

Bond Market Insight

Unexpectedly low demand for USD-denominated bond

Comment on government bond placement

The MoF received almost UAH13bn for the state budget from yesterday's bond auction, including only the equivalent of UAH5bn in foreign currency.

Demand for UAH instruments increased yesterday compared with last week.

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	2,858,576	1,003.03	2,867.24	2,858.58	17.07	20,400.83
UA4000237424	17.10	SA	23-Jun-27	1,700,650	1,071.89	1,822.91	1,700.65	17.88	16,894.69
UA4000237804	17.50	SA	22-Mar-28	2,406,816	1,029.46	2,477.72	2,406.82	18.32	13,579.42
UA4000237556	17.80	SA	15-Nov-28	451,175	1,003.32	452.67	451.18	18.65	12,580.80
Total UAH				7,417,217		7,620.55	7,417.22		63,455.73
UA4000237994	4.01	SA	1-Jul-27	119,188	1,016.62	5,126.35	5,042.55	4.02	13,504.05
Total USD				119,188		5,126.35	5,042.55		13,504.05

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 42.31/USD, 48.57/EUR; [3] yields on coupon-bearing bonds are effective yields to maturity. Sources: Ministry of Finance of Ukraine, Bloomberg, ICU.

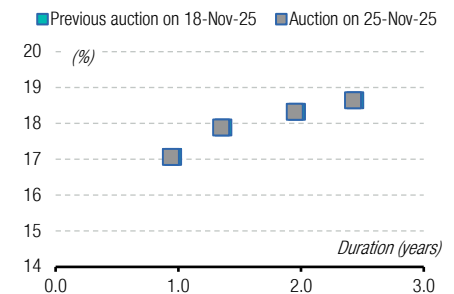
The one-year military bill received almost UAH2.9bn in bids, 4x WoW. The total amount of bids for the 19-month paper increased more than eightfold WoW to UAH1.7bn, and the volume of demand for three-year note increased threefold WoW to UAH451m. Only the demand for 2.4-year military bond declined, from UAH3.8bn last week to UAH2.4bn yesterday.

Bids for all hryvnia instruments were at the usual yields, so no interest rates changed yesterday.

The biggest surprise was the placement of USD-denominated paper. This year, all USD-denominated bond offerings were oversubscribed, allowing the Ministry of Finance to both attract the planned amount of funds and reduce the rates on these bonds due to increased competition. However, yesterday, the total volume of bids turned out to be more than a quarter below the cap. The MoF offered US\$200m of bills and received only US\$144.2m of demand in 90 bids, of which it also rejected three and sold almost US\$119.2m of USD-denominated bills. The MoF also reduced the cut-off and weighted average rates by 3bp to 4.02% and 3.98%, respectively.

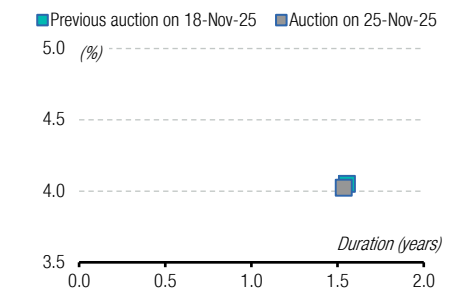
WEDNESDAY, 26 NOVEMBER 2025

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



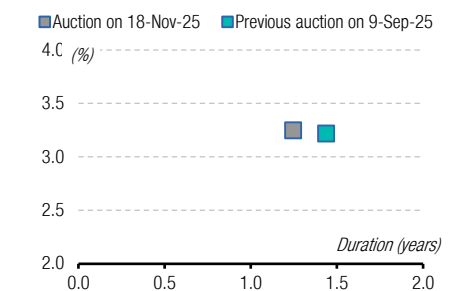
Source: Ministry of Finance of Ukraine, ICU.

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

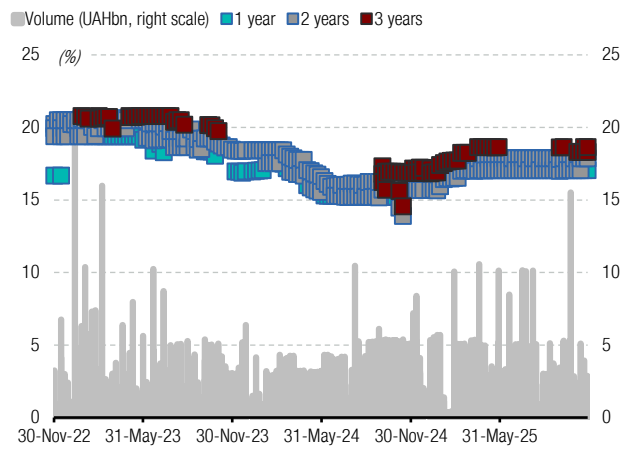


Source: Ministry of Finance of Ukraine, ICU.

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

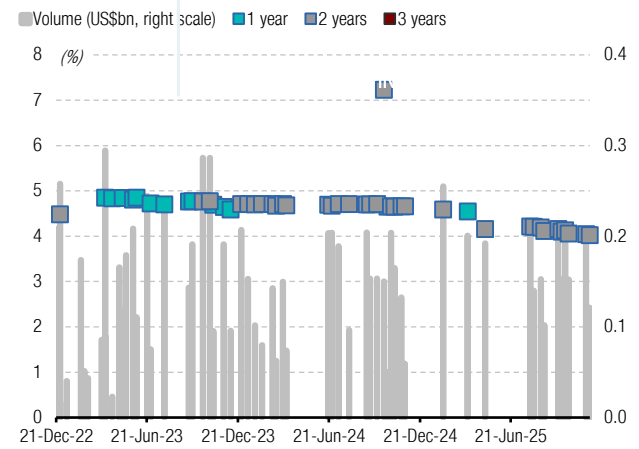
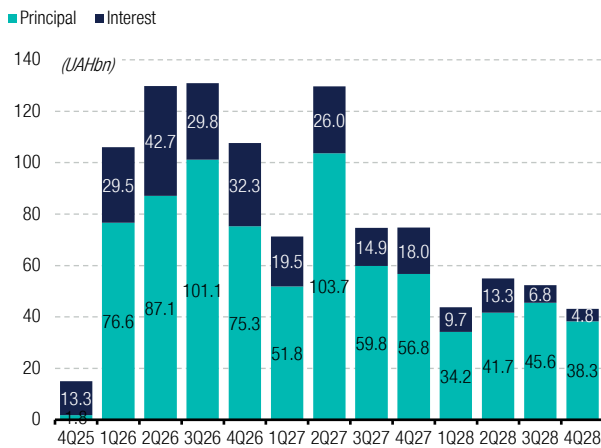


Chart 2. Future repayments on domestic government bonds (in billions of currency)

UAH-denominated domestic government bonds



USD-denominated domestic government bonds

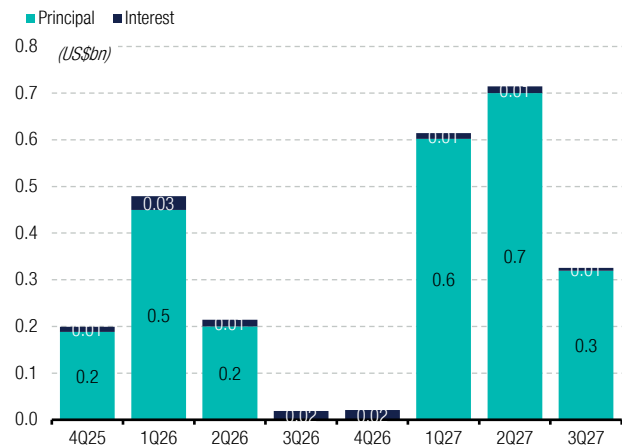
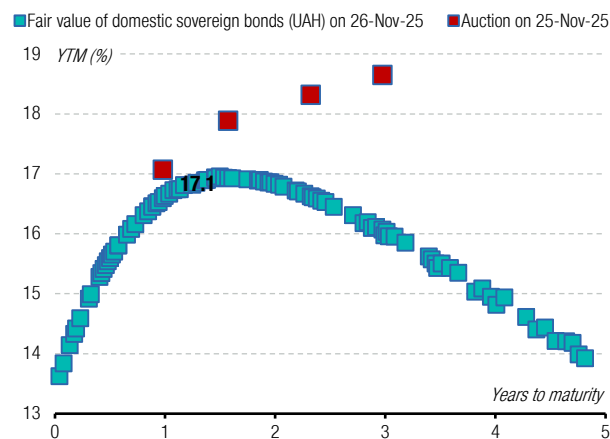
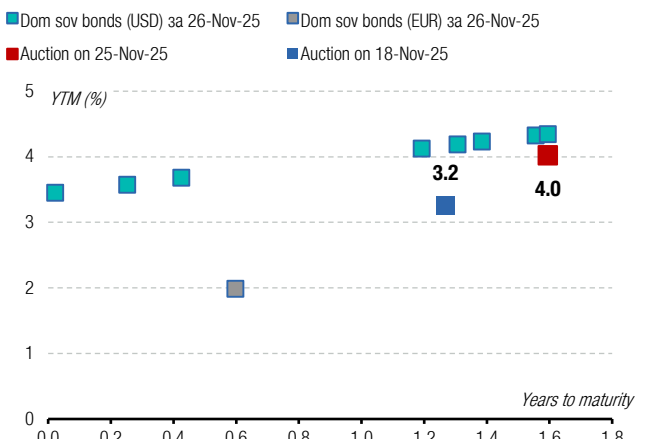


Chart 3. YTM of domestic government bonds as calculated by NBU versus placements via primary market auctions

UAH-denominated domestic government bonds



USD- and EUR-denominated domestic government bonds



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