

Bond Market Insight

Decline in UAH bond yields ends

Comment on government bond placement

WEDNESDAY, 1 APRIL 2026

Yesterday's auction demonstrated that the hype around the decline in yields has died down, and bid rates have stabilised mostly at the cut-off level. Demand has fallen below supply, so there is currently no prospect of a further decline in yields.

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

ISIN	Coupon rate (%)	Payment freq ¹	Maturity	Qty of bonds sold	Price (UAH)	Proceeds ² (UAHm)	Volume ² (UAHm)	YTM ³ (%)	Outstanding (m) ⁴
UA4000238976	15.68	@Mty	24-Mar-27	863,161	1,007.65	869.76	863.16	15.76	15,469.15
UA4000238992	16.16	SA	25-Apr-29	1,777,370	1,068.21	1,898.60	1,777.37	16.85	5,777.37
Total UAH				2,640,531		2,768.36	2,640.53		21,246.52

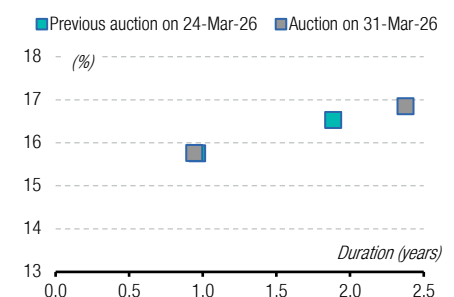
Note: [1] payment frequency abbreviations: M - monthly, Qtly - quarterly, SA - semi-annually, @Mty - at maturity date; [2] proceeds and volumes for the USD-denominated bonds are calculated based on the previous day's exchange rate 43.91/USD, 50.95/EUR; [3] yields on coupon-bearing bonds are effective yields to maturity. Sources: Ministry of Finance of Ukraine, Bloomberg, ICU.

Bidders for the one-year military bills submitted 22 bids, totalling less than UAH 0.9 bn, i.e., only 43% of the cap. Yields were in the range of 15–15.15%, i.e. without claims for rate increases. The cut-off remained at 15.15% for the fourth week, and the weighted average yield came very close to it at 15.14%.

The range of bid yields for the three-year note was the same, only 15bp, from 16% to 16.15%. However, the volume of bids with rates below the maximum was insignificant, so the weighted average rate was similar to the cut-off rate – 16.15%. However, total demand amounted to UAH1.8bn, which is 11% below the cap and almost 2x that of the one-year paper.

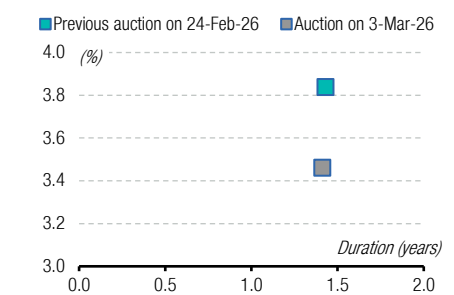
Thus, the yields of one-year bills in the primary market have decreased by 120bp YTD, or 2.4x of the NBU key rate cut, and the yields of three-year notes by 165bp, or more than 3x the NBU key rate cut. The term premium that buyers of three-year securities receive in addition to the yield of one-year bonds is 100bp, or 45bp less than at the beginning of the year.

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



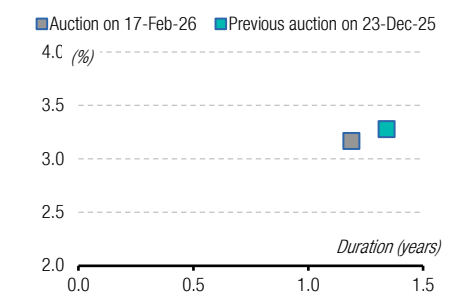
Source: Ministry of Finance of Ukraine, ICU.

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

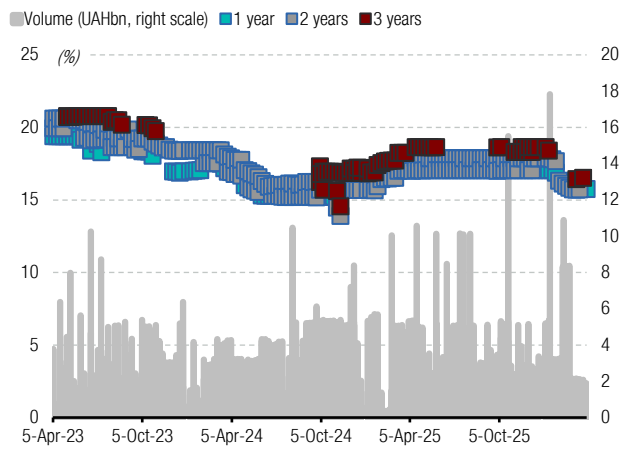


Source: Ministry of Finance of Ukraine, ICU.

Appendix: Yields-to-maturity, repayments

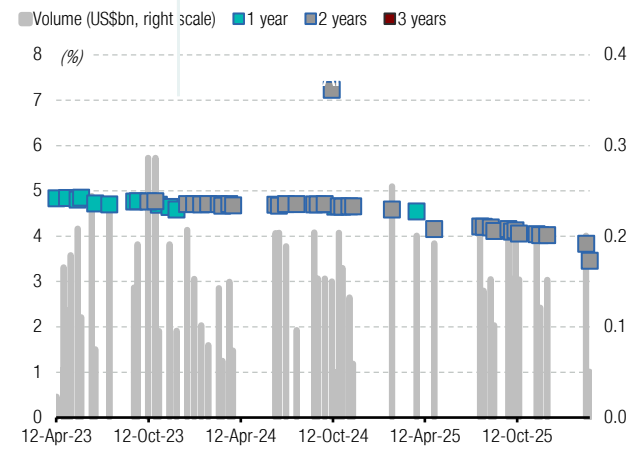
Chart 1. Three-year history of domestic government bond placements at primary market: proceeds (in billions) and yields-to-maturity (%)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

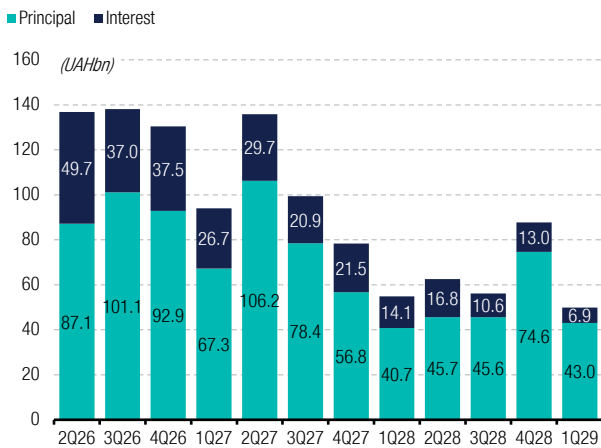
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

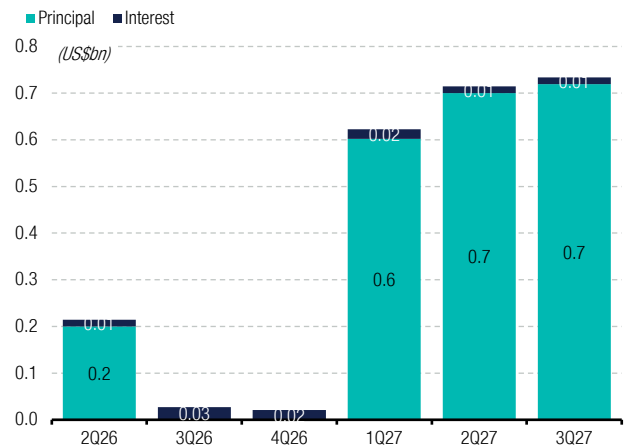
Chart 2. Future repayments on domestic government bonds (in billions of currency)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

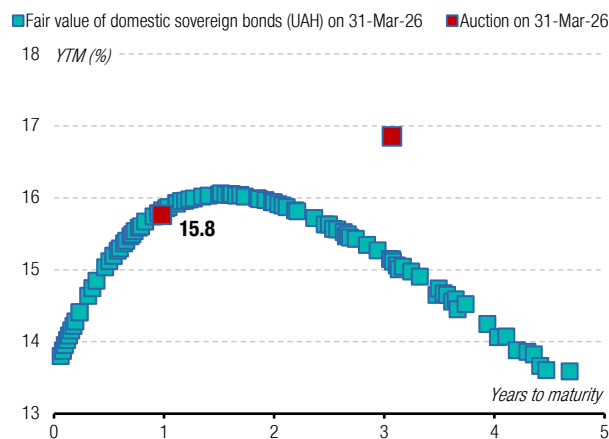
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

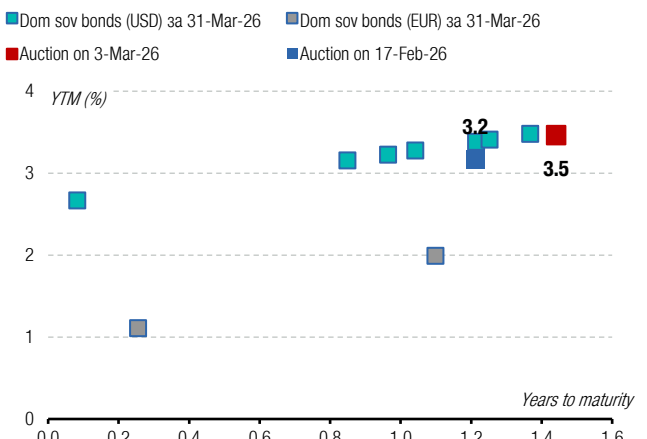
Chart 3. YTM of domestic government bonds as calculated by NBU versus placements via primary market auctions

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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