

Bond Market Insight

Strong demand puts downward pressure on yields

Comment on government bond placement

Yesterday, the Ministry of Finance offered the same securities as in the previous two weeks. Two issues—maturing in September of next year and March 2029—attracted a significant volume of bids, which drove yields lower.

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	1,015.56	1,015.56	1,000.00	15.62	9,000.00
UA4000239131	16.49	SA	21-Mar-29	1,000,000	1,014.43	1,014.43	1,000.00	17.10	3,194.43
Total UAH				2,000,000		2,029.99	2,000.00		12,194.43

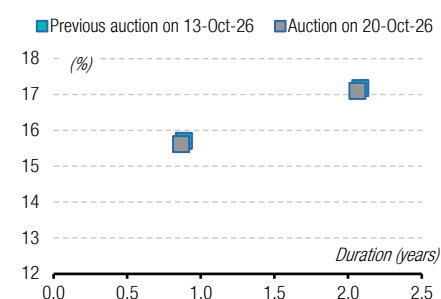
Note: [1] payment frequency abbreviations: M - monthly, Qtly - quarterly, SA - semi-annually, @Mty - at maturity date; [2] proceeds and volumes for the USD-denominated bonds are calculated based on the previous day's exchange rate 44.48/USD, 51.04/EUR; [3] yields on coupon-bearing bonds are effective yields to maturity. Sources: Ministry of Finance of Ukraine, Bloomberg, ICU.

The 11-month military bills saw significant demand, resulting in a bid-to-cover ratio of 5.5. The minimum yield fell to 14.98%, and the cap was absorbed at a bid rate of 15.03%—down 6bp WoW. Low bid rates pushed the weighted-average yield down by 8bp WoW to 15.01%.

Total demand for the 2.5-year bond was slightly lower, but still exceeded supply with a bid-to-cover ratio of 3.4. Although the minimum bid rate actually rose by 1bp, this did not affect the outcome. Instead, other bids appear to have shifted lower, with the entire offering absorbed at a rate of 16.4%. The weighted-average yield was set at 16.38%. Both figures are 7bp lower than last week.

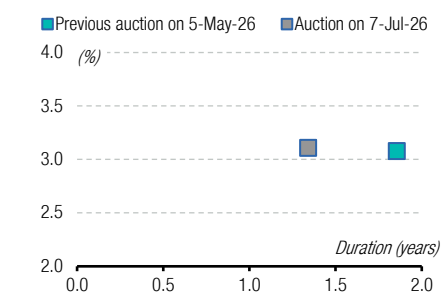
WEDNESDAY, 21 OCTOBER 2026

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



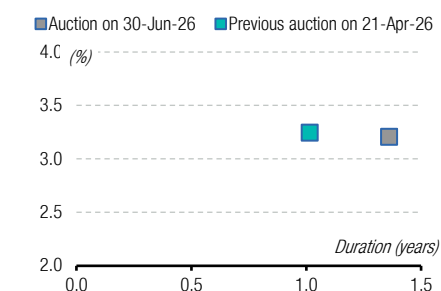
Source: Ministry of Finance of Ukraine, ICU.

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

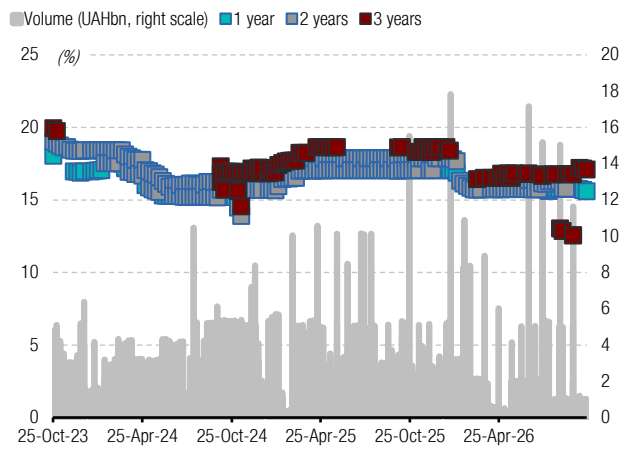


Source: Ministry of Finance of Ukraine, ICU.

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



USD-denominated domestic government bonds

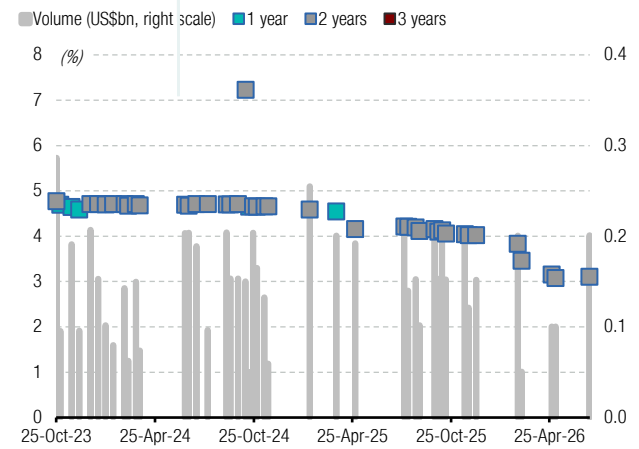
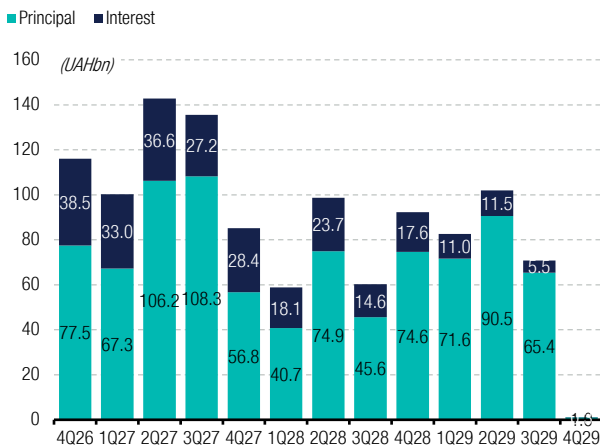


Chart 2. Future repayments on domestic government bonds (in billions of currency)

UAH-denominated domestic government bonds



USD-denominated domestic government bonds

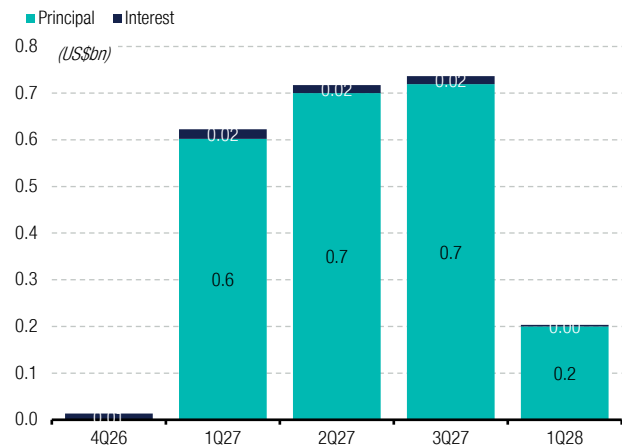
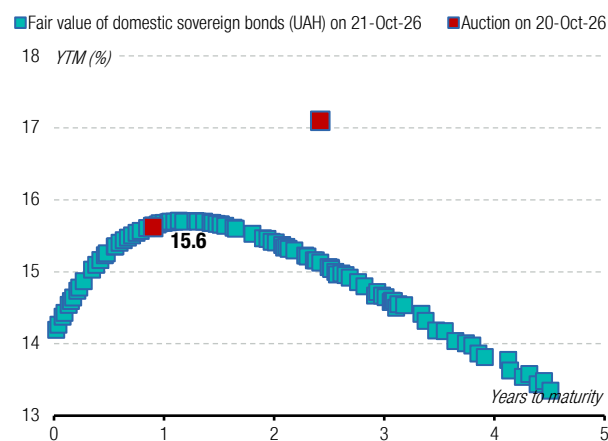
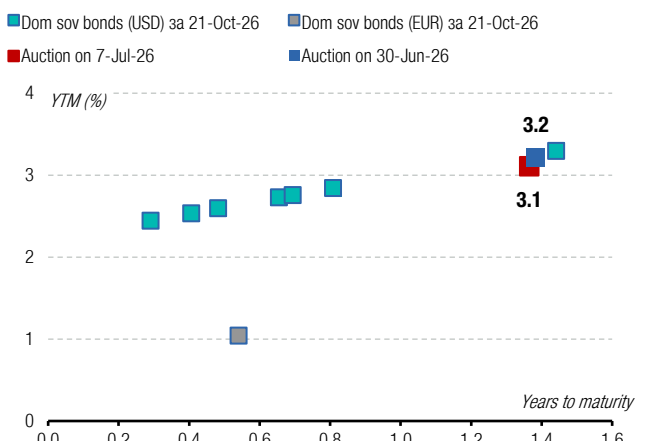


Chart 3. YTM of domestic government bonds as calculated by NBU versus placements via primary market auctions

UAH-denominated domestic government bonds



USD- and EUR-denominated domestic government bonds



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