

## Trends

### Ukraine GDP Growth Accelerates in Q3 as War Risks Cap Outlook, Bonds Swing on Peace Talks

Published data show Ukraine's gross domestic product expanded 2.1% year-on-year in the third quarter, signaling an acceleration in the economic recovery after growth of 0.7% in the second quarter and 0.9% in the first.

The outlook has deteriorated, however, as renewed attacks on energy infrastructure are expected to weigh on activity in the fourth quarter, making it unlikely that the economy will achieve the previously projected 2% GDP growth for 2025.

Meanwhile, Ukrainian sovereign dollar bonds continue to trade in a wide range, swinging on headlines related to ongoing discussions over possible paths toward ending the war. Ukraine and European partners have been refining a US-backed peace proposal for nearly a month after its initial version was seen as favoring Russia.

The Ukraine-2029 notes climbed 6.3% over the week to 72.6 cents on the dollar, implying a yield to maturity of about 18.6%. The Ukraine-2035 bonds advanced 6.8% to 57.8 cents, with yields around 15.0%.

Today, talks between Ukraine and the US aimed at reaching a peace deal with Russia are continuing in Berlin for a second day.

Zelensky and his chief negotiator Rustem Umerov met US envoy Steve Witkoff and Donald Trump's son-in-law Jared Kushner for five hours on Sunday, joined by German Chancellor Friedrich Merz.

Ahead of the start of the meeting, Volodymyr Zelensky signalled he would give up ambitions to join Nato in exchange for security guarantees.

## Highlights

- > National Bank Holds Rate at 15.5% as Inflation Slows but Energy Shock Threatens Outlook

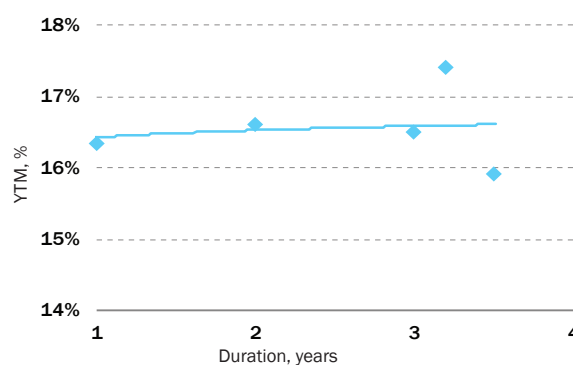
The National Bank of Ukraine has opened a special fundraising account to support the Armed Forces of Ukraine. Please find more at the National Bank's official website under the link below:

[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



Source: Bloomberg, Eavex Capital

### 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	21.0%	1.8 p.p.	5.1 p.p.
Ukraine-2036 yield	15.9%	0.9 p.p.	1.5 p.p.

### CASH EXCHANGE RATES

	Last, UAH	1W chg.	YTD
USD/UAH	42.35	0.2%	0.2%
EUR/UAH	49.85	1.0%	12.5%

Source: Eavex Capital

**National Bank Holds Rate at 15.5% as Inflation Slows but Energy Shock Threatens Outlook**

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**NEWS**

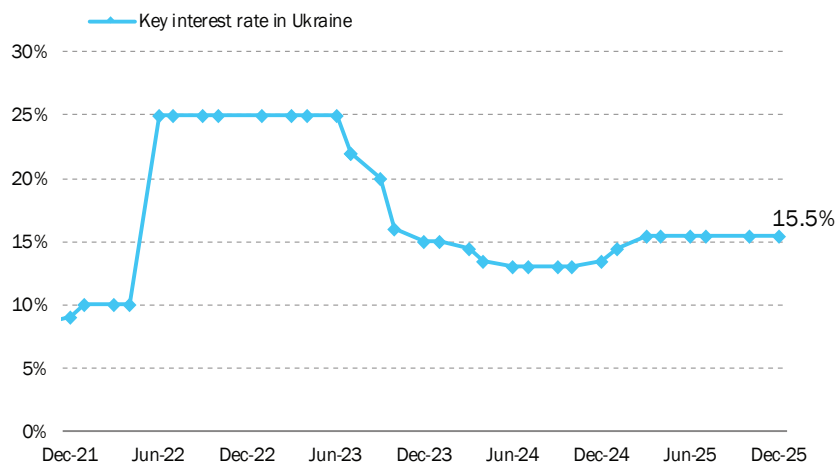
The National Bank of Ukraine kept its key policy rate unchanged at 15.5% on Thursday, Dec. 11. The benchmark has remained steady since March, when the regulator raised it from 14.5%.

The overnight lending rate stands at 19.5%, while the overnight deposit rate is 15.5%.

The central bank said it refrained from cutting rates due to persistent inflation risks, including uncertainty around future international funding.

Ukraine has secured USD 45.8bn in official financing since the start of the year, with about USD 5bn expected before year-end. External support has helped maintain an adequate level of international reserves, strengthening the National Bank’s ability to stabilize the FX market and anchor inflation expectations.

**NATIONAL BANK KEY POLICY RATE**



Source: National Bank of Ukraine

**COMMENTARY**

The decision to hold the key rate at 15.5% was widely expected after the central bank signaled that monetary easing would not begin until next year. Inflation slowed to 9.3% in November from 10.9% a month earlier.

The current disinflation trend supports the NBU’s view that its 5% inflation target could be reached in 2027. Still, the sharp deterioration in the energy sector is likely to push consumer prices higher in the coming months, complicating the central bank’s assessment of the appropriate level of interest rates.

The National Bank’s next monetary policy meeting is scheduled for Jan. 29. The regulator will hold eight rate reviews in 2026.

SELECTED UKRAINIAN EUROBONDS								
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	72.6	6.3%	18.6%	4.50%	1 Feb 2029	1,168	USD	Ca/SD/RD
Ukraine, 2030 (B)	57.1	6.5%	14.5%	-	1 Feb 2030	531	USD	Ca/SD/RD
Ukraine, 2034	58.8	7.1%	15.3%	4.50%	1 Feb 2034	3,150	USD	Ca/SD/RD
Ukraine, 2035	57.8	6.8%	15.0%	4.50%	1 Feb 2035	2,946	USD	Ca/SD/RD
Ukraine, 2036	56.8	6.8%	14.8%	4.50%	1 Feb 2036	2,456	USD	Ca/SD/RD
Ukraine, GDP-linked	99.0	0.1%			31 May 2040	3,239	USD	//
<b>Corporate Eurobonds</b>								
MHP, 2026	94.9	0.2%	19.3%	6.95%	4 Apr 2026	550	USD	//
Kernel, 2027	91.2	0.2%	12.3%	6.75%	27 Oct 2027	300	USD	//
DTEK Energy, 2027	64.1	-2.0%	33%	5.00%	31 Dec 2027	1,645	USD	//
Metinvest, 2026	89.0	0.1%	49%	8.50%	23 Apr 2026	648	USD	Caa3//CCC
Metinvest, 2029	74.3	0.0%	17.5%	7.75%	17 Oct 2029	500	USD	Caa3//CCC
NaftoGaz, 2026	72.5	-1.4%	21.0%	7.625%	8 Nov 2026	500	USD	//
Ukrainian Railways, 2026	71.9	-0.8%	86%	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

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