

Trends

Ukrainian Eurobonds Decline After Preceding Week Gain

Ukrainian sovereign Eurobonds saw another round of speculative swings as geopolitical headlines drove market sentiment. The cancellation of the planned meeting between Donald Trump and Vladimir Putin was interpreted as a signal that Russia intends to prolong the war. Russia once again refused to budge from its maximalist positions on what it would take for it to halt its war in Ukraine. Trump and Putin last met in Alaska in August, but no deal was reached following the summit. There is hope that Trump still had leverage in the talks with Moscow. The president could still hang over the Russians the threat of providing Ukraine with the long-range missiles, known as Tomahawks.

Over the week, prices of Ukraine's Eurobonds fell an average of 3.1%. The long-dated Ukraine 2036 issue dropped 4.2% to 54.1 cents on the dollar, implying a yield to maturity of about 15.3%.

The VRI derivatives (linked to Ukraine's future GDP growth with expiration in 2040) surprisingly gained 1.8% to close at 83.3 cents on the dollar.

In the corporate debt universe, DTEK Energy-2027 Eurobonds fell 4.7% to 68.3 cents on the dollar, with the yield reaching 27% YTM, as millions of Ukrainians are bracing for another winter of power cuts and possibly blackouts as Russia renewed its campaign of attacks on the country's energy grid.

Metinvest-2026 decreased by 0.3% to 88.7 (34.3% YTM) and Metinvest-2029 remained unchanged at 75.4 (16.8% YTM).

On the currency front, the hryvnia weakened by 0.6% in the cash trade to 42.20 UAH/USD following reports that the IMF was pushing the National Bank to devalue the country's currency ahead of negotiations for a new loan program.

Highlights

- > Trump Toughens Line Against Moscow as Dmitriev Attempts Damage Control
- > National Bank Holds Key Rate at 15.5% Signalling Cut in 2026

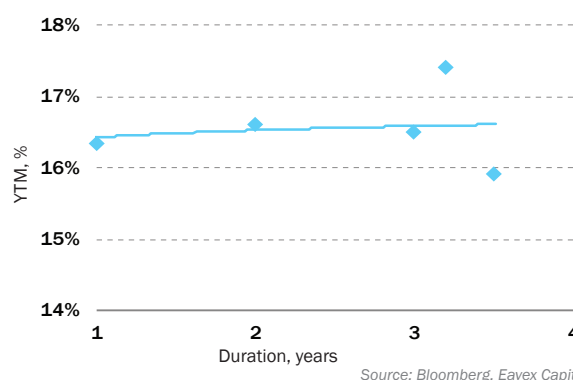
The National Bank of Ukraine has opened a special fundraising account to support the Armed Forces of Ukraine. Please find more at the National Bank's official website under the link below:

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



FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	15.5%	0.0 p.p.	2.0 p.p.
UAH 1-year bond yield	16.4%	0.0 p.p.	0.0 p.p.
Ukraine-2029 yield	19.6%	0.5 p.p.	3.7 p.p.
Ukraine-2036 yield	15.3%	0.8 p.p.	0.9 p.p.

CASH EXCHANGE RATES

	Last, UAH	1W chg.	YTD
USD/UAH	42.20	0.6%	-0.1%
EUR/UAH	49.40	0.4%	11.5%

Source: Eavex Capital

Trump Toughens Line Against Moscow as Dmitriev Attempts Damage Control

by Will Ritter
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NEWS

US President Trump toughened his position against Russia last week for its aggression in Ukraine, cancelling a proposed summit meeting with Russian President Putin and imposing sanctions on the two largest Russian oil companies.

Trump told reporters accompanying him on a trip to Malaysia on Saturday (Oct 25) that the summit would be “wasting my time” if Putin is not prepared to make a deal to end the war.

Trump also called on the European Union to end all purchases of Russian oil, while a member of his administration said that the ball is now in the EU’s court to make the next big move against Moscow.

After the announcement of sanctions against Russian oil majors LukOil and Rosneft last week, the Putin regime’s special envoy for investment Kirill Dmitriev arrived on a 3-day visit to Washington, where he met with several administration officials, though not with Trump himself. Dmitriev surprised observers by saying he believes that Ukraine, the US, and Russia “are actually quite close to a diplomatic solution” to end the war.

In comments made to US television network CNN, Dmitriev claimed that the new oil sanctions would not damage the Russian economy, but would instead force US consumers to pay higher gasoline prices.

COMMENTARY

It appears that the Putin regime has been rattled by Trump’s abrupt change in tack, which comes on the heels of an apparent Russian diplomatic victory only a week earlier, after Trump refused President Zelenskiy’s request to receive US-made Tomahawk medium-range missiles.

At this time, it is unclear to us how many barrels of Russian oil will actually be taken off line by the US sanctions, as this depends on the level of enforcement as well as on US cooperation with India, a major Russian customer.

We believe that Trump has finally come around to the view that Putin’s intention is to keep the war going in hopes of capturing additional Ukrainian territory, and that the only way to force Moscow to the negotiating table is with pressure tactics. Zelenskiy has repeatedly rejected Putin’s “peace offer” of a ceasefire if Ukraine agrees to surrender the remainder of Donetsk province - most notably, the cities of Slavyansk and Kramatorsk (Russia already occupies about 80% of the province’s territory).

Kyiv’s position is that the ceasefire should be established along the current lines of control, a view that Trump now appears to support.

In terms of Europe, we note that Hungary and Slovakia are currently being scapegoated as direct buyers of Russian energy; however, other EU countries are also buying substantial volumes of Russian oil via Indian resales, and the latter situation is the true impediment to effective European energy sanctions against the Putin regime, we believe.

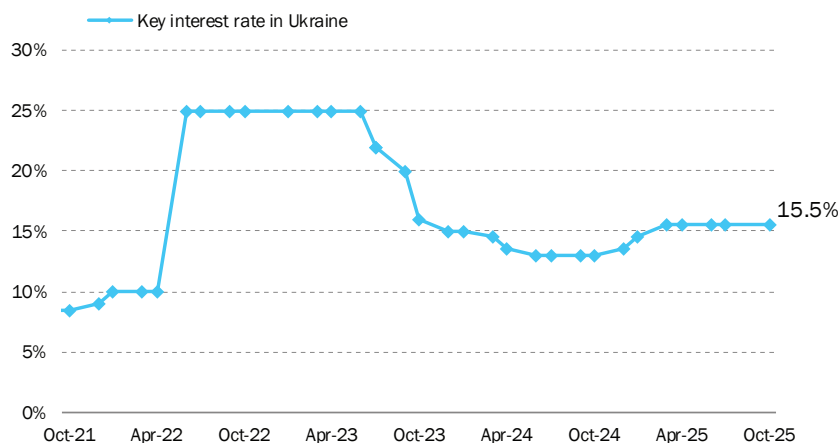
National Bank Holds Key Rate at 15.5% Signalling Cut in 2026

by Dmitry Churin
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NEWS

Ukraine’s central bank kept its benchmark interest rate unchanged at 15.5% on Oct. 23, citing still-elevated inflation expectations despite a decline in headline inflation to 11.9%. The key rate has remained at the current level since March 7, 2025.

NATIONAL BANK KEY POLICY RATE



Source: National Bank of Ukraine

COMMENTARY

The NBU’s decision to hold the policy rate at 15.5%, defied market expectations for a cut to 15.0%.

The National Bank maintained an optimistic outlook that inflation will slow to 9.2% in 2025, 6.6% in 2026, and reach its 5% target by end-2027. At the same time, it downgraded its economic growth forecast to 1.9% from 2.1% for this year and to 2.0% from 2.3% for 2026. The revision reflects the prolonged intensity of Russia’s aggression, renewed large-scale attacks on energy infrastructure, and the government’s need to ramp up military spending.

The central bank also highlighted growing external imbalances, projecting a widening current-account deficit to USD 35.3bn in 2026 and USD 38.4bn in 2027. This persistent deficit will continue to exert pressure on the hryvnia, leaving its medium-term trajectory largely dependent on NBU interventions. Since the start of the year, the regulator has sold USD 27.8bn in the interbank market to balance supply and demand for foreign currency.

With foreign-exchange reserves at a record USD 46.6bn, boosted by external financial aid, the NBU retains sufficient capacity to stabilize the currency. Still, the base case scenario assumes a 10% depreciation, which could bring the exchange rate close to 46 hryvnias per dollar over the next year.

The updated forecast assumes continued and sufficient international financing, including expected inflows of about USD 15bn by year-end from reparation-based loans secured by frozen Russian assets.

SELECTED UKRAINIAN EURO BONDS								
Issue	Indicative Price	Price change in one week	YTM, %	Coupon	Maturity Date	Volume USD mn	Currency	Ratings ¹
Sovereign Eurobonds								
Ukraine, 2029	69.2	-1.1%	19.6%	4.50%	1 Feb 2029	1,168	USD	Ca/SD/RD
Ukraine, 2030 (B)	52.4	-4.4%	16.3%	-	1 Feb 2030	531	USD	Ca/SD/RD
Ukraine, 2034	55.5	-4.0%	16.1%	4.50%	1 Feb 2034	3,150	USD	Ca/SD/RD
Ukraine, 2035	55.3	-2.0%	15.5%	4.50%	1 Feb 2035	2,946	USD	Ca/SD/RD
Ukraine, 2036	54.1	-4.2%	15.3%	4.50%	1 Feb 2036	2,456	USD	Ca/SD/RD
Ukraine, GDP-linked	83.3	1.8%			31 May 2040	3,239	USD	//
Corporate Eurobonds								
MHP, 2026	94.4	-0.1%	20.8%	6.95%	4 Apr 2026	550	USD	//
Kernel, 2027	89.2	3.6%	13.2%	6.75%	27 Oct 2027	300	USD	//
DTEK Energy, 2027	68.3	-4.7%	27.2%	5.00%	31 Dec 2027	1,645	USD	//
Metinvest, 2026	88.7	-0.3%	34.3%	8.50%	23 Apr 2026	648	USD	Caa3//CCC
Metinvest, 2029	75.4	0.1%	16.8%	7.75%	17 Oct 2029	500	USD	Caa3//CCC
NaftoGaz, 2026	78.9	0.9%	17.2%	7.625%	8 Nov 2026	500	USD	//
Ukrainian Railways, 2026	80.9	0.0%	45.5%	8.25%	9 Jul 2026	500	USD	/CC/C

¹ Moody's/S&P/Fitch

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

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