

## Trends

### Ukraine's Eurobonds Rally on EU Proposal to Provide Additional Aid

Ukrainian sovereign eurobonds surged after the European Union floated a plan to provide additional loans to Kyiv backed by frozen Russian assets. Most of those assets are currently parked in cash at Belgian depository Euroclear, earning modest interest. Under the new proposal, the holdings would be swapped into zero-coupon bonds issued by the European Commission and guaranteed by EU member states. Moving the assets out of Euroclear would allow them to be invested at higher yields, boosting the lending capacity for Ukraine. The country would only pay back the reparation loan once it receives compensation from Russia for damage inflicted during the war.

Ukraine's 2029 notes jumped 8.4% to 68 cents on the dollar, from 63 cents, implying a yield-to-maturity of 19.4%. The country's longer-dated 2036 securities rose 7.0% to 53 cents, for an implied yield of 15.3%.

The VRI derivatives (linked to Ukraine's future GDP growth with expiration in 2040) gained 4.9% to close at 77.8 cents on the dollar.

Among the corporate issues, indicative quotes for Kernel-2027 dropped by 3.6% to 86.1 (15.0% YTM) while DTEK Energy-2027 edged up by 0.4% to 72.1 (24.1% YTM).

Metinvest's 2026 bonds were unchanged at 88.6 cents on the dollar, yielding 31.3%, even as the steelmaker signaled it may seek a restructuring of the notes. Adjusted EBITDA fell 49% year-on-year to USD 339mn in the first half of 2025. The company swung to a USD 58mn net loss from a USD 179mn profit a year earlier. As of June 30, Metinvest's total debt stood at USD 1.57bn, with net debt-to-EBITDA rising to 1.9x.

## Highlights

- > Zelenskiy Trust Rating Stabilizes after August Decline
- > Ukraine's Budget Deficit Seen at 18.4% of GDP in 2026, External Financing Needs at USD 44bn

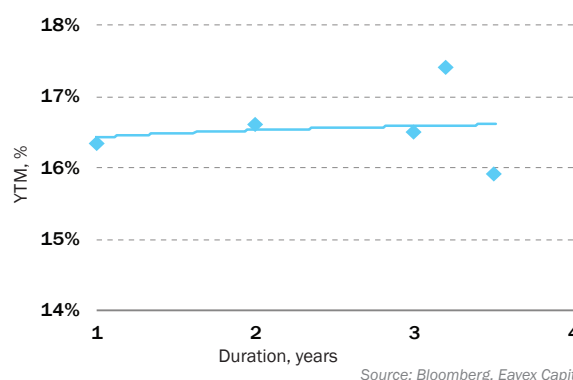
The National Bank of Ukraine has opened a special fundraising account to support the Armed Forces of Ukraine. Please find more at the National Bank's official website under the link below:

[www.bank.gov.ua/en/about/support-the-armed-forces](http://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](http://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    | 19.4% | -3.1 p.p. | 3.5 p.p. |
| Ukraine-2036 yield    | 15.3% | -1.1 p.p. | 0.9 p.p. |

### CASH EXCHANGE RATES

|         | Last, UAH | 1W chg. | YTD   |
|---------|-----------|---------|-------|
| USD/UAH | 41.60     | 0.2%    | -1.5% |
| EUR/UAH | 48.90     | 0.3%    | 10.4% |

Source: Eavex Capital

## Zelenskiy Trust Rating Stabilizes after August Decline

by Will Ritter  
w.ritter@eavex.com.ua

### NEWS

A fresh survey from the Kyiv Institute of Sociology (KIS) indicates that President Zelenskiy's trust rating among Ukrainian citizens has stabilized, following a substantial drop seen amid protests against his July attempt to take control of Ukraine's anti-corruption bodies.

KIS reported that 59% of respondents said they trust Zelenskiy and 34% distrust him, similar to 58%/35% from a month earlier.

The latter figure represented a notable decline from May, when Zelenskiy's trust rating was measured at 74%.

Zelenskiy and his administration quickly rolled back the takeover of the anti-corruption agencies, NABU (investigation) and SAP (prosecution), following protests in Kyiv and negative news coverage in Western media.

The survey questioned 1034 individuals from Sept 2-14. KIS is generally recognized as one of Ukraine's top polling agencies.

### COMMENTARY

The survey also indicated that a solid majority of Ukrainians - 63% - still oppose holding elections before a full peace agreement is signed, and that opposition to elections is closely correlated to support for Zelenskiy.

Nonetheless, the minority of Ukrainians who want to see elections after a ceasefire (not necessarily after a final peace deal) has now risen to 22%, up from just 9% in March.

Despite optimism at the start of 2025 that Ukraine would be able to renew its democracy by the end of this year, it now appears that hostilities may continue well into 2026, with efforts to end the war caught in a holding pattern; the Trump administration and the EU have been unwilling or unable to force the Putin regime to the negotiating table despite August's flurry of diplomatic summits.

Paradoxically, the status quo is politically beneficial for Zelenskiy, as he faces no real pressure to hold elections more than 16 months after the expiration of his 5-year constitutional term in office.

In the current environment of an indefinitely stalled peace process, it is hard for us to imagine that Ukraine's next elections will be held even in 2026.

**Ukraine's Budget Deficit Seen at 18.4% of GDP in 2026, External Financing Needs at USD 44bn**

by Dmitry Churin  
d.churin@eavex.com.ua

**NEWS**

Ukraine's Finance Ministry has prepared the 2026 state budget, projecting:

- Revenues of UAH 2.8 trillion (USD 62bn)
- Expenditures of UAH 4.8 trillion (USD 105bn)
- A deficit equal to 18.4% of GDP, or USD 43bn
- Over USD 44bn in external financing, expected from the EU, G7 nations, the IMF and the World Bank

| UKRAINE MACROECONOMIC FORECAST |       |       |       |
|--------------------------------|-------|-------|-------|
|                                | 2024  | 2025E | 2026E |
| Nominal GDP in USD             | 191   | 200   | 226   |
| real GDP growth                | +2.9% | +2.7% | +2.4% |
| Inflation                      | 12.0% | 9.5%  | 9.9%  |
| Official UAH/USD average       | 40.2  | 42.4  | 45.7  |

Source: Ministry of Finance. Eavex Capital

**COMMENTARY**

Ukraine's draft 2026 state budget is built on the assumption that Russia's full-scale war will drag on, with defense allocations set at USD 61bn, equal to about 27% of GDP.

The budget rests on macroeconomic forecasts that see real GDP expanding 2.4% next year, a pace that in our view is optimistic given limited growth drivers. Hopes center on a stronger grain harvest and resilient consumer sentiment, which could support retail trade.

The hryvnia is projected to weaken about 10% against the dollar to 45.7 per dollar, pressured by a wide trade deficit. Exports are forecast at USD 61.4bn while imports are seen at USD 105.8bn.

Finance Ministry officials acknowledge that current agreements on external financing fall short of covering the deficit, leaving a gap of about USD 19bn. The EU is working on mechanisms to channel support through frozen Russian assets without seizing them outright. Defense needs are also expected to exceed what the budget can provide, fueling expectations of additional military aid from international partners.

Ukraine's public debt may climb to USD 230bn next year, or 101% of GDP, up from 92% of GDP currently.

| SELECTED UKRAINIAN EURO BONDS |                  |                          |        |        |               |               |          |                      |
|-------------------------------|------------------|--------------------------|--------|--------|---------------|---------------|----------|----------------------|
| Issue                         | Indicative Price | Price change in one week | YTM, % | Coupon | Maturity Date | Volume USD mn | Currency | Ratings <sup>1</sup> |
| <b>Sovereign Eurobonds</b>    |                  |                          |        |        |               |               |          |                      |
| Ukraine, 2029                 | 68.4             | 8.4%                     | 19.4%  | 1.75%  | 1 Feb 2029    | 1,168         | USD      | Ca/SD/RD             |
| Ukraine, 2030 (B)             | 50.9             | 5.8%                     | 16.7%  |        | 1 Feb 2030    | 531           | USD      | Ca/SD/RD             |
| Ukraine, 2034                 | 55.9             | 9.6%                     | 15.6%  | 1.75%  | 1 Feb 2034    | 3,150         | USD      | Ca/SD/RD             |
| Ukraine, 2035                 | 54.6             | 6.4%                     | 15.4%  | 1.75%  | 1 Feb 2035    | 2,946         | USD      | Ca/SD/RD             |
| Ukraine, 2036                 | 53.3             | 7.0%                     | 15.3%  | 1.75%  | 1 Feb 2036    | 2,456         | USD      | Ca/SD/RD             |
| Ukraine, GDP-linked           | 77.8             | 4.9%                     |        |        | 31 May 2040   | 3,239         | USD      | //                   |
| <b>Corporate Eurobonds</b>    |                  |                          |        |        |               |               |          |                      |
| MHP, 2026                     | 93.7             | -0.4%                    | 20.6%  | 6.95%  | 4 Apr 2026    | 550           | USD      | //                   |
| Kernel, 2027                  | 86.1             | -3.6%                    | 15.0%  | 6.75%  | 27 Oct 2027   | 300           | USD      | //                   |
| DTEK Energy, 2027             | 72.1             | 0.4%                     | 24.1%  | 5.00%  | 31 Dec 2027   | 1,645         | USD      | //                   |
| Metinvest, 2026               | 88.6             | -0.1%                    | 31.3%  | 8.50%  | 23 Apr 2026   | 648           | USD      | Caa3//CCC            |
| Metinvest, 2029               | 76.0             | 0.0%                     | 16.2%  | 7.75%  | 17 Oct 2029   | 500           | USD      | Caa3//CCC            |
| NaftoGaz, 2026                | 78.6             | -0.6%                    | 17.0%  | 7.625% | 8 Nov 2026    | 500           | USD      | //                   |
| Ukrainian Railways, 2026      | 80.9             | 0.0%                     | 40.6%  | 8.25%  | 9 Jul 2026    | 500           | USD      | /CC/C                |

<sup>1</sup> Moody's/S&P/Fitch

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

**Eavex Capital**

7 Klovsky uzviz, 16th Floor  
Carnegie Center  
Kyiv, 01021, Ukraine

Telephone: +38 044 590 5454

E-mail: [research@eavex.com.ua](mailto:research@eavex.com.ua)

Web-page: [www.eavex.com.ua](http://www.eavex.com.ua)

Yuriy Yakovenko

**Chairman of the Board**

**SALES & TRADING**

Pavel Korovitskiy

**Managing Director**

**Equity and Fixed Income**

[p.korovitsky@eavex.com.ua](mailto:p.korovitsky@eavex.com.ua)

**RESEARCH**

Dmitry Churin

**Head of Research**

[d.churin@eavex.com.ua](mailto:d.churin@eavex.com.ua)

Investing in emerging markets' securities may entail certain risks. There may be limited information available on such securities. Securities of emerging markets' companies may be less liquid and their prices more volatile than securities of comparable developed markets' companies. In addition, exchange rate movements may have an adverse effect on the value of an investment.

This document is based on data we deem to be reliable, though we do not guarantee its accuracy or completeness and make no warranties regarding results from its usage. Forecasts are estimates by specialists working for us, and actual events may turn out to be fundamentally different due to unforeseen circumstances. This document is provided for information purposes only.

Copyright 2025 Eavex Capital. All rights reserved.

Securities and Stock Market State Commission licence, issued 06.10.2015