Analyst(s)
**Taras Kotovych**

# Bond Market Insight

## Unexpectedly low demand for USD-denominated bond

### Comment on government bond placement

**WEDNESDAY, 26 NOVEMBER 2025**

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** |

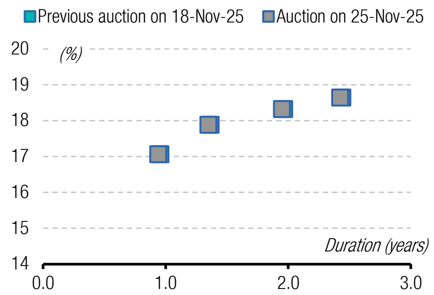
Note: [1] payment frequency abbreviations: M - monthly, Qtly - quarterly, SA - semi-annually, @Mty - at maturity date; [2] proceeds and volumes for the USD-denominated bonds are calculated based on the previous day's exchange rate 42.31/USD, 48.57/EUR; [3] yields on coupon-bearing bonds are effective 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.

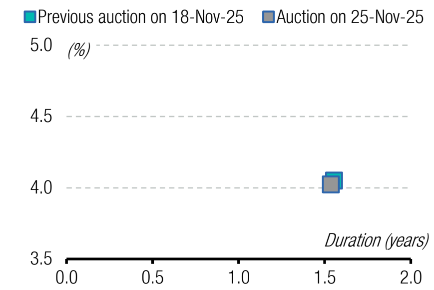
The biggest surprise was the placement of USD-denominated paper. This year, all USD-denominated bond offerings were oversubscribed, allowing the Ministry of Finance to both attract the planned amount of funds and reduce the rates on these bonds due to increased competition. However, yesterday, the total 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.

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



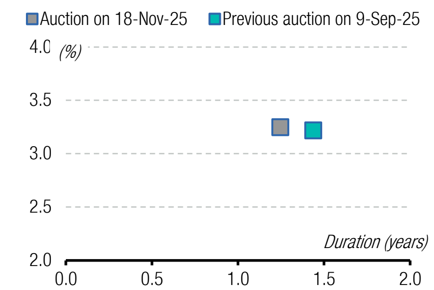

Source: Ministry of Finance of Ukraine, ICU.

**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**

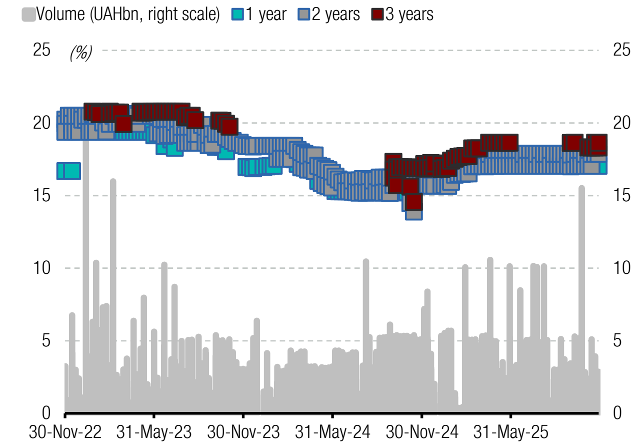



Source: Ministry of Finance of Ukraine, ICU.

# Appendix: Yields-to-maturity, repayments

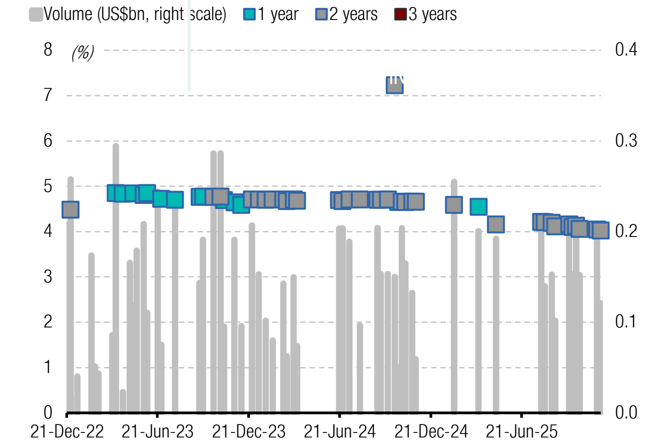
**Chart 1. Three-year history of domestic government bond placements at primary market: proceeds (in billions) and yields-to-maturity (%)**

*UAH-denominated domestic government bonds*




Source: Ministry of Finance of Ukraine, ICU.

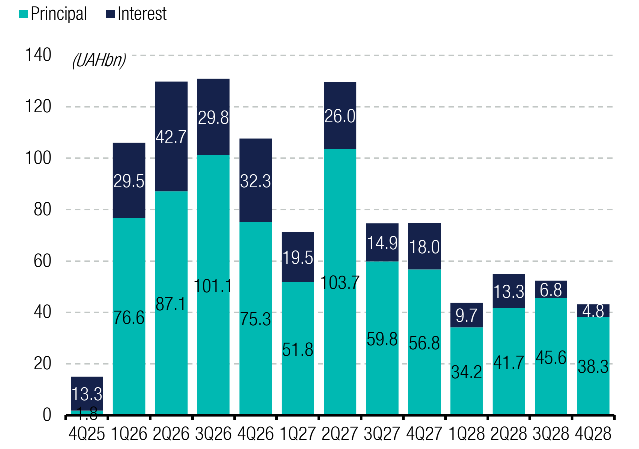
*USD-denominated domestic government bonds*




Source: Ministry of Finance of Ukraine, ICU.

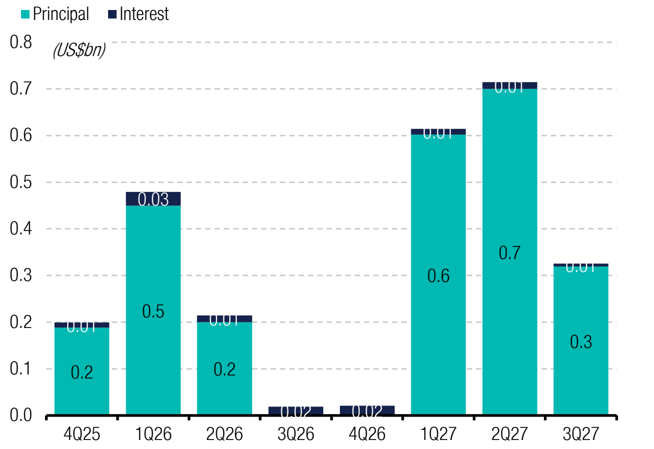
**Chart 2. Future repayments on domestic government bonds (in billions of currency)**

*UAH-denominated domestic government bonds*




Source: Ministry of Finance of Ukraine, ICU.

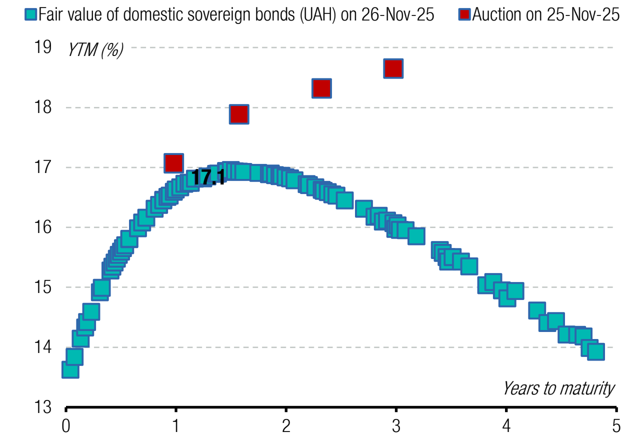
*USD-denominated domestic government bonds*




Source: Ministry of Finance of Ukraine, ICU.

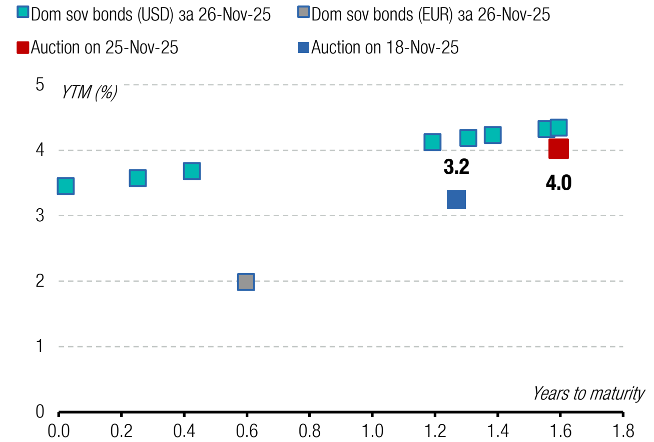
**Chart 3. YTMs of domestic government bonds as calculated by NBU versus placements via primary market auctions**

*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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