Focus
Ukraine

Markets
Domestic government bonds

Analyst(s)
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Bond Market Insight

MoF keeps yields unchanged

Comment on government bond placement

WEDNESDAY, 19 AUGUST 2026

The Ministry of Finance refused to revise yields at yesterday's auction and left the cut-off rates unchanged WoW. At the same time, market participants reduced their efforts to obtain higher rates, lowering the maximum rates in bids.

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	1,000,000	1,010.97	1,010.97	1,000.00	15.81	19,844.58
UA4000239040	15.85	SA	26-Apr-28	975,189	1,050.98	1,024.90	975.19	16.31	22,524.62
UA4000239107	16.07	SA	7-Feb-29	1,000,000	1,002.64	1,002.64	1,000.00	16.78	2,000.00
Total UAH				**2,975,189**		**3,038.52**	**2,975.19**		**44,369.20**

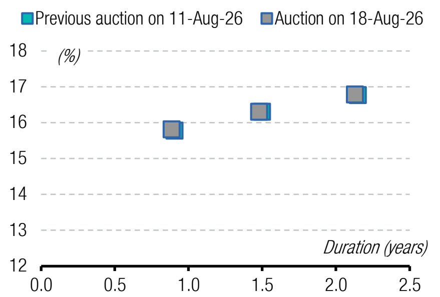
Note: [1] payment frequency abbreviations: M - monthly, Qtly - quarterly, SA - semi-annually, @Mty - at maturity date; [2] proceeds and volumes for the USD-denominated bonds are calculated based on the previous day's exchange rate 44.48/USD, 51.04/EUR; [3] yields on coupon-bearing bonds are effective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

For 11-month military bills, the maximum bid rate decreased by 14bp to 15.2%, but the offered volume was exhausted at a rate of 15.19%, the cut-off level last week. However, most bids were at the cut-off level, so the weighted average yield was adjusted by another 3bp to 15.19%, the cut-off level.

The 1.7-year military paper also saw demand exceed supply. Still, two bids for UAH450m were at rates above last week's cut-off level, and the maximum bid yield remained at 15.85%. So, the MoF sold only UAH975m instead of UAH1bn as planned, but maintained the cut-off level of 15.65%; the weighted average yield also rose to this level.

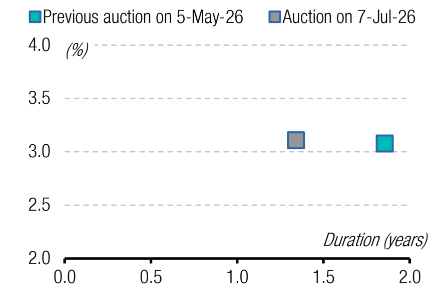
Only for the 2.5-year bond was the weighted average yield kept below the cut-off level. The bid-to-cover ratio for these securities was 2.4x, so the Ministry of Finance could safely decide on the rates. The Ministry rejected all six bids because the maximum rate, although reduced by 15 bp, remained unacceptable. The MoF accepted only bids with rates no higher than 16.1%, and probably some of them partially. So, the cut-off rate remained at 16.1%, and the weighted average rate increased by only 2bp to 16.09%.

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



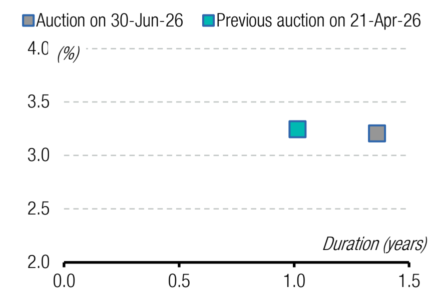
Source: Ministry of Finance of Ukraine, ICU.

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

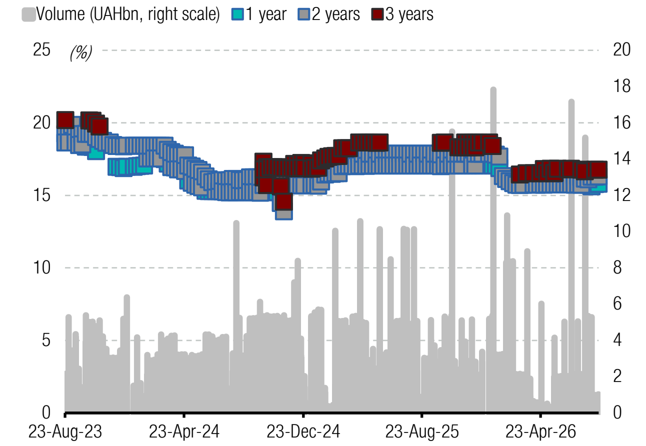


Source: Ministry of Finance of Ukraine, ICU.

Appendix: Yields-to-maturity, repayments

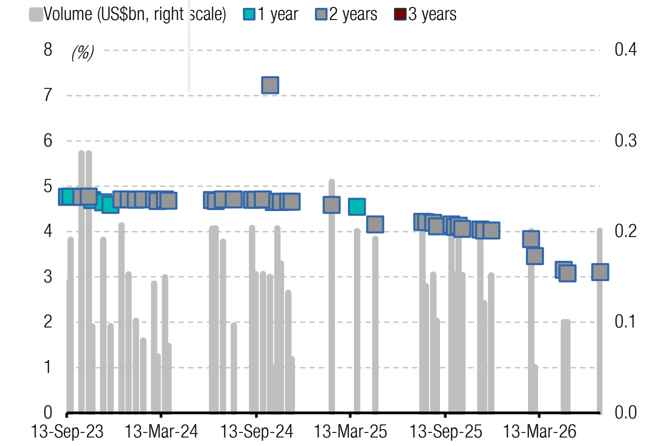
Chart 1. Three-year history of domestic government bond placements at primary market: proceeds (in billions) and yields-to-maturity (%)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

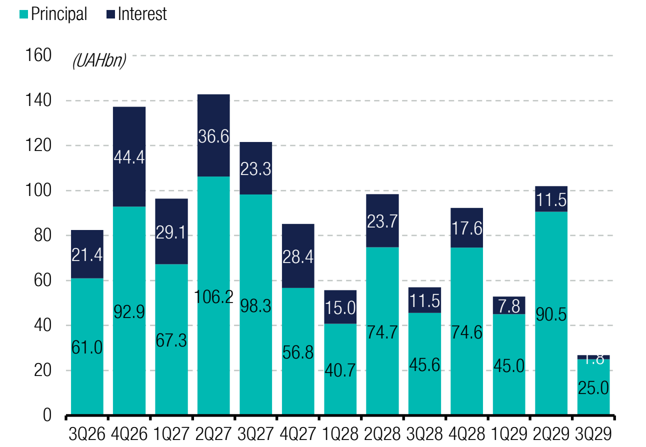
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

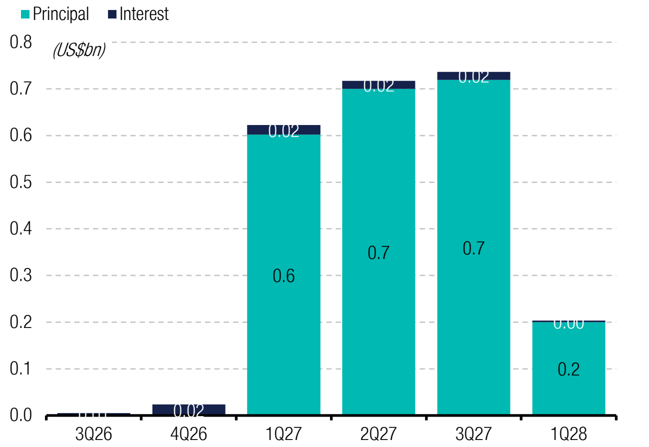
Chart 2. Future repayments on domestic government bonds (in billions of currency)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

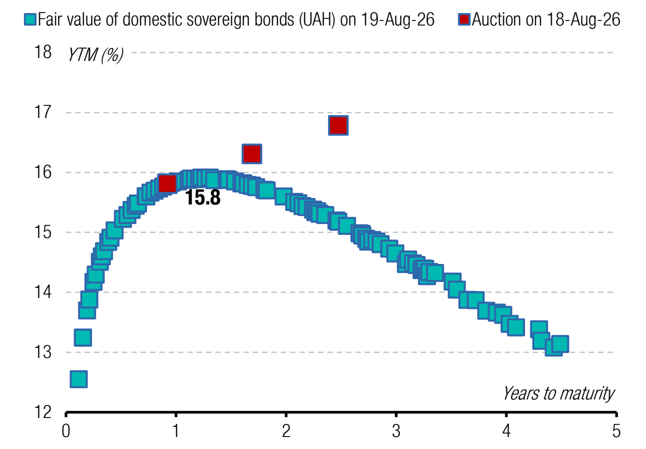
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

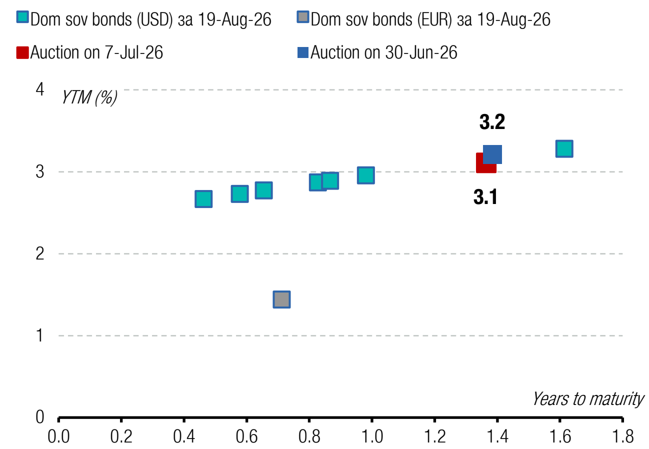
Chart 3. YTMs of domestic government bonds as calculated by NBU versus placements via primary market auctions

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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