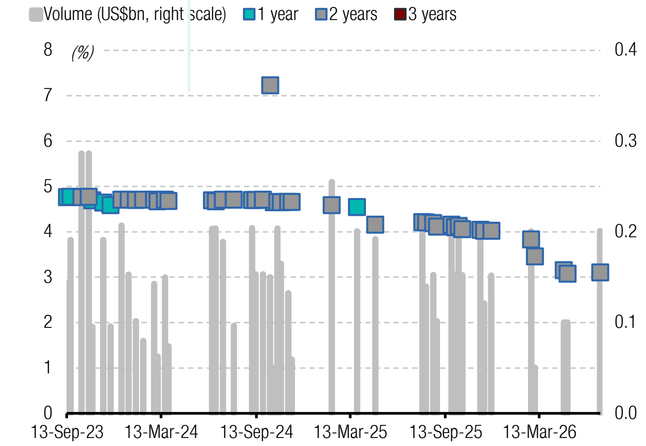
Chart 1. Three-year history of domestic government bond placements at primary market: proceeds (in billions) and yields-to-maturity (%)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

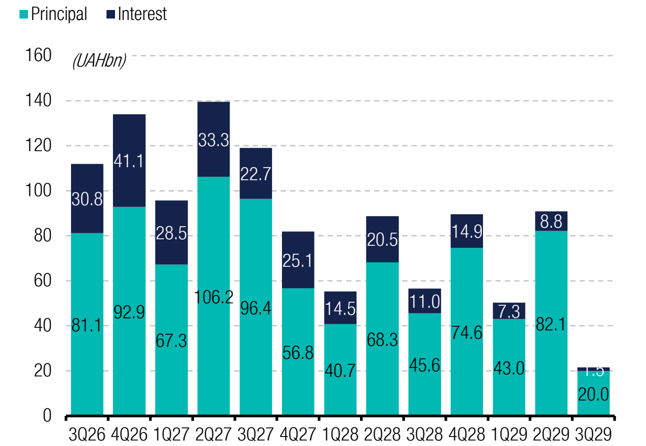
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

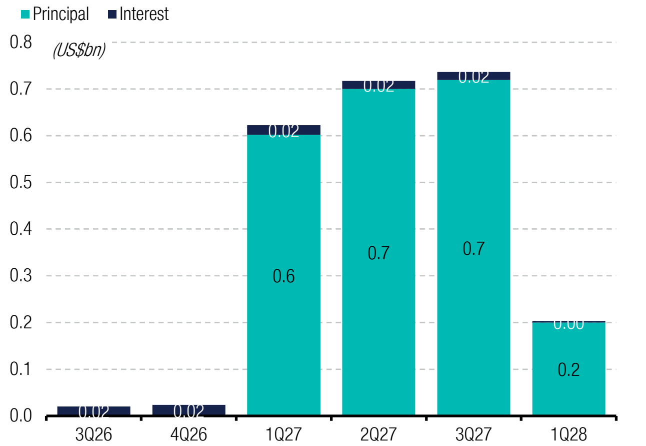
Chart 2. Future repayments on domestic government bonds (in billions of currency)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

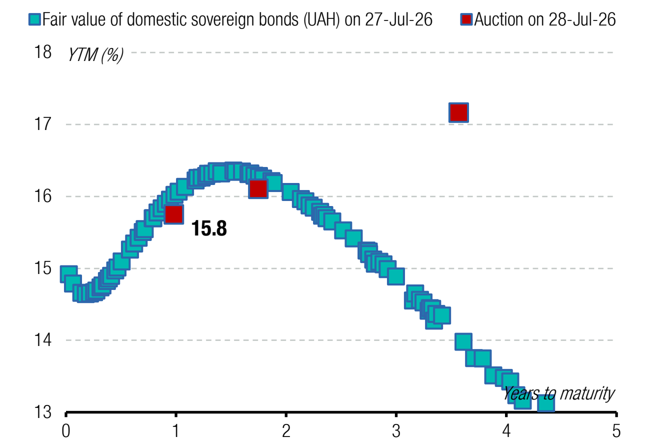
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

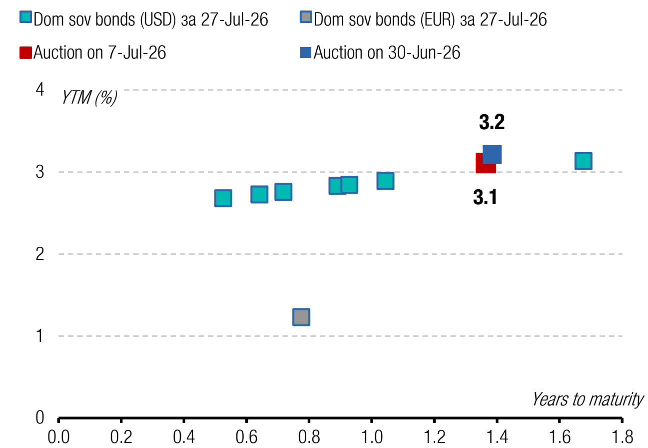
Chart 3. YTMs of domestic government bonds as calculated by NBU versus placements via primary market auctions

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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