



Bond Market Insight

MoF places new UAH bond

Comment on government bond placement

Yesterday, the Ministry of Finance offered a new series of UAH bonds. While the yield was notable, the placement failed to provide the desired volume of funds.

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

ISIN	Coupon rate (%)	Payment frequency 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	1,008.82	1,008.82	1,000.00	15.76	7,000.00
UA4000239131	16.49	SA	21-Mar-29	1,194,427	1,006.18	1,201.81	1,194.43	17.22	1,194.43
Total UAH				2,194,427		2,210.63	2,194.43		8,194.43

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 standard 11-month military bill was, as usual, oversubscribed, bringing just over UAH1bn into the budget. The bid-to-cover ratio was x2.6, with bid yields ranging from 15.1% to 15.18%. However, the offered volume was fully allocated, resulting in a 2bp yield decline to 15.15% and 15.14% for the cut-off and weighted average, respectively.

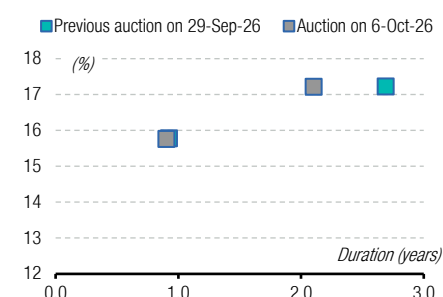
The most interesting story, however, was the placement of 2.5-year bond. Based on all indicators—maturity, offering size, and the exchange auction scheduled for October 21 (allowing the swap of reserve bonds for this new issue)—these were expected to be reserve bonds attracting significant demand and relatively low rates (in September, similar securities were placed at a rate slightly above 12%).

Instead, total demand for the new paper fell well short of the offering—UAH1.6bn vs UAH5bn cap—and featured unusually high bid rates, ranging from 16.1% to 18.78%. The Ministry limited the rate to 16.5% and rejected two bids with higher yields, placing UAH1.2bn of bonds at a coupon rate of 16.49% (the auction's weighted average yield).

The future of this paper will become clear in the coming weeks, whether an auction to exchange reserve bonds will be held in two weeks. The auction will depend on the NBU's decision to add new paper to the list of reserve securities.

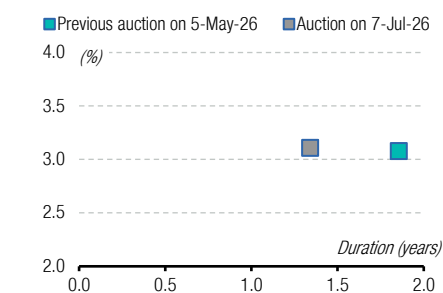
WEDNESDAY, 7 OCTOBER 2026

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



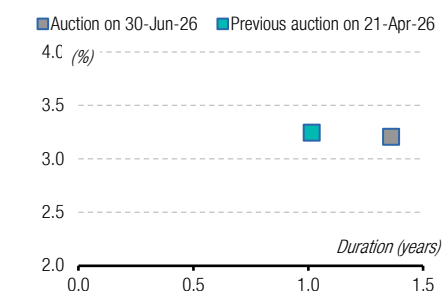
Source: Ministry of Finance of Ukraine, ICU.

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

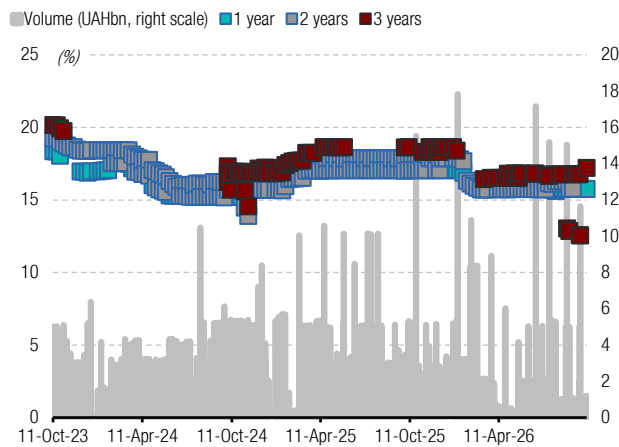


Source: Ministry of Finance of Ukraine, ICU.

Appendix: Yields-to-maturity, repayments

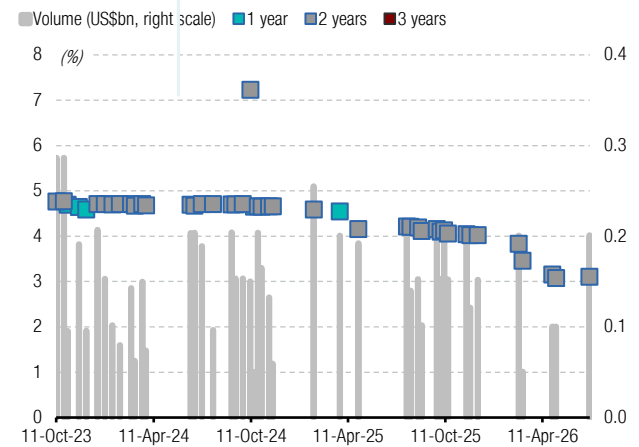
Chart 1. Three-year history of domestic government bond placements at primary market: proceeds (in billions) and yields-to-maturity (%)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

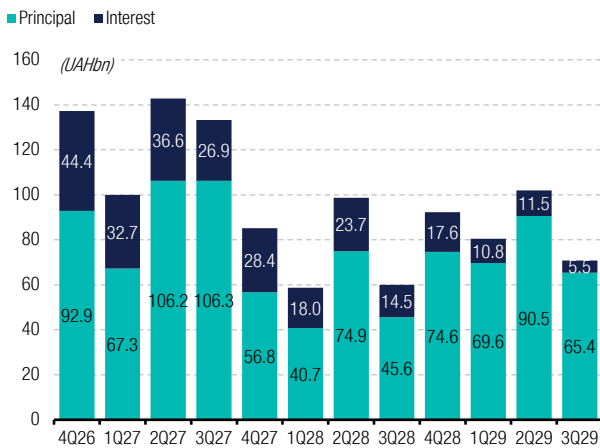
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

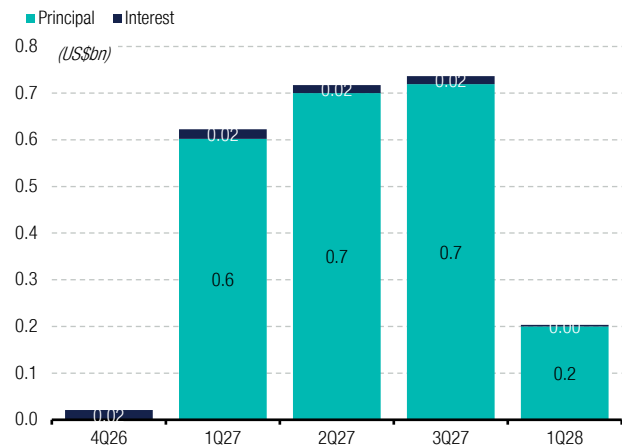
Chart 2. Future repayments on domestic government bonds (in billions of currency)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

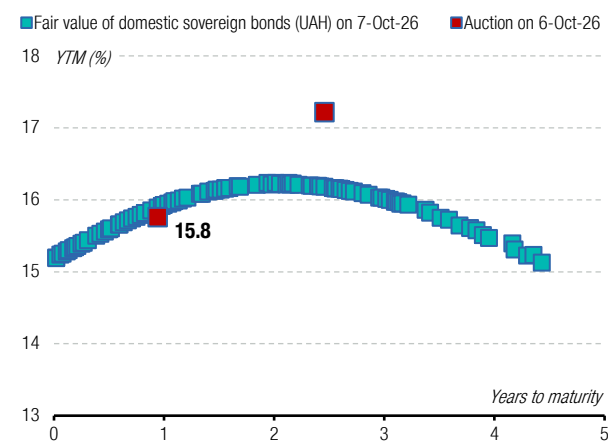
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

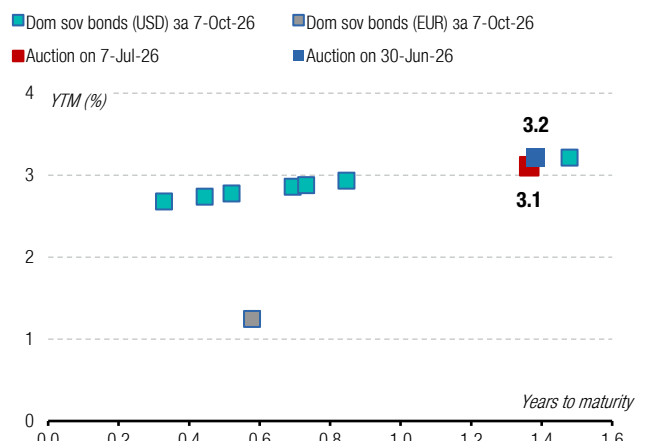
Chart 3. YTM of domestic government bonds as calculated by NBU versus placements via primary market auctions

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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