Bond Market Insight

MoF holds rates unchanged

Comment on government bond placement

WEDNESDAY, 9 SEPTEMBER 2026

For the second month, the Ministry of Finance kept interest rates unchanged and has reacted little to the NBU's July decision to raise the key policy rate. Yesterday's auction ended with minor changes in the UAH bond yields, but provided the state budget with almost the entire planned amount of funds.

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

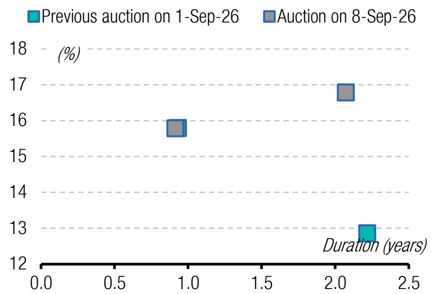
ISIN	Coupon rate (%)	Payment freq[1]	Maturity	Qty of bonds sold	Price (UAH)	Proceeds[2] (UAHm)	Volume[2] (UAHm)	YTM[3] (%)	Outstanding (m)[4]
UA4000239115	15.18	SA	15-Sep-27	1,000,000	1,073.03	1,073.03	1,000.00	15.78	2,000.00
UA4000239107	16.07	SA	7-Feb-29	661,490	1,011.60	669.17	661.49	16.79	2,661.49
Total UAH				**1,661,490**		**1,742.20**	**1,661.49**		**4,661.49**

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 one-year military bills saw a 2x bid-to-cover ratio. The bid yields were in a much narrower range than last week, 15.08-15.25% vs 15.05-15.45%, but the offer was exhausted even at the cut-off rate of last week's auction. Therefore, the cut-off rate remained at 15.18%, and the weighted average yield even decreased slightly by 2bp to 15.16%.

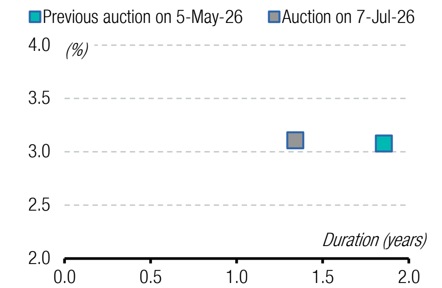
At the same time, demand for 2.5-year ordinary bond was lower than supply, but also with yields in a narrower range than when this paper was last placed almost a month ago: 16.0-16.15% vs 16-16.24%. Despite a noticeable decrease in the maximum bid rate, the Ministry of Finance refused to increase yields, setting the cut-off rate at 16.1% and the weighted average yield at 16.09%, as in August.

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



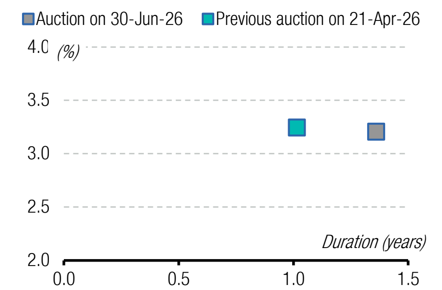
Source: Ministry of Finance of Ukraine, ICU.

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

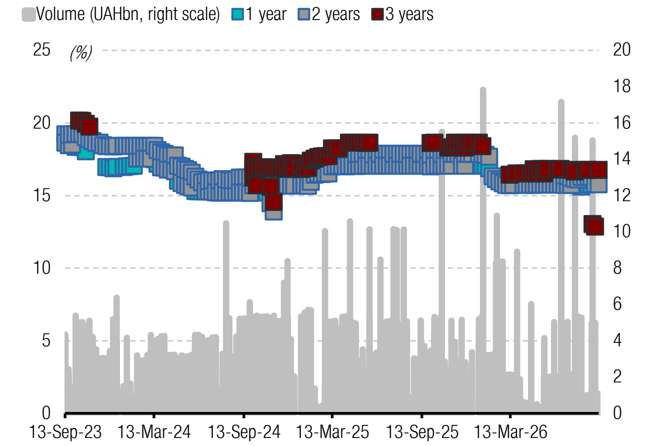


Source: Ministry of Finance of Ukraine, ICU.

Appendix: Yields-to-maturity, repayments

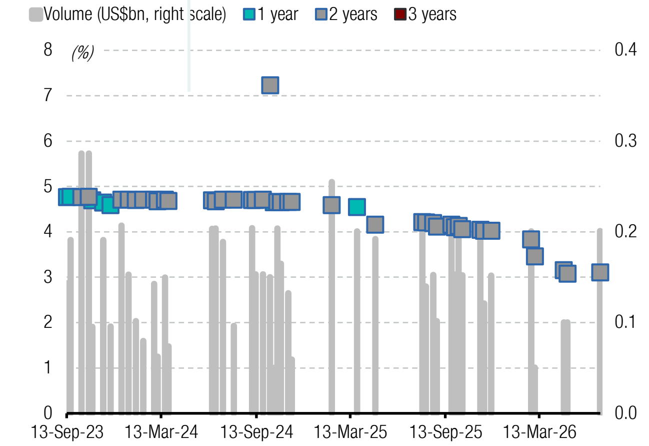
Chart 1. Three-year history of domestic government bond placements at primary market: proceeds (in billions) and yields-to-maturity (%)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

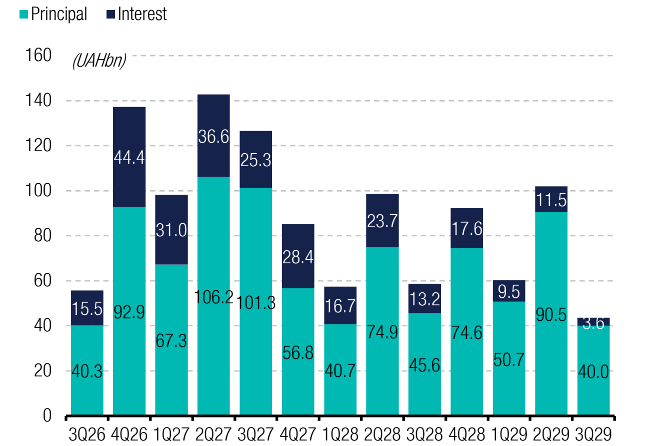
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

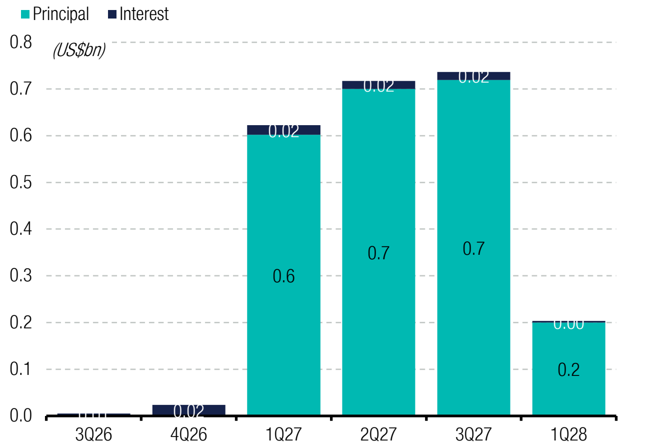
Chart 2. Future repayments on domestic government bonds (in billions of currency)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

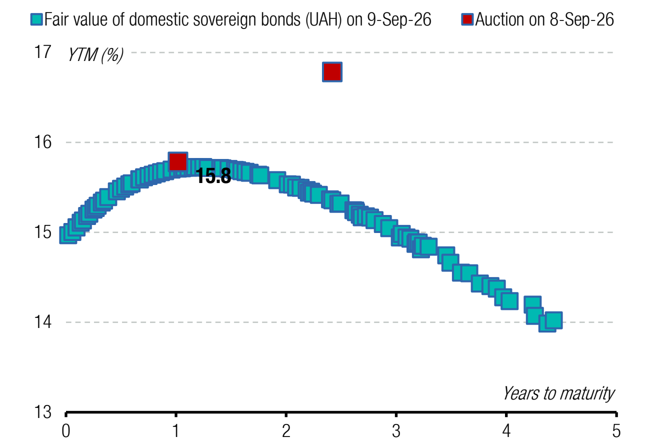
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

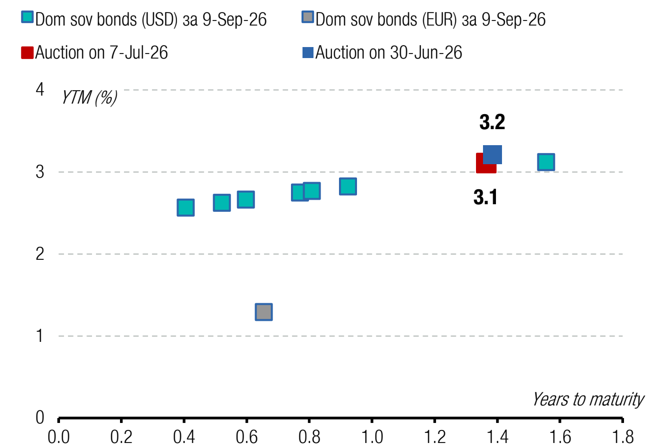
Chart 3. YTMs of domestic government bonds as calculated by NBU versus placements via primary market auctions

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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