Fixed Income Weekly Monitor

August 24, 2026

Trends

Ukrainian Eurobonds Fall as War Funding Needs Weigh on Investor Sentiment

Ukrainian sovereign Eurobonds weakened, with prices falling an average 2.7% over the week. The Ukraine-2029 bond declined 1.3% to 83.6 cents on the dollar, implying a yield to maturity of 14.4%. The Ukraine-2036 issue fell 3.3% to 64.3 cents, with an implied yield of 13.0%.

Ukraine urgently needs USD 10bn to purchase weapons for early next year, plus another USD 20bn to cover the military's urgent needs and civilian protection, President Volodymyr Zelenskyy said during the Ukraine-Nordic-Baltic Eight summit in Kyiv. Zelenskyy stressed that the lack of funding is a serious challenge that Ukraine is currently managing to contain, but it is important to prevent its consequences from affecting either civilian life or the front line.

In the corporate debt universe, Metinvest-2029 dropped by 1.0% to 92.1 (10.7% YTM) as the company's assets were damaged by russian missile attacks.

Eurobonds of agro producer MHP with maturity in 2029 decreased by 1.5% to 102.2 (9.3% YTM) as Russia rejected a Ukrainian offer of a truce on attacks against ships carrying agricultural commodities through the Black Sea. The rejection comes as Türkiye has repeatedly pushed both sides toward a moratorium on Black Sea attacks, warnings Ankara says have "unfortunately come true" as the conflict spreads across the sea's commercial shipping lanes.

Russia's Defense Ministry said its forces struck Ukraine's Yuzhny port in the Odesa region overnight, hitting five fuel tanks and infrastructure for loading and unloading of cargoes.

Russia and Ukraine have stepped up attacks on each other's commercial ships and ports in the Black Sea, raising fears about global grain supplies. The two countries account for more than a quarter of global wheat exports, and the attacks come in the middle of this year's harvest. Ports in Ukraine's Greater Odesa region handle about 90% of the country's grain shipments. Ukraine has exported only about 500,000 tons of grain since the start of August, roughly a fifth of its potential shipments.

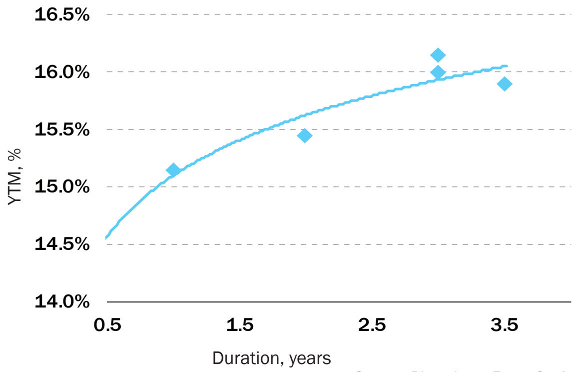
Highlights

- Zelenskiy-Fedorov Feud Escalates as Zelenskiy Dismisses Election Calls
- Ukraine Has Enough Gas for Winter, Storage Reaches 14.3bn cu-m

The National Bank of Ukraine has opened a special fundraising account to support the Armed Forces of Ukraine. Please find more at the National Bank's official website under the link below:
www.bank.gov.ua/en/about/support-the-armed-forces

The National Bank also opened fundraising account for Humanitarian Assistance to Ukrainians. Please see details under the link below:
www.bank.gov.ua/en/about/humanitarian-aid-to-ukraine

UAH-DENOMINATED BOND YIELD CURVE



Source: Bloomberg. Eavex Capital

FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	15.5%	0.0 p.p.	0.0 p.p.
UAH 1-year bond yield	15.2%	0.0 p.p.	-1.2 p.p.
Ukraine-2029 yield	14.4%	-0.6 p.p.	-3.6 p.p.
Ukraine-2036 yield	13.0%	0.0 p.p.	-1.5 p.p.

OFFICIAL EXCHANGE RATES

	Last, UAH	1W chg.	YTD
USD/UAH	44.61	-0.2%	5.2%
EUR/UAH	52.13	1.1%	4.6%

Source: Eavex Capital

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Zelenskiy-Fedorov Feud Escalates as Zelenskiy Dismisses Election Calls

by Will Ritter
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NEWS

The political conflict between President Zelenskiy and ousted Defense Minister Mykhailo Fedorov appeared to escalate on Sunday (Aug 23), as Zelenskiy rejected Fedorov's call for Ukraine to find a way to hold elections during wartime.

Zelenskiy said elections would be "divisive for Ukraine" and that there are "major risks" associated with a vote.

Zelenskiy's 5-year term in office expired in May 2024, at which time a presidential election should have been held in the absence of martial law.

Fedorov hit back later in the day, stating in an interview with Britain's BBC that "people cannot live endlessly in a state where they do not understand why certain decisions are made", and he demanded that Zelenskiy answer questions about corruption among members of his inner circle.

A new corruption investigation had surfaced last week involving top presidential aide Irina Mudra which was related to an asset seizure scheme in Kyiv; Mudra was fired by Zelenskiy almost immediately after the charges became public. Meanwhile, Parliament on Wednesday (Aug 19) approved Fedorov's replacement at the Defense Ministry, former Security Service (SBU) chief Yevhen Khmara.

COMMENTARY

It appears to us that Zelenskiy is safe for now in his position to further delay elections, as the logistics for holding a vote simply do not add up.

However, we also believe that Fedorov has raised legitimate and important points about the lack of accountability in Zelenskiy's government and the unacceptable situation whereby the Putin regime effectively holds Ukrainian democracy hostage by continuing the war.

In general, there is a lack of clarity on how or when the war might be brought to an end, given that Zelenskiy's strategy of trying to force Putin into negotiations by bombing Russian commercial warehouses and oil refineries this summer appears to have failed.

The Kremlin has responded with its own attacks on Ukrainian shipping in the Odessa region, causing substantial economic damage to Ukraine's two most important export industries, agriculture and iron ore.

Zelenskiy stated that Ukraine's budget currently has a USD 27bn shortfall, and that his government will hold urgent consultations with Germany and France on filling it.

Ukraine Has Enough Gas for Winter, Storage Reaches 14.3 Billion Cubic Meters

by Dmitry Churin
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NEWS

As of Aug. 21, 2026, Ukraine had accumulated 14.3 billion cubic meters of natural gas in its underground storage facilities.

The stockpile has already exceeded the government's minimum target of 13.2 billion cubic meters, which is considered the critical level needed for a smooth start to the heating season.

Under the baseline scenario, storage should reach 14.6 billion cubic meters before winter, while the more optimistic scenario calls for about 15 billion cubic meters.

COMMENTARY

Although Ukraine has already surpassed the minimum threshold, it still needs another 300 million to 700 million cubic meters to reach the 14.6-15 billion cubic meter target considered sufficient for the winter.

If injection rates remain at about 35 million cubic meters a day, Ukraine could approach 16 billion cubic meters by October, providing an additional buffer against potential Russian strikes on gas production facilities and infrastructure.

Ukraine has two main sources of gas to meet domestic demand, and both are operating simultaneously.

The first is domestic production. During the summer, when gas consumption is at its lowest, a significant share of locally produced gas is injected into underground storage. This is the most reliable and controllable source, although production could be disrupted by Russian attacks on energy infrastructure.

The second source is imports from the European Union. Ukraine receives gas through four main routes via Poland, Slovakia, Hungary and Romania. Imports averaged about 1.65 million cubic meters a day in August 2026, mainly from Poland and Hungary.

State-owned Naftogaz has already contracted more than 2.09 billion cubic meters of gas, including 2 billion cubic meters imported during January-July 2026. That means part of Ukraine's winter requirements has already been secured through agreements with European suppliers.

Even with sufficient gas in storage, however, the key risks for the heating season will be Naftogaz's financial liquidity to make emergency purchases, the resilience of domestic production under Russian attacks and the effectiveness of infrastructure management.

Ukraine will therefore need to be able to respond quickly to damage to energy facilities and retain access to additional financing if emergency gas purchases become necessary.

Naftogaz's 2033 Eurobonds are trading at about 89.7 cents on the dollar. At the stated 6.0% coupon, the bonds offer a current yield of about 6.8%.

The bonds were restructured again this year. Following the restructuring, Fitch affirmed Naftogaz's rating at CC, indicating a very high risk of default.

SELECTED UKRAINIAN EUROBONDS

Issue	Indicative Price	Price change in one week	YTM, %	Coupon	Maturity Date	Volume USD mn	Currency	Ratings[1]
Sovereign Eurobonds								
Ukraine, 2029	83.6	-1.3%	14.4%	4.50%	1 Feb 2029	1,168	USD	Ca/CCC+/CCC
Ukraine, 2030 (B)	70.2	-2.1%	10.8%	-	1 Feb 2030	531	USD	Ca/CCC+/CCC
Ukraine, 2034	66.7	-2.9%	13.3%	4.50%	1 Feb 2034	3,150	USD	Ca/CCC+/CCC
Ukraine, 2035	65.0	-4.1%	13.2%	4.50%	1 Feb 2035	2,946	USD	Ca/CCC+/CCC
Ukraine, 2036	64.3	-3.3%	13.0%	4.50%	1 Feb 2036	2,456	USD	Ca/CCC+/CCC
Corporate Eurobonds								
MHP, 2029	102.2	-1.5%	9.3%	10.5%	28 Jul 2029	550	USD	//
Kernel, 2027	93.9	-0.3%	12.5%	6.75%	27 Oct 2027	300	USD	//
DTEK Energy, 2027	88.3	-0.9%	17.0%	5.00%	31 Dec 2027	1,645	USD	//
UkrEnergo, 2028	98.8	0.0%	7.5%	6.875%	09 Nov 2028	825	USD	//
Metinvest, 2029	92.1	-1.0%	10.7%	7.75%	17 Oct 2029	500	USD	Caa3//CCC
NaftoGaz, 2033	89.7	0.0%	n/a	6.00%	15 Jan 2033	500	USD	//CC
Ukrainian Railways, 2026	83.9	0.0%	n/a	8.25%	9 Jul 2026	500	USD	//

[1] *Moody's/S&P/Fitch*

Source: Boerse-Berlin, Boerse-Stuttgart. TR Data, Eavex Research

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