Focus **Ukraine**

Markets **Domestic government bonds**

Analyst(s)
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Bond Market Insight

MoF restrains yield's increase

Comment on government bond placement

WEDNESDAY, 12 AUGUST 2026

The Ministry of Finance did not agree with market participants' desire to receive higher rates on UAH bonds, rejecting nearly half of the demand for them at yesterday's auction.

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	@Mty	21-Jul-27	713,761	1,008.37	719.74	713.76	15.78	18,844.58
UA4000239040	15.85	SA	26-Apr-28	549,429	1,048.02	575.81	549.43	16.30	21,549.43
UA4000239107	16.07	SA	7-Feb-29	1,000,000	999.92	999.92	1,000.00	16.77	1,000.00
Total UAH				**2,263,190**		**2,295.47**	**2,263.19**		**41,394.01**

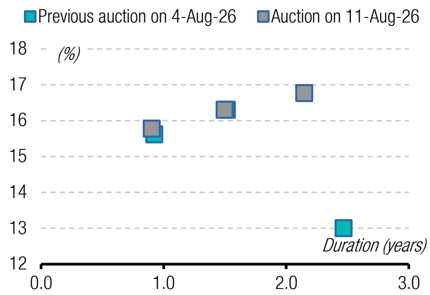
Note: [1] payment frequency abbreviations: M - monthly, Qtly - quarterly, SA - semi-annually, @Mty - at maturity date; [2] proceeds and volumes for the USD-denominated bonds are calculated based on the previous day's exchange rate 44.48/USD, 51.04/EUR; [3] yields on coupon-bearing bonds are effective yields to maturity. Sources: Ministry of Finance of Ukraine, Bloomberg, ICU.

The 11-month bill collected bids totalling UAH1.2bn, i.e., 20% higher than the supply, and the maximum bid rate reached 15.34%. The MoF refused to satisfy three bids and limited itself to raising the cut-off rate by 4bp to 15.19%, while the weighted average yield increased by 15bp to 15.16%, i.e. only 1bp above the coupon rate of 15.15%. In fact, the MoF met only 59% of the demand received.

The 1.7-year paper maturing in April 2028 attracted almost UAH1bn in bids, but, again, the maximum rate was significantly higher than last week's cut-off rate. Some bidders wanted a rate of 15.85%, as they did in late May, but the ministry refused to increase the yield on this security and accepted only bids with yields no higher than last week's 15.65%. As a result, the Ministry of Finance satisfied only 55% of demand.

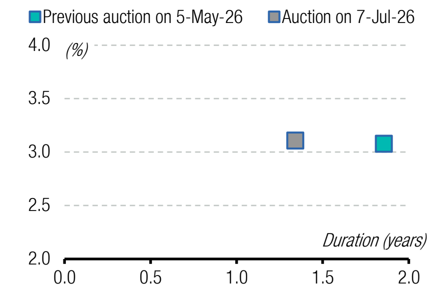
The new bond issue maturing in February 2029 received over UAH2bn in bids vs a UAH1bn cap, and automatically skipped bids with the highest rates, which reached 16.39%. The MoF sold the offered UAH1bn of bonds, setting the cut-off rate at 16.1%, and the weighted average rate at 16.07%. This is slightly higher than the yields on the bond with maturity in April 2029, which was sold at the end of July, but not higher than the maximum levels for the same instrument. So, in total, the Ministry of Finance satisfied 49% of the demand.

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



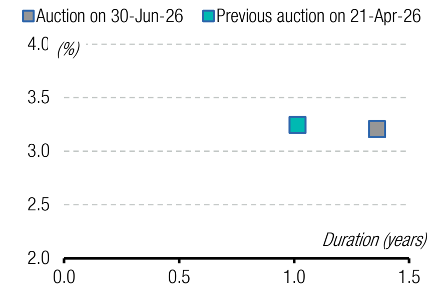
Source: Ministry of Finance of Ukraine, ICU.

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

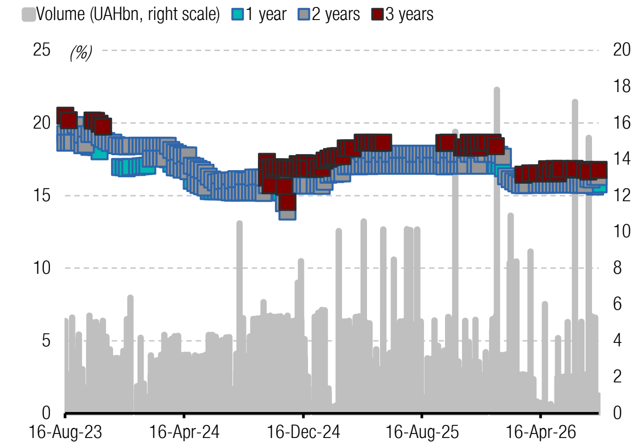


Source: Ministry of Finance of Ukraine, ICU.

Appendix: Yields-to-maturity, repayments

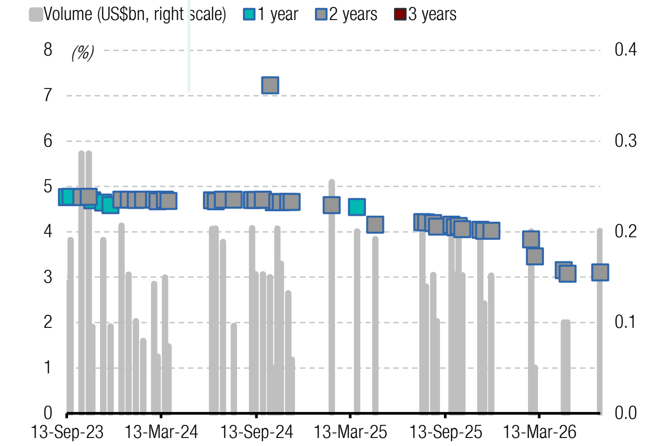
Chart 1. Three-year history of domestic government bond placements at primary market: proceeds (in billions) and yields-to-maturity (%)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

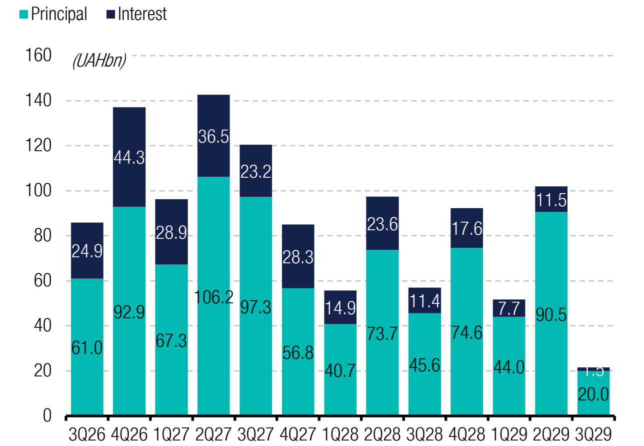
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

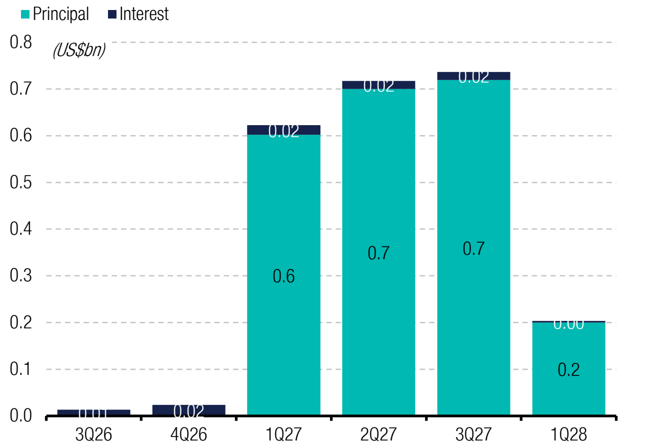
Chart 2. Future repayments on domestic government bonds (in billions of currency)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

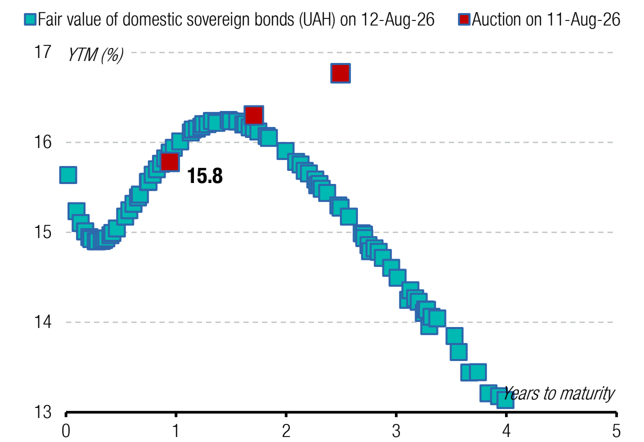
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

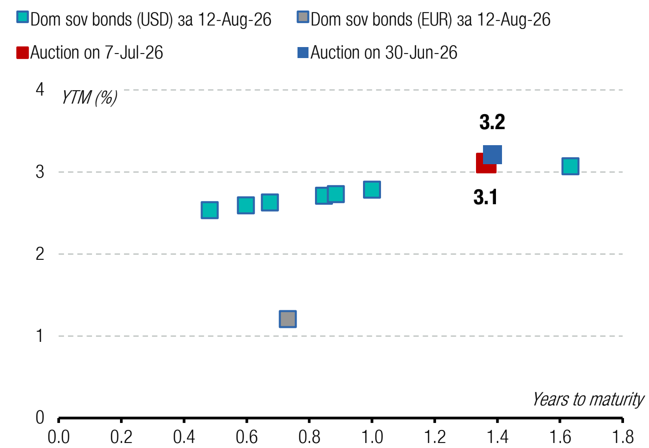
Chart 3. YTMs of domestic government bonds as calculated by NBU versus placements via primary market auctions

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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