Bond Market Insight

Active start to autumn

Comment on government bond placement

WEDNESDAY, 2 SEPTEMBER 2026

Yesterday, the Ministry of Finance borrowed UAH6bn through the placement of two new instruments.

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

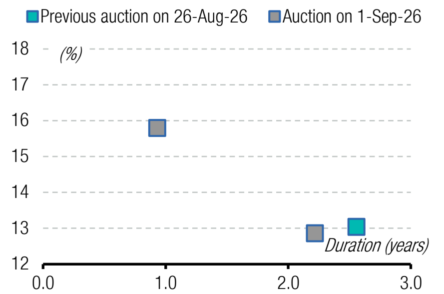
ISIN	Coupon rate (%)	Pay-ment freq[1]	Maturity	Qty of bonds sold	Price (UAH)	Pro-ceeds[2] (UAHm)	Volume[2] (UAHm)	YTM[3] (%)	Out-standing (m)[4]
UA4000239115	15.18	SA	15-Sep-27	1,000,000	1,069.88	1,069.88	1,000.00	15.80	1,000.00
UA4000239123	12.44	SA	28-Feb-29	5,000,000	1,000.04	5,000.20	5,000.00	12.86	5,000.00
Total UAH				**6,000,000**		**6,070.08**	**6,000.00**		**6,000.00**

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 MoF finally closed the placement with a July 2027 maturity, raising almost UAH21bn in total outstandings. Instead, it offered new military bills with maturity in September 2027. Since the maturities of these two securities differ by less than two months, a significant portion of the bids had rates not higher than the cut-off level of the previous instrument. Therefore, the MoF satisfied 30 bids and placed the planned volume of bonds, with a face value of UAH1bn. The cut-off rate and weighted average yield were set at 15.18%, the maximum rate satisfied last week.

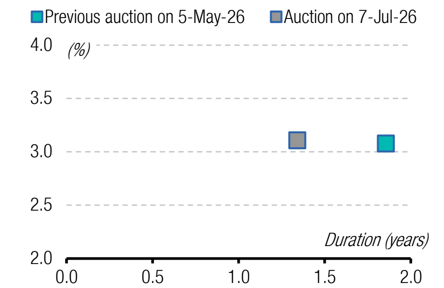
The second instrument yesterday was a new reserve paper. The Ministry shortened the tenor by almost six months compared with August's security, so the yields at the auction were also slightly lower. In total, 17 bids were submitted for UAH9.2bn to purchase only UAH5bn of bills. Therefore, the offer was exhausted at the yield level of 12.5%, which became the cut-off rate. At the same time, due to the considerable demand at lower rates, the weighted average yield was set at 12.44%. This is 19bp and 15bp lower than in August.

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



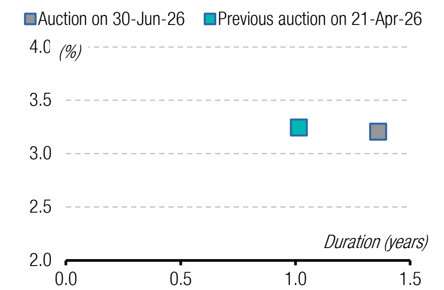
Source: Ministry of Finance of Ukraine, ICU.

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

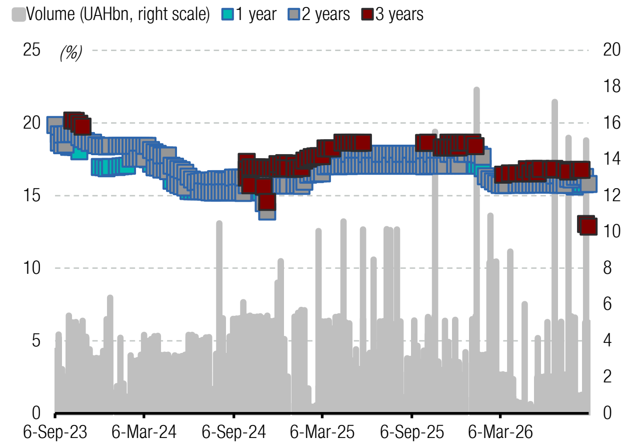


Source: Ministry of Finance of Ukraine, ICU.

Appendix: Yields-to-maturity, repayments

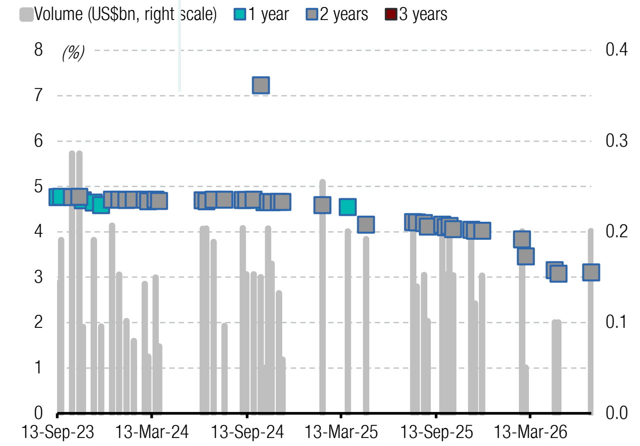
Chart 1. Three-year history of domestic government bond placements at primary market: proceeds (in billions) and yields-to-maturity (%)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

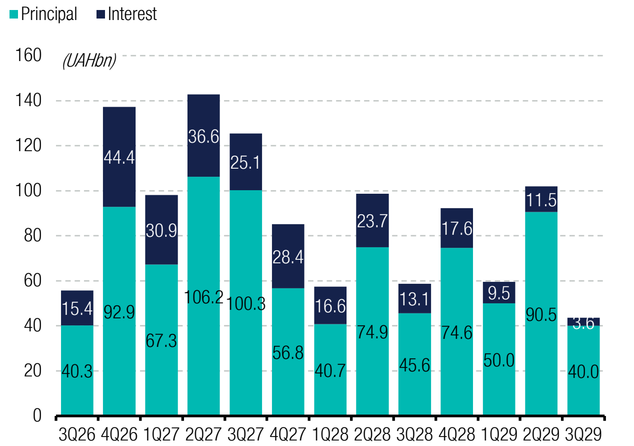
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

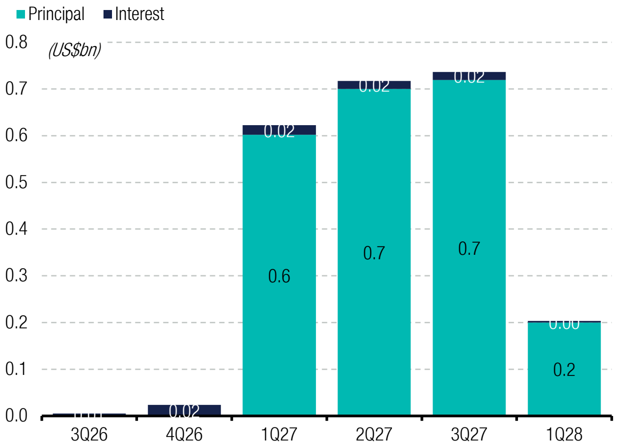
Chart 2. Future repayments on domestic government bonds (in billions of currency)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

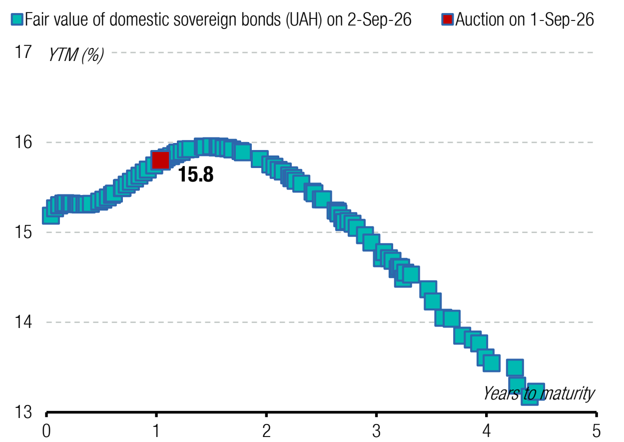
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

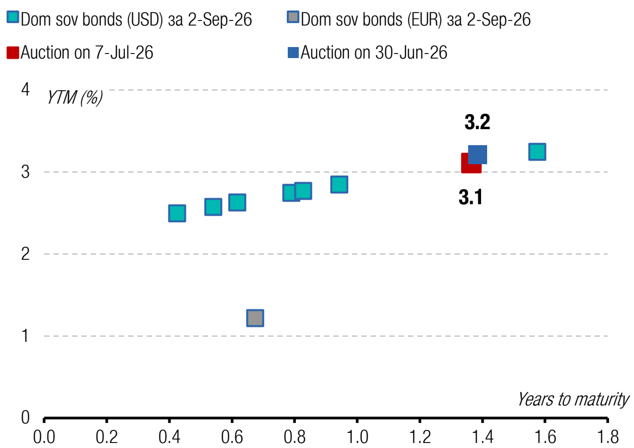
Chart 3. YTMs of domestic government bonds as calculated by NBU versus placements via primary market auctions

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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11th floor, LEONARDO Business Centre
19-21 Bogdan Khmelnytsky Street
Kyiv, 01030 Ukraine
Phone/Fax +38 044 3777040
WEB www.icu.ua

RESEARCH

Alexander Martynenko
Head of corporate research
alexander.martynenko@icu.ua

Mykhaylo Demkiv
Financial analyst (Banks)
mykhaylo.demkiv@icu.ua

Taras Kotovych
Senior financial analyst (Sovereign debt)
taras.kotovych@icu.ua

Dmitriy Dyachenko
Financial analyst
dmitriy.dyachenko@icu.ua

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