

Trends

Ukrainian Eurobonds Slide as Global Risk-Off Wave Hits Emerging Markets

Ukrainian sovereign eurobonds saw a sharp correction amid the broader risk-off sentiment. Indicative prices for Ukraine's 2029 notes dropped 5% to 66.8 cents from 70 cents, pushing the implied yield to 20.8%. Longer-dated 2036 bonds fell 2.9% to 54 cents on the dollar.

The VRI derivatives (linked to Ukraine's future GDP growth with expiration in 2040) declined by 1.7% to close at 78.9 cents on the dollar.

On the interbank currency market the hryvnia devaluated by 0.8% to 41.71 UAH/USD amid the broader momentum of strength for the dollar.

In the war development, The US has been helping Ukraine step up its long-range strikes on Russian energy targets in an attempt to weaken Kremlin's war effort and force russia to negotiate. For months, Washington has provided Kyiv with the intelligence needed for its intensifying aerial offensive against critical Russian refineries, pipelines and power stations, according to Ukrainian and US officials.

It is the first time Washington has been reported to have directly supported air strikes on energy facilities deep inside Russian territory – a move discouraged by the Biden administration over concerns of escalation. The shift is viewed as a further signal of Donald Trump's growing support for Kyiv and hardening stance towards Moscow, particularly in the wake of his failed summit with Putin in Alaska in August. However, Washington has still not decided whether to send Kyiv long-range weapons, including Tomahawk missiles, which have a range of 1,550 miles (2,500km) and would be capable of striking Moscow and much of western Russia.

Highlights

- Trump Threatens Moscow with Tomahawk Deliveries to Ukraine
- Ukraine Inflation Slows to 11.9% YoY in September

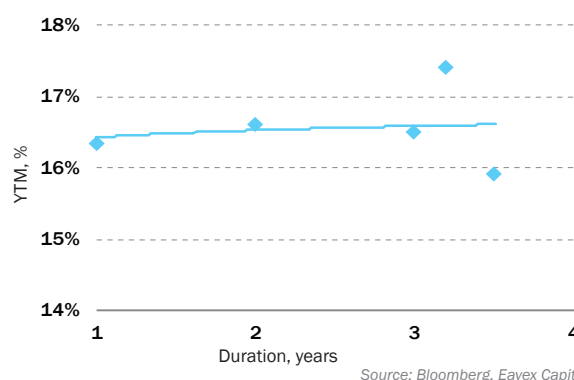
The National Bank of Ukraine has opened a special fundraising account to support the Armed Forces of Ukraine. Please find more at the National Bank's official website under the link below:

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	20.8%	2.2 p.p.	4.9 p.p.
Ukraine-2036 yield	15.2%	0.5 p.p.	0.8 p.p.

CASH EXCHANGE RATES

	Last, UAH	1W chg.	YTD
USD/UAH	41.85	0.8%	-0.9%
EUR/UAH	48.55	-0.5%	9.6%

Source: Eavex Capital

Trump Threatens Moscow with Tomahawk Deliveries to Ukraine

by Will Ritter
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NEWS

US President Trump threatened to provide US-made Tomahawk long-range cruise missiles to Ukraine if the Putin regime insists on continuing the war, in remarks made to the media on Sunday (Oct 12).

Trump's statement follows warnings from Moscow last week about "consequences" if Washington were to make such a move. "We may do it... do they [the Putin regime] want to have Tomahawks going in their direction? I don't think so", Trump said to media traveling with him to the Middle East.

Meanwhile, President Zelenskiy appeared on US national television on Sunday for an extended interview with Trump-friendly Fox News, where he promised that the Tomahawks would not be used to hit Russian civilian targets. "We have never attacked their civilians. This is the big difference between Ukraine and Russia", Zelenskiy said.

In the same interview, Zelenskiy also endorsed Trump's call for Europe to end all purchases of Russian energy, and said that he hopes that the Trump administration will impose so-called "secondary sanctions" on countries that buy Russian oil.

Zelenskiy said he has spoken with Trump twice in recent days, including on Sunday prior to the Fox interview.

COMMENTARY

It appears that the Trump pendulum is currently swinging back in Ukraine's direction, with positive momentum in Washington-Kyiv relations despite Trump's stated intention to end the Biden administration's policy of military aid to Ukraine funded by US taxpayers.

It is clear that the Tomahawks would not be given directly to Ukraine for free, but rather sold to NATO countries in Europe, who would then presumably donate them to Kyiv as part of already-approved multi-billion-euro European military aid packages.

Although we doubt that the Tomahawks would be a game-changing weapon for Ukraine (especially as Kyiv is unlikely to get many of them), they would raise the costs for Moscow; in our opinion, the only way to bring Putin to the negotiating table is to ratchet up the costs and risks of the war - both economic and political - for the Putin regime.

The Kremlin must also now consider that if Trump is successful in ending the Israel-Gaza war, this would free up his attention to focus on Ukraine and Russia as his top foreign policy priority.

However, Ukraine still faces prospects of another difficult winter, with Russian airstrikes once again concentrated on Ukrainian energy infrastructure ahead of the approaching colder weather and shorter days, amid a deficit of air defenses.

Ukraine Inflation Slows to 11.9% YoY in September

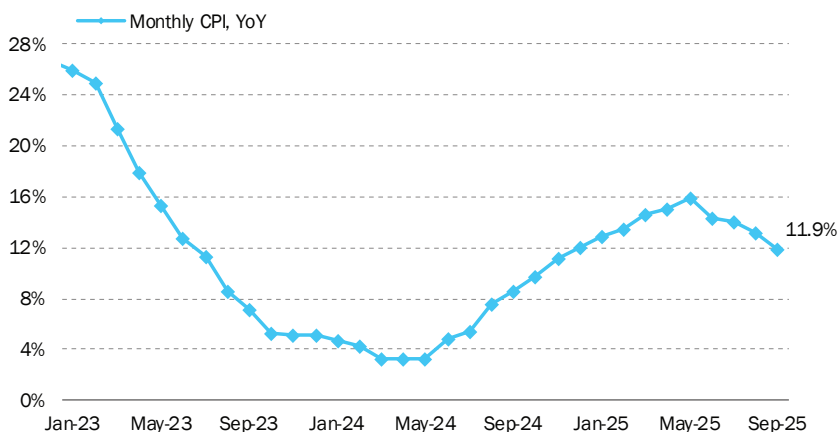
by Dmitry Churin
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NEWS

Ukraine’s annual inflation slowed to 11.9% in September from 13.2% in August, while consumer prices rose a moderate 0.3% from the previous month.

The National Bank of Ukraine kept its key policy rate unchanged at 15.5% in September, maintaining the level set in March 2025.

UKRAINE’S ROLLING 12-MONTH CPI



Source: State Statistics Committee

COMMENTARY

The National Bank of Ukraine projects inflation to ease to 9.7% YoY by the end of this year, down from 12.0% YoY in 2024. Under its optimistic scenario, inflation is expected to decline further to 6.6% in 2026. That would give the central bank room to lower its key rate, signaling the banking sector toward reduced lending costs.

A major risk to the inflation outlook remains the uncertain situation in the energy sector following another wave of Russian attacks. Potential shortages of electricity and gas could force the government to raise energy tariffs for both households and businesses. A sharp increase in household electricity prices in 2024 previously triggered a jump in consumer inflation.

The National Bank’s policy guidance suggests the key rate could be reduced from the current 15.5% to 15.0% by the end of this year, then to 12.6% in 2026 and 11.1% in 2027.

At its latest domestic bond auction, the Finance Ministry raised a total of UAH 23bn, including USD 203mn from the sale of foreign-currency domestic bonds yielding 4.1%. The yield on UAH-denominated government bonds maturing in September 2028 stood at 17.8%, while one-year notes carried a yield of 16.35%.

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	66.8	-5.0%	20.8%	4.50%	1 Feb 2029	1,168	USD	Ca/SD/RD
Ukraine, 2030 (B)	51.4	-4.1%	16.7%	-	1 Feb 2030	531	USD	Ca/SD/RD
Ukraine, 2034	54.3	-4.2%	16.4%	4.50%	1 Feb 2034	3,150	USD	Ca/SD/RD
Ukraine, 2035	53.9	-5.1%	15.8%	4.50%	1 Feb 2035	2,946	USD	Ca/SD/RD
Ukraine, 2036	54.0	-2.9%	15.2%	4.50%	1 Feb 2036	2,456	USD	Ca/SD/RD
Ukraine, GDP-linked	78.9	-1.7%			31 May 2040	3,239	USD	//
Corporate Eurobonds								
MHP, 2026	94.6	-0.1%	18.9%	6.95%	4 Apr 2026	550	USD	//
Kernel, 2027	86.1	0.0%	15.2%	6.75%	27 Oct 2027	300	USD	//
DTEK Energy, 2027	71.5	-0.3%	26.5%	5.00%	31 Dec 2027	1,645	USD	//
Metinvest, 2026	89.6	1.9%	36.0%	8.50%	23 Apr 2026	648	USD	Caa3//CCC
Metinvest, 2029	75.3	-0.1%	16.7%	7.75%	17 Oct 2029	500	USD	Caa3//CCC
NaftoGaz, 2026	78.5	0.0%	17.0%	7.625%	8 Nov 2026	500	USD	//
Ukrainian Railways, 2026	80.9	0.0%	43.3%	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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