Focus
Ukraine

Markets
Domestic government bonds

Analyst(s)
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Bond Market Insight

Minimal changes in yields

Comment on government bond placement

THURSDAY, 27 AUGUST 2026

According to the results of Tuesday's auction, UAH bond yields changed insignificantly, as the Ministry of Finance had to reject some bids and borrow less than planned.

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	1,013.98	1,013.98	1,000.00	15.79	20,844.58
UA4000239008	15.78	SA	14-Jun-28	191,307	1,031.92	197.41	191.31	16.29	10,726.44
UA4000239081	16.44	SA	20-Feb-30	5,000,000	999.28	4,996.40	5,000.00	17.20	10,000.00
Total UAH				**6,191,307**		**6,207.79**	**6,191.31**		**41,571.02**

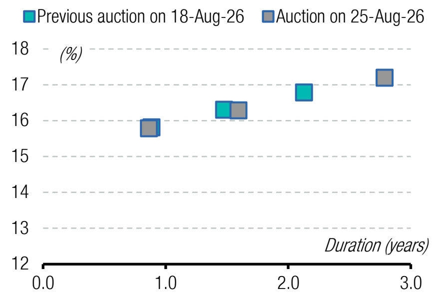
Note: [1] payment frequency abbreviations: M - monthly, Qtly - quarterly, SA - semi-annually, @Mty - at maturity date; [2] proceeds and volumes for the USD-denominated bonds are calculated based on the previous day's exchange rate 44.48/USD, 51.04/EUR; [3] yields on coupon-bearing bonds are effective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

Demand for 11-month military bills was slightly above the cap, but one rate in the bids was 15.3%. However, the cap was exhausted earlier, and the bid with the highest yield was automatically rejected. The remaining 29 bids were accepted. The cut-off rate decreased by 1bp, and the weighted average by 2bp to 15.18% and 15.17%, respectively.

The MoF has not placed bonds maturing in June 2028 since May, but now they have come closer in terms of tenor to those maturing in April 2028. So, compared with them, the change in yields was the same as for shorter paper: the cut-off rate slid by 1bp, and the average weighted yield decreased by 2bp, to 15.64% and 15.63%, respectively. To obtain such yields, the Ministry of Finance rejected 5 of 13 bids, totalling more than UAH0.7bn that required rate increases. The highest bid rate was 15.87%.

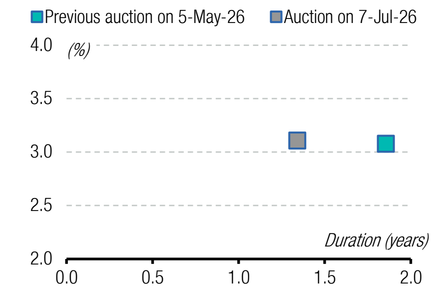
Only for the 3.5-year note did MoF agree to increase yields, but not significantly. The cut-off rate increased by 1bp to 16.5%, and the weighted average by 3bp to 16.47%. This instrument received the bulk of the demand yesterday, with 41 bids totalling over UAH8bn. The UAH5bn cap was exhausted precisely at the rate levels specified above. The Ministry of Finance did not insist on the end-of-July levels, despite the previous auction at a lower key rate, and changed them only slightly.

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



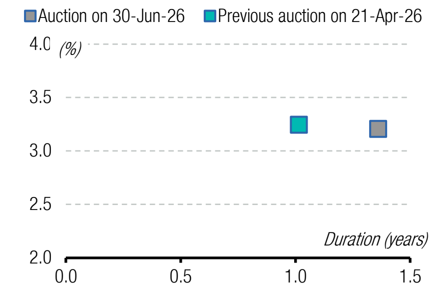
Source: Ministry of Finance of Ukraine, ICU.

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

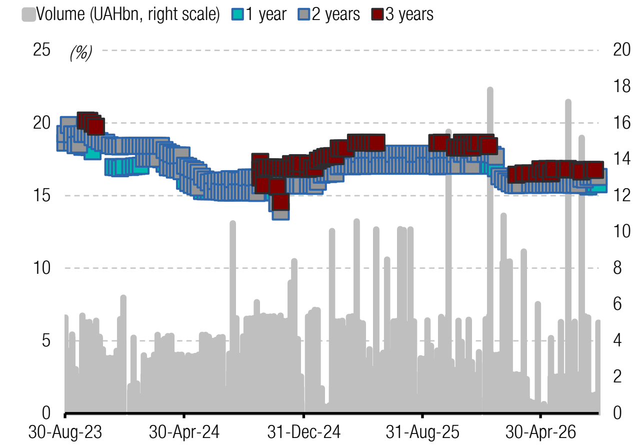


Source: Ministry of Finance of Ukraine, ICU.

Appendix: Yields-to-maturity, repayments

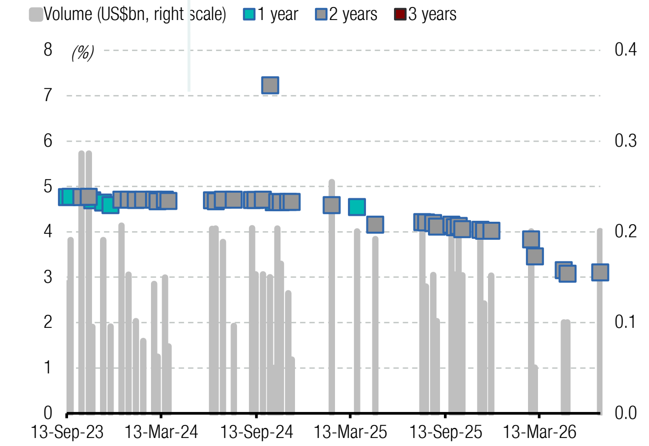
Chart 1. Three-year history of domestic government bond placements at primary market: proceeds (in billions) and yields-to-maturity (%)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

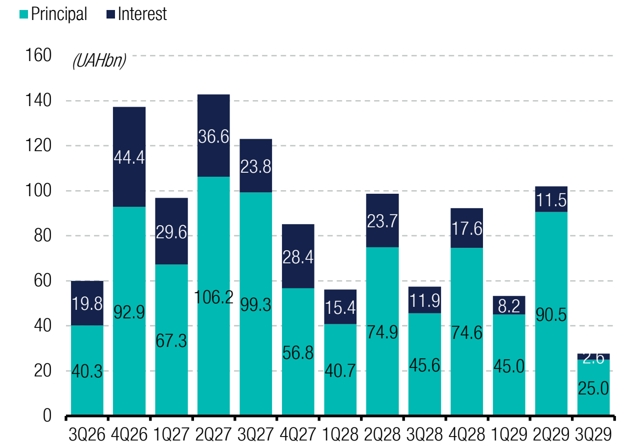
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

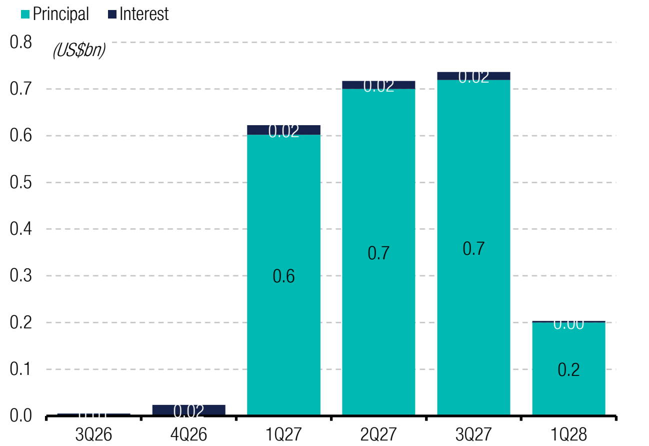
Chart 2. Future repayments on domestic government bonds (in billions of currency)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

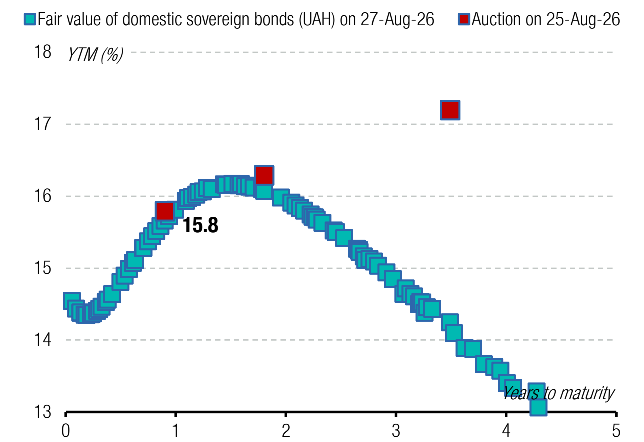
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

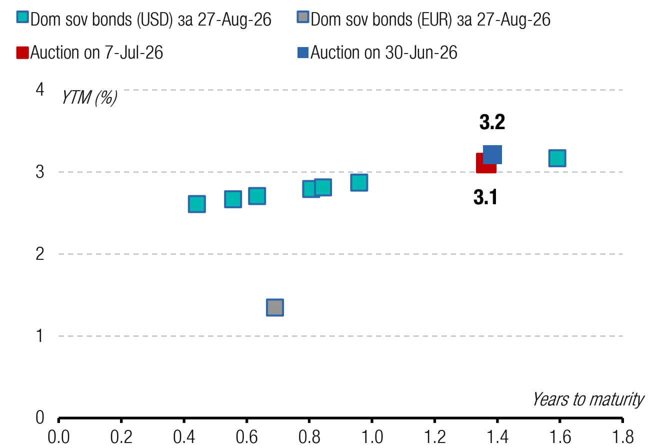
Chart 3. YTMs of domestic government bonds as calculated by NBU versus placements via primary market auctions

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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