

Trends

Ukrzaliznytsia Debt Falls While Ukraine Sovereigns Rally on US Deal Hopes

Ukrzaliznytsia (RAILUA-2026) eurobonds fell 2.5% over the week, trading at 70.5 cents on the dollar, after the state railway operator announced a temporary suspension of coupon payments to preserve liquidity amid the war.

Preliminary data show the company posted a net loss of UAH 5.5bn (USD 130 mn) in 2025. Ukrzaliznytsia is likely to open talks with creditors in the near term on restructuring about USD 700mn of eurobonds, as repayment scheduled for July under the original terms appears unfeasible.

Ukrainian sovereign dollar bonds, by contrast, posted solid gains. Indicative prices on the Ukraine-2029 notes rose 1.8% to 73.4 cents on the dollar, implying a yield to maturity of about 18.7%.

Sentiment was buoyed by reports of a potential agreement between Ukraine and the US worth up to USD 800bn, expected to be signed at the World Economic Forum in Davos. The deal would envisage investments, loans and grants to support Ukraine's reconstruction over the next decade. Investors also hope that US involvement in postwar rebuilding could bolster Washington's willingness to provide robust security guarantees.

Meanwhile, the U.S. International Development Finance Corporation (DFC) on launched an online portal, opens new tab for applicants to submit projects to a new U.S.-Ukraine reconstruction fund, saying it expected to announce first investments in coming months.

The U.S.-Ukraine Reconstruction Investment Fund (URIF), established in record time as part of the minerals deal the two countries signed in April, began operations in December. Focused on investments in critical minerals and other strategic sectors, it is expected to reach USD 200mn by the end of the year, a senior U.S. official said, and Ukrainian officials want to announce three initial projects this year.

In other corporate Eurobonds, MHP-2026 issue rose by 1.9% to 96.9 (21% YTM) and NaftoGaz-2028 increased by 1.2% to 73.2 (21.0% YTM).

Highlights

- > Ukraine Inflation Eases to 8% in 2025, Beating Expectations

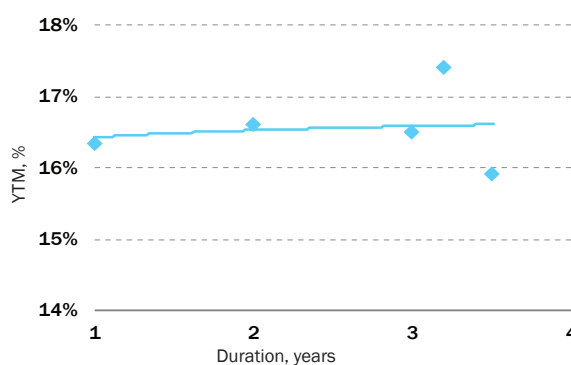
The National Bank of Ukraine has opened a special fundraising account to support the Armed Forces of Ukraine. Please find more at the National Bank's official website under the link below:

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 chg	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	18.7%	-0.6 p.p.	0.7 p.p.
Ukraine-2036 yield	14.9%	-0.2 p.p.	0.4 p.p.

CASH EXCHANGE RATES

	Last, UAH	1W chg.	YTD
USD/UAH	43.30	2.0%	2.4%
EUR/UAH	50.60	1.3%	1.3%

Source: Eavex Capital

Ukraine Inflation Eases to 8% in 2025, Beating Expectations

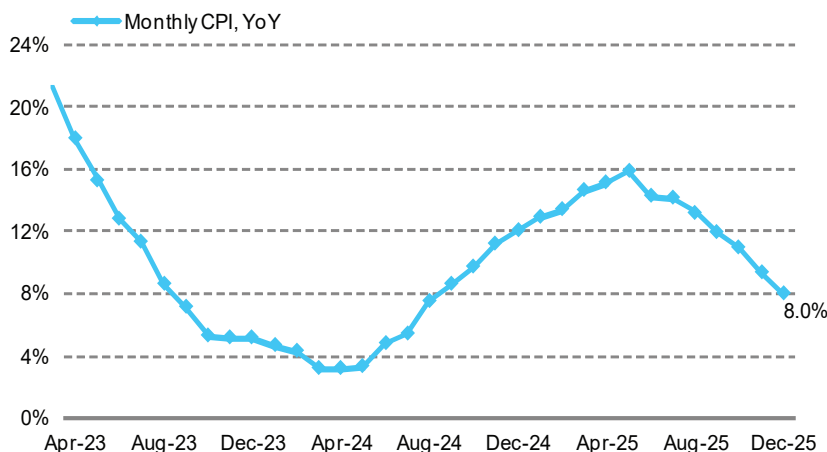
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NEWS

Ukraine's inflation eased to 8.0% in 2025, coming in below a 10% forecast, according to the State Statistics Service. The reading marked a slowdown from 12% in 2024.

Price pressures moderated toward the end of the year. Consumer prices rose 0.2% in December, down from 0.4% in November and 0.9% in October. On an annual basis, inflation decelerated to 8.0% in December from 9.3% in November and from 10.9% in October.

UKRAINE'S ROLLING 12-MONTH CPI



Source: State Statistics Committee

COMMENTARY

While the headline year-end figure undershot expectations, Ukraine's average annual inflation stood at 12.7%, offering a more accurate reflection of consumer price dynamics over the year.

Globally, inflation in many countries also surprised to the downside in 2025, largely due to lower energy and food prices. Oil prices fell about 20% over the year, while grain and selected agricultural commodities declined. Global wheat prices slipped 2.5%, corn fell 5.4%, and sugar prices dropped 22% year-on-year.

The United Nations forecasts global economic growth of 2.7% in 2026, with worldwide inflation easing to 3.1% from 3.4% in 2025.

Lower inflation is expected to support further interest-rate cuts, potentially ushering in another phase of monetary easing. Such a backdrop could fuel renewed speculative gains in risk assets.

U.S. and European equity indices are trading at record highs and still appear poised for further advances. At the same time, geopolitical risks and concerns over elevated U.S. debt levels could trigger market volatility, with financial markets showing signs of overheating.

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	73.4	1.8%	18.7%	4.50%	1 Feb 2029	1,168	USD	Ca/SD/CCC
Ukraine, 2030 (B)	59.6	3.7%	13.6%	-	1 Feb 2030	531	USD	Ca/SD/CCC
Ukraine, 2034	59.2	1.0%	15.4%	4.50%	1 Feb 2034	3,150	USD	Ca/SD/CCC
Ukraine, 2035	58.3	1.4%	15.0%	4.50%	1 Feb 2035	2,946	USD	Ca/SD/CCC
Ukraine, 2036	57.2	1.6%	14.9%	4.50%	1 Feb 2036	2,456	USD	Ca/SD/CCC
Corporate Eurobonds								
MHP, 2026	96.9	1.9%	21%	6.95%	4 Apr 2026	550	USD	//
Kernel, 2027	91.8	0.3%	12.1%	6.75%	27 Oct 2027	300	USD	//
DTEK Energy, 2027	66.5	3.6%	32%	5.00%	31 Dec 2027	1,645	USD	//
Metinvest, 2026	88.9	0.2%	58%	8.50%	23 Apr 2026	648	USD	Caa3//CCC
Metinvest, 2029	75.2	0.0%	17.7%	7.75%	17 Oct 2029	500	USD	Caa3//CCC
NaftoGaz, 2026	73.2	1.2%	21.0%	7.625%	8 Nov 2026	500	USD	//
Ukrainian Railways, 2026	70.5	-2.5%	n/a	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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