Focus
Ukraine

Markets
Domestic government bonds

Analyst(s)
Taras Kotovych

Bond Market Insight

MoF stands firm on yields

Comment on government bond placement

WEDNESDAY, 23 SEPTEMBER 2026

Yesterday, the Ministry of Finance raised over UAH7bn for the budget, with the vast majority coming from the reserve bond. Despite this, the MoF showed no willingness to raise interest rates after the NBU hiked its key rate last Thursday.

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	2,000,000	1,003.00	2,006.00	2,000.00	15.78	5,000.00
UA4000239107	16.07	SA	7-Feb-29	283,454	1,017.87	288.52	283.45	16.77	3,944.94
UA4000239123	12.44	SA	28-Feb-29	5,000,000	1,012.34	5,061.70	5,000.00	12.59	10,000.00
Total UAH				**7,283,454**		**7,356.22**	**7,283.45**		**18,944.94**

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.

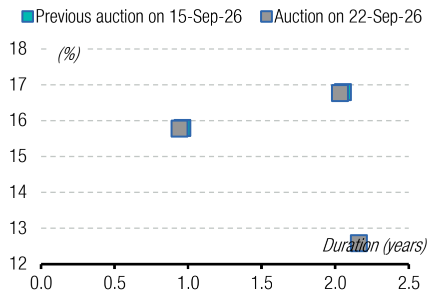
The Ministry of Finance doubled the supply of one-year military bonds to UAH2bn—slightly less than the previous week's demand for this instrument. However, it received bids totalling over UAH5bn with a widened yield range: the maximum rate rose by 18bp to 15.48%, while the minimum rate fell by 59bp to 14.5%. Nevertheless, the majority of bids were at rates no higher than the 15.18% cut-off rate, which has become standard for this instrument.

Consequently, the ministry rejected only two competitive bids, while satisfying all non-competitive demand (at the weighted-average yield) and bids with yields below the maximum accepted rate, distributing the remainder of the cap among bidders at the cut-off level. The minimum rate played a role, lowering the weighted average yield by another 1bp to 15.16%.

The MoF remained firm on yields after the National Bank's key policy rate hike. For the 2.5-year bond, the ministry rejected the two largest bids, refusing to raise the cut-off rate by 20bp to 16.3%. Consequently, only UAH283m of bonds were sold to 12 participants who submitted bids with rates ranging from 16% to 16.1%, as well as non-competitive bids.

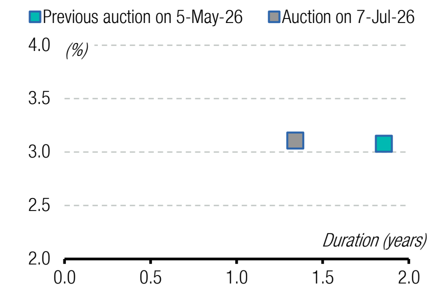
Demand for reserve bonds was high, as expected. The Ministry of Finance received bids totalling nearly UAH12.7bn, but sold only the planned UAH5bn. Due to significant oversubscription, only three out of 16 participants were able to purchase bonds, driving the cut-off and weighted-average rates down to 12.18%, 32bp and 26bp lower, respectively, than those seen at the first auction in September.

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



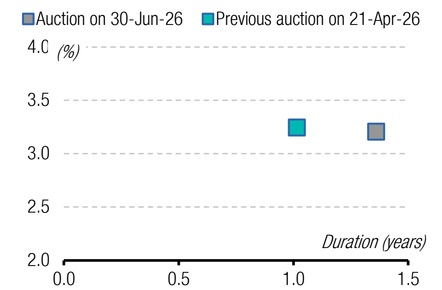
Source: Ministry of Finance of Ukraine, ICU.

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

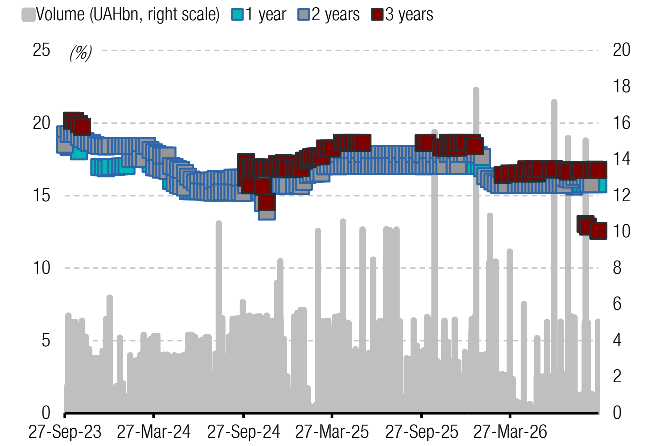


Source: Ministry of Finance of Ukraine, ICU.

Appendix: Yields-to-maturity, repayments

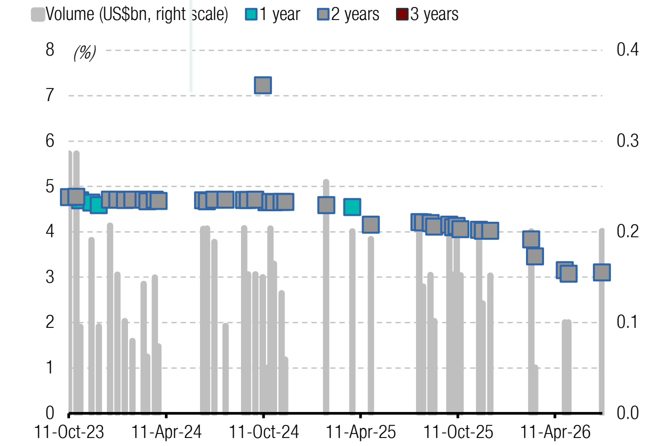
Chart 1. Three-year history of domestic government bond placements at primary market: proceeds (in billions) and yields-to-maturity (%)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

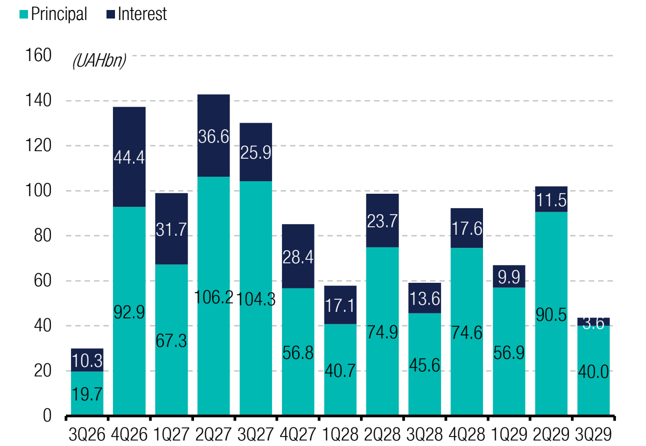
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

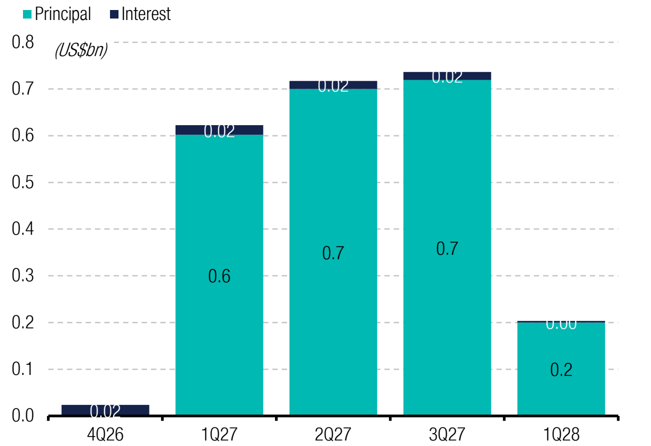
Chart 2. Future repayments on domestic government bonds (in billions of currency)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

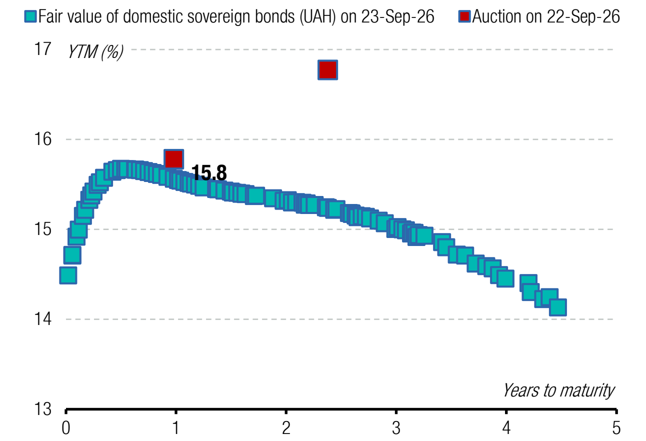
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

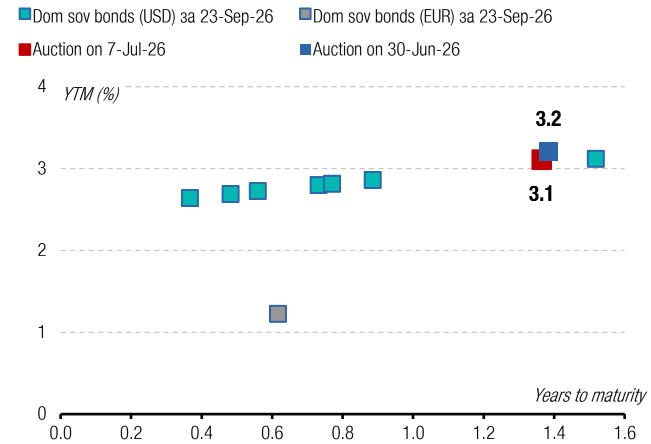
Chart 3. YTMs of domestic government bonds as calculated by NBU versus placements via primary market auctions

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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