EAVEX capital

Fixed Income Weekly Monitor

September 14, 2026

Trends

Ukraine Bonds Slide as Inflation Accelerates, Growth Loses Momentum

Indicative prices for Ukrainian sovereign Eurobonds fell an average 0.9% over the week, as weaker-than-expected domestic economic data added to pressure on the country's debt.

The Ukraine-2029 bond declined 1.9% to 84.1 cents on the dollar, implying a yield to maturity of about 14.5%. The move marks a modest correction after Ukrainian sovereign debt had traded in a relatively narrow range in recent weeks, with investors balancing expectations for continued international financial support against deteriorating domestic macroeconomic conditions.

Ukrainian corporate Eurobonds also came under pressure. MHP-2029 fell 0.8% to 99.9 cents on the dollar, putting its implied yield at 10.5%.

Metinvest-2029, a significantly less liquid issue, dropped 6.1% to 86.5 cents, implying a yield of 13.2%. The sharp move in Metinvest bonds should be interpreted with caution because limited trading liquidity can amplify price changes and make indicative quotations less representative of actual market-clearing levels.

The latest Ukrainian macroeconomic data provided little support for the bond market. Consumer inflation accelerated to 8.1% in August from 7.7% a month earlier, while economic growth slowed to just 0.4% year-on-year in the second quarter. The combination of higher inflation and weak growth is particularly challenging for fixed-income investors because it limits the scope for monetary easing while raising concerns about the pace of economic recovery.

In the near term, Ukrainian bonds are likely to remain driven by a combination of global emerging-market risk appetite, domestic inflation expectations and news on external financing. Unless inflation begins to moderate while economic activity strengthens, the market may require higher yields to compensate investors for the combination of macroeconomic and liquidity risks.

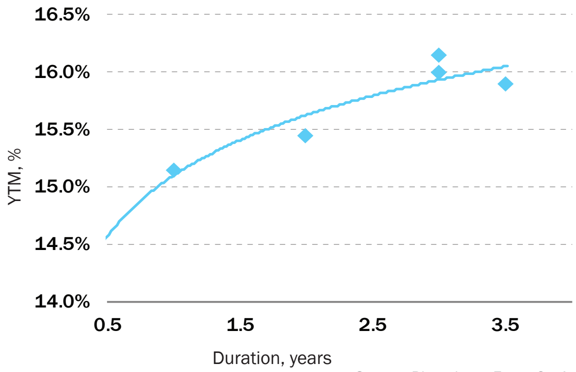
Highlights

- Trump Blames Zelenskiy for High Fuel Prices Caused by Iran War
- Ukraine Inflation Accelerates to 8.1% YoY in August

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	14.5%	1.1 p.p.	-3.5 p.p.
Ukraine-2036 yield	12.4%	0.0 p.p.	-2.1 p.p.

OFFICIAL EXCHANGE RATES

	Last, UAH	1W chg.	YTD
USD/UAH	44.55	-0.4%	5.1%
EUR/UAH	51.76	-0.3%	3.8%

Source: Eavex Capital

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Trump Blames Zelenskiy for High Fuel Prices Caused by Iran War

by Will Ritter
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NEWS

US President Trump on Sunday (Sept 13) called on President Zelenskiy to halt Ukraine's drone attacks against Russia's diesel fuel reserves, saying that such operations are causing fuel shortages and driving up prices in the United States. Trump made the remarks to reporters in Ireland as part of his official visit to that country.

US diesel prices are currently at an all-time high. Meanwhile, the Brent oil price reached USD 108 per barrel this weekend amid new escalations in the Iran war, which Trump's administration started in late February in cooperation with Israel.

There was no immediate reaction from the Zelenskiy administration to Trump's comments, which echoed those made by his Cabinet's top finance official, Scott Bessent, a week earlier.

In July, Trump had previously praised Ukrainian strikes on Russian oil refineries as a way to force the Putin regime to the negotiating table.

In other significant developments over the weekend, a Russian drone struck a rail locomotive at the village of Yahodyn (Volyn province) on the Polish border, in an act apparently aimed at Western attendees of the Yalta European Strategy conference, who were traveling from Kyiv back to Poland on a special diplomatic train. No casualties were reported from the attack.

Also, Zelenskiy placed personal sanctions on his former press spokesperson Yulia Mendel, affecting her assets in Ukraine and her ability to travel to the country. Mendel fled Ukraine after becoming a harsh critic of Zelenskiy's leadership, and now resides in the United States.

COMMENTARY

By far, the single most important reason for the deterioration in Ukraine's position in the war in 2026 has been Trump's decision to attack Iran, which bailed out the Russian economy by squeezing the global oil supply and pushing prices from the mid-60s to near 100 USD.

We see Trump's rather anemic attempt to turn the tables by blaming Ukraine for high US fuel prices as a domestic messaging strategy in his administration's effort to avoid major Republican losses in November's congressional elections.

Whereas it previously looked as though Putin might be forced into negotiations this year, most analysts now see the war continuing to mid-2027, if not beyond. This has put Zelenskiy in an increasingly desperate position, with a so-called "40-day campaign for peace" of drone & missile attacks against Russian targets this summer failing to move the needle.

A visit to Kyiv earlier this month by Trump's top negotiators, Steven Witkoff and Jared Kushner, also did not bring any breakthrough developments; Zelenskiy is now focused on obtaining air defense interceptors from the West to mitigate the impact of the coming Russian attacks on Ukrainian infrastructure heading into the winter. The Russian bombing of the train station on the Polish border indicates that the Putin regime is now taking more risks due to the deteriorating security situation inside Russia, we believe.

Ukraine Inflation Accelerates to 8.1% YoY in August

by Dmitry Churin
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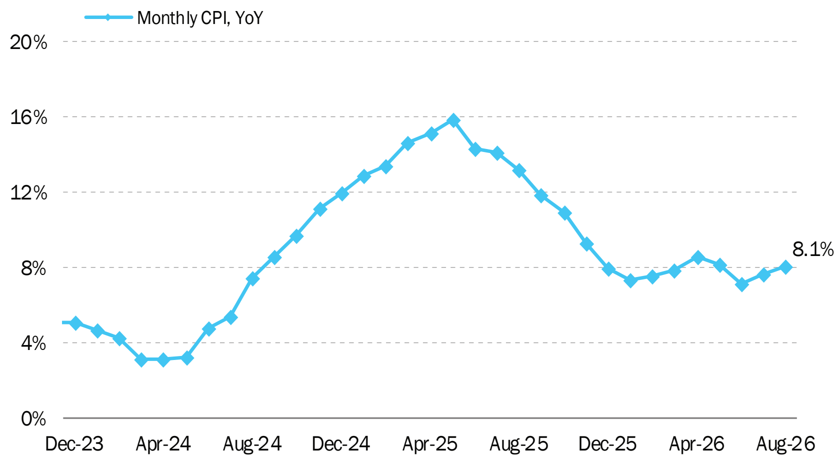
NEWS

Ukraine's annual consumer inflation accelerated to 8.1% in August 2026 from 7.7% in July, as consumer prices rose 0.1% month-on-month.

Despite seasonal declines in raw food prices, inflation is expected to pick up later in the year as higher energy costs continue to feed through to businesses.

The National Bank of Ukraine projects inflation will reach 9.4% by the end of 2026.

UKRAINE'S ROLLING 12-MONTH CPI



Source: State Statistics Committee

COMMENTARY

The acceleration in Ukraine's consumer inflation to 8.1% in August shows that price pressures in the economy have proved more persistent than expected. For the National Bank of Ukraine, this means less room for further monetary easing, while for investors it puts interest-rate risk back at the center of the equation.

The picture is becoming more complicated as global inflation accelerates. If the US Federal Reserve and the European Central Bank shift toward tighter policy, the global cost of money will rise. Higher US sovereign bond yields boost demand for the dollar and can put pressure on other currencies against the greenback.

The clearest risk is a widening gap between market expectations and central-bank actions. After an extended period of rate cuts, investors have already priced in a degree of monetary-policy normalization. If inflation in the US and Europe forces central banks to delay further easing, asset valuations could adjust sharply.

Ukrainian investors are effectively having to monitor three inflation fronts at once — Ukraine, Europe and the US. If all three move in the same direction, the key market risk will not be inflation itself, but how long central banks will be forced to keep the cost of money elevated.

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	84.1	-1.9%	14.5%	4.50%	1 Feb 2029	1,168	USD	Ca/CCC+/CCC
Ukraine, 2030 (B)	71.5	-1.1%	10.4%	-	1 Feb 2030	531	USD	Ca/CCC+/CCC
Ukraine, 2034	68.4	-1.0%	12.9%	4.50%	1 Feb 2034	3,150	USD	Ca/CCC+/CCC
Ukraine, 2035	67.0	-1.2%	12.8%	4.50%	1 Feb 2035	2,946	USD	Ca/CCC+/CCC
Ukraine, 2036	67.2	0.6%	12.4%	4.50%	1 Feb 2036	2,456	USD	Ca/CCC+/CCC
Corporate Eurobonds								
MHP, 2029	99.9	-0.8%	10.5%	10.5%	28 Jul 2029	550	USD	//
Kernel, 2027	94.3	1.8%	14.8%	6.75%	27 Oct 2027	300	USD	//
DTEK Energy, 2027	87.6	-0.9%	18.0%	5.00%	31 Dec 2027	1,645	USD	//
UkrEnergo, 2028	98.5	0.0%	7.7%	6.875%	09 Nov 2028	825	USD	//
Metinvest, 2029	86.5	-6.1%	13.2%	7.75%	17 Oct 2029	500	USD	Caa3//CCC
NaftoGaz, 2033	87.8	-1.9%	8.6%	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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