Bond Market Insight

MoF continues to borrow actively in hryvnia

Comment on government bond placement

WEDNESDAY, 22 OCTOBER 2025

The state budget received almost UAH15bn yesterday, only from UAH military and regular bonds.

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

ISIN	Coupon rate (%)	Pay-ment freq[1]	Maturity	Qty of bonds sold	Price (UAH)	Pro-ceeds[2] (UAHm)	Volume[2] (UAHm)	YTM[3] (%)	Out-standing (m)[4]
UA4000237416	16.35	SA	18-Nov-26	3,967,657	1,068.77	4,240.53	3,967.66	17.07	11,382.91
UA4000237424	17.10	SA	23-Jun-27	5,000,000	1,055.11	5,275.56	5,000.00	17.88	12,260.39
UA4000237556	17.80	SA	15-Nov-28	5,000,000	1,074.85	5,374.24	5,000.00	18.65	7,925.85
Total UAH				**13,967,657**		**14,890.32**	**13,967.66**		**31,569.15**

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 41.66/USD, 48.29/EUR; [3] yields on coupon-bearing bonds are effective yields to maturity. Sources: Ministry of Finance of Ukraine, Bloomberg, ICU.

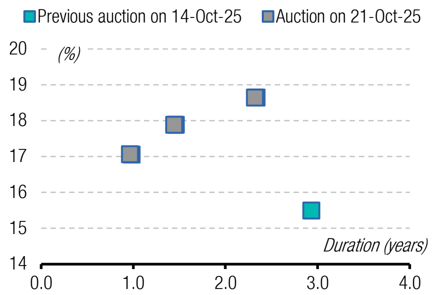
Yesterday, the one-year military paper received the smallest demand, just UAH4bn, but in 43 bids. The ministry fully satisfied all of them at the usual rate levels—16.35% maximum and weighted average rate.

Demand for 20-month securities slightly exceeded the cap, with interest rates in bids at the usual level. Therefore, the ministry had to satisfy all bids, but at a little less than bidders wanted. The MoF fully satisfied non-competitive bids (satisfied at the weighted average rate) and bids with lower yields than the cut-off rate.

At the same time, the MoF had to cut bids much more for the three-year note. Again, non-competitive and competitive bids with rates below the cut-off level were fully satisfied. However, most of the bidders probably received only a bit more than half of what they bid for. The MoF received UAH7.8bn of bids vs UAH5bn cap, of which only UAH511m were non-competitive. Given that the weighted average rate is similar to the cut-off rate, the volume of demand with a yield below the cut-off rate was insignificant.

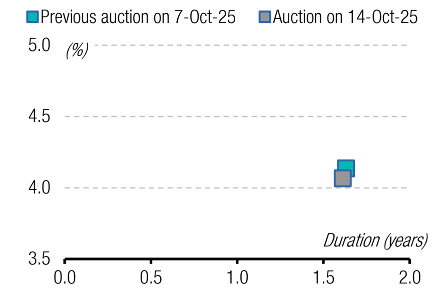
The Ministry of Finance attracted UAH14.9bn to the budget by placing only three UAH instruments. These were the smallest proceeds in October, but they are almost similar to the first auction of October if we compare only these three instruments. However, two weeks ago, demand was focused on two shorter terms of maturity, but yesterday, that was on a three-year note. Such demand distribution may indicate that expectations are growing for the NBU to lower the key policy rate tomorrow.

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



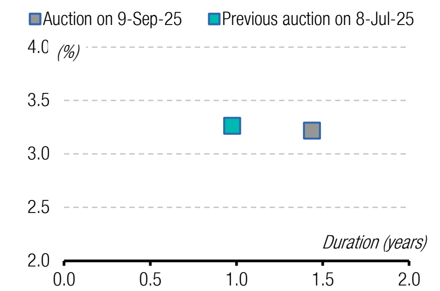
Source: Ministry of Finance of Ukraine, ICU.

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

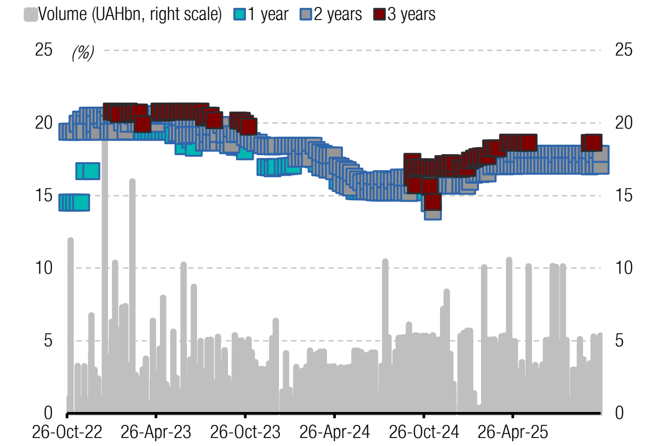


Source: Ministry of Finance of Ukraine, ICU.

Appendix: Yields-to-maturity, repayments

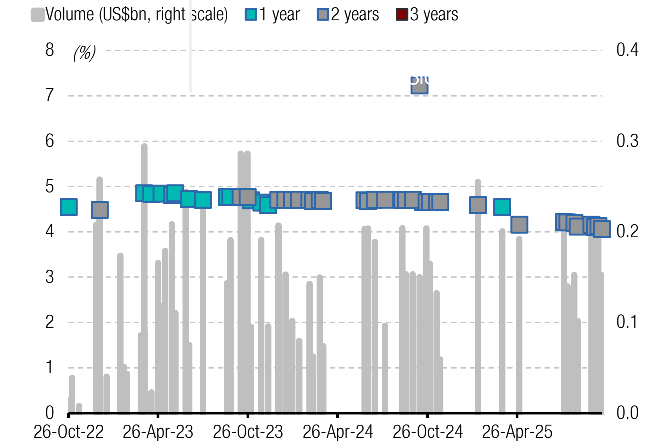
Chart 1. Three-year history of domestic government bond placements at primary market: proceeds (in billions) and yields-to-maturity (%)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

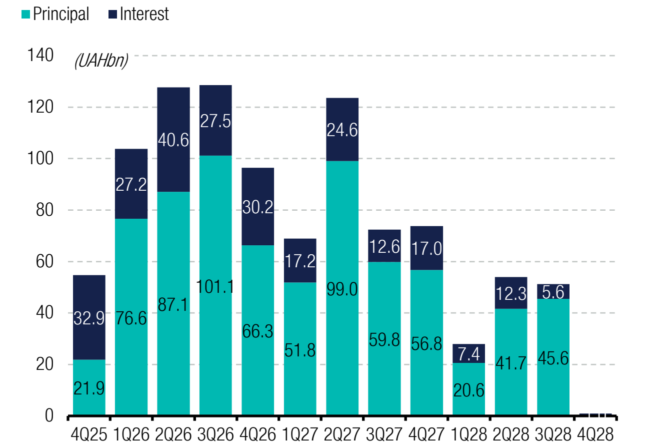
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

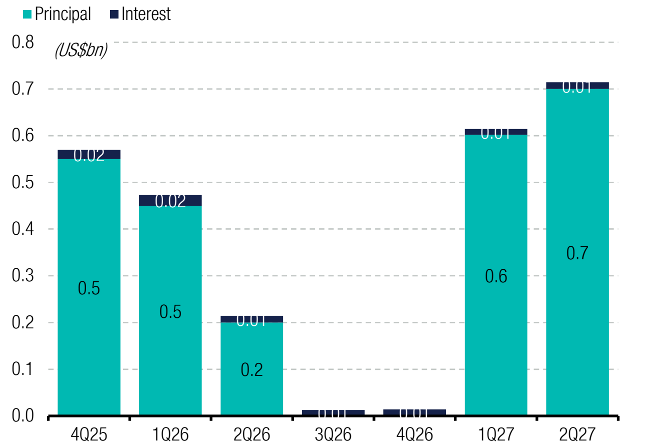
Chart 2. Future repayments on domestic government bonds (in billions of currency)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

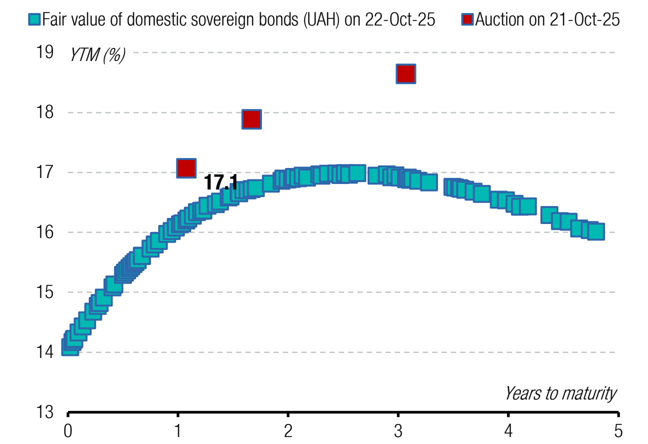
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

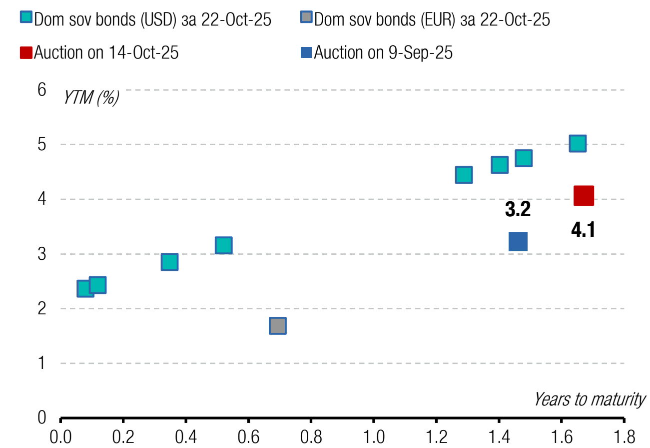
Chart 3. YTMs of domestic government bonds as calculated by NBU versus placements via primary market auctions

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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