Analyst(s)
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# Bond Market Insight

## Low borrowing persists

### Comment on government bond placement

**WEDNESDAY, 16 SEPTEMBER 2026**

Yesterday, the Ministry of Finance sold the planned volume of bonds, satisfying only half of the demand at the auction and leaving yields unchanged.

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

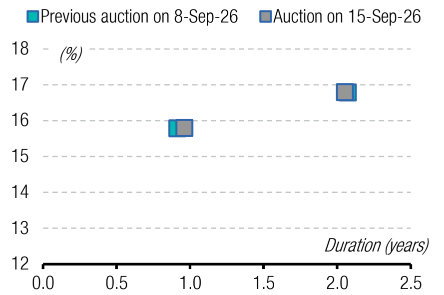
| ISIN | Coupon rate (%) | Payment freq[1] | Maturity | Qty of bonds sold | Price (UAH) | Proceeds[2] (UAHm) | Volume[2] (UAHm) | YTM[3] (%) | Outstanding (m)[4] |
|---|---|---|---|---|---|---|---|---|---|
| UA4000239115 | 15.18 | @Mty | 15-Sep-27 | 1,000,000 | 1,000.06 | 1,000.06 | 1,000.00 | 15.80 | 3,000.00 |
| UA4000239107 | 16.07 | SA | 7-Feb-29 | 1,000,000 | 1,014.41 | 1,014.41 | 1,000.00 | 16.80 | 3,661.49 |
| **Total UAH** | | | | **2,000,000** | | **2,014.47** | **2,000.00** | | **6,661.49** |

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.

Interest in one-year military bills continued to grow. Yesterday, the total volume of bids for this paper rose to nearly UAH2.9bn, up from UAH2.1bn in early September. In total, the Ministry received 41 bids with rates ranging from 15.09% to 15.3%, but only two requested rates were above the cut-off level. Consequently, the Ministry accepted 39 bids, maintaining the cut-off rate at 15.18%. The 1bp increase in the weighted average yield compared with last week—reaching 15.17%—could stem from either a 1bp rise in the minimum rate to 15.09% or increased demand at the cut-off level. Most bids may have been only partially filled, within the cap and in proportion to the bid size.

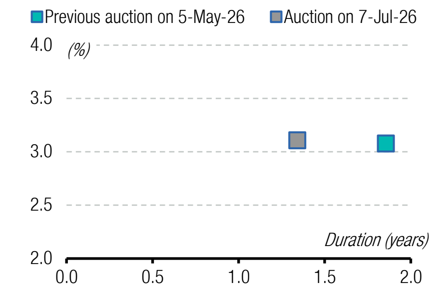
The 2.5-year bond offering was less active. There were 12 participants in total, two of whom sought higher yields. Here, too, the Ministry rejected the two bids that exceeded the previous auction's cut-off rate, and allocated the planned UAH1bn. Demand for this paper shifted even more heavily toward the cut-off level, causing the weighted average yield to align with the cut-off rate of 16.10%. Most likely, some bids were not fully satisfied and were, instead, filled from the remaining supply available after non-competitive bids and bids with lower bid rates.

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



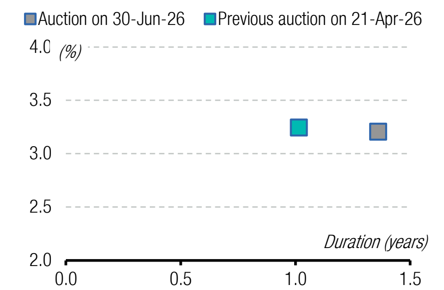

Source: Ministry of Finance of Ukraine, ICU.

**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**

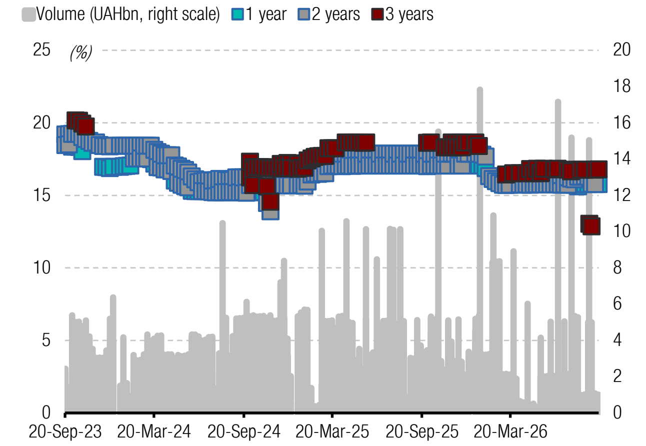



Source: Ministry of Finance of Ukraine, ICU.

# Appendix: Yields-to-maturity, repayments

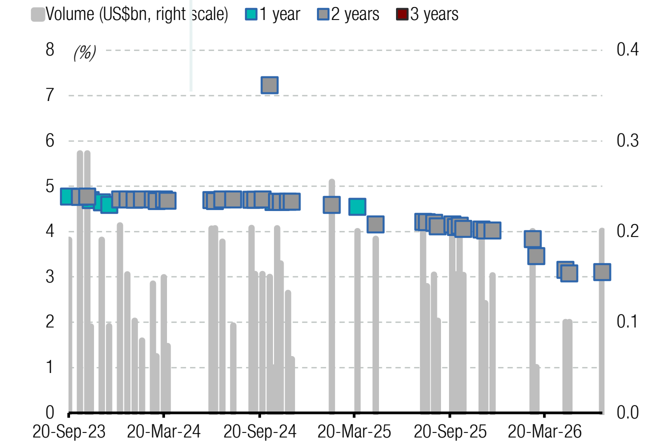
**Chart 1. Three-year history of domestic government bond placements at primary market: proceeds (in billions) and yields-to-maturity (%)**

*UAH-denominated domestic government bonds*




Source: Ministry of Finance of Ukraine, ICU.

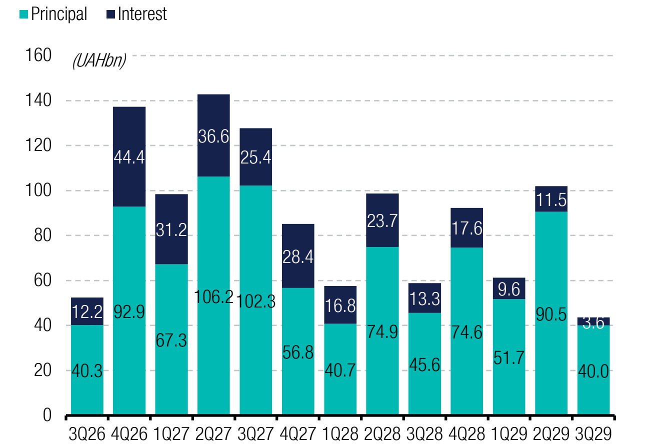
*USD-denominated domestic government bonds*




Source: Ministry of Finance of Ukraine, ICU.

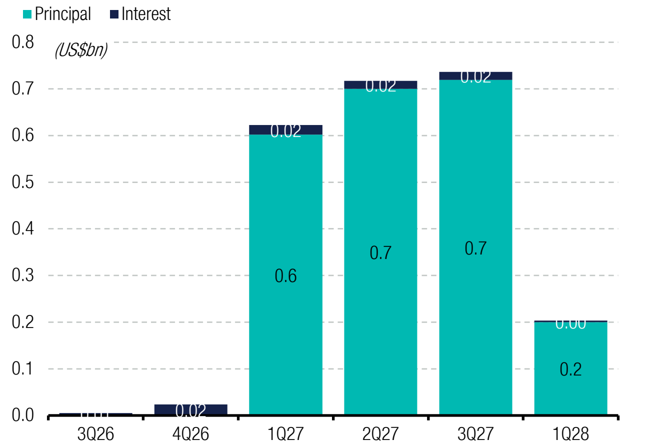
**Chart 2. Future repayments on domestic government bonds (in billions of currency)**

*UAH-denominated domestic government bonds*




Source: Ministry of Finance of Ukraine, ICU.

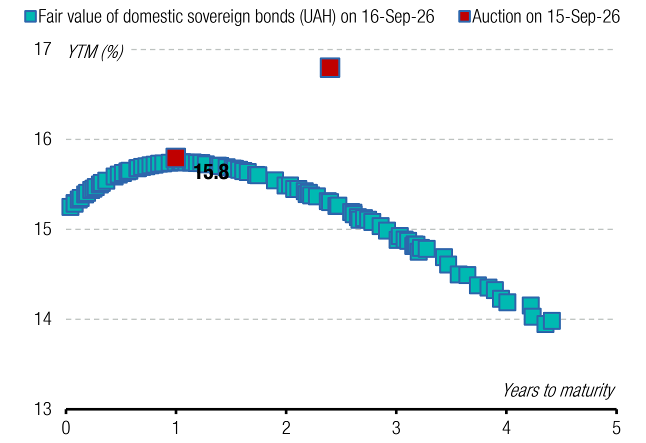
*USD-denominated domestic government bonds*




Source: Ministry of Finance of Ukraine, ICU.

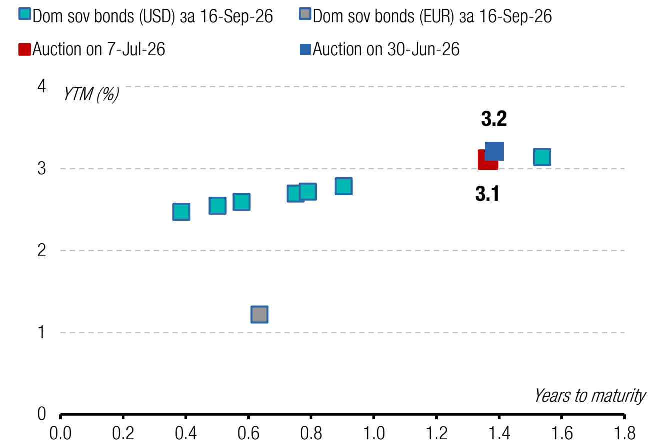
**Chart 3. YTMs of domestic government bonds as calculated by NBU versus placements via primary market auctions**

*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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