

Trends

Ukraine Eurobonds Slide as Sovereign, Corporate Debt Comes Under Pressure

Ukrainian sovereign eurobonds fell an average of 1.1% over the past week. Long-dated Ukraine-2036 notes slid 1.7% to 56.2 cents on the dollar, implying a yield of about 15.2%. The market price of Ukraine-2029 bonds declined 0.8% to 72.8 cents, corresponding to a yield of 19.2%.

Ukrainian corporate eurobonds also came under pressure. Indicative pricing for Ukrzaliznytsia-2026 (RAILUA) dropped 3.1% to 68.3 cents amid speculation over potentially unfavorable restructuring terms. Naftogaz-2028 bonds fell 1.8% to 71.9 cents, pushing the yield to 21.7%. The company reported new attacks on its gas production assets, which are weighing on output and forcing it to offset losses through higher gas imports.

In the war developments, NATO Secretary General Mark Rutte said that Russia is losing between 20,000 and 25,000 troops each month in its war against Ukraine as fighting drags on into a fourth year. Rutte also warned that Russia remains NATO's most significant long-term threat. He cited Moscow's round-the-clock weapons production and a pattern of aggressive behavior that he said shows no sign of easing.

Since January 2024, Russian forces have seized about 5,000 square kilometers, less than 1% of Ukraine's territory, while total Russian casualties have climbed to 1 million, including as many as 250,000 killed.

Moscow has continued striking Kyiv with missiles and drones despite ongoing U.S.-led negotiations aimed at ending the conflict. Repeated Russian strikes on Ukraine in recent weeks have left hundreds of thousands without electricity and heating as temperatures plunge below freezing.

German Foreign Minister Johann Wadepful stated that new intelligence assessments show Moscow is preparing for the option of a future attack against the EU and NATO. European countries have been registering a surge of suspected Russia-linked activities and Moscow-orchestrated hybrid attacks, including cyber attacks, sabotage attempts and even drone and missile incursions into the European NATO airspace.

Highlights

- > Zelenskiy Attacks Klitschko Over Power Cuts; Kyiv Cold Wave to Ease Slightly This Week
- > IMF May Give Final Approval to USD 8.1bn Ukraine Program in February

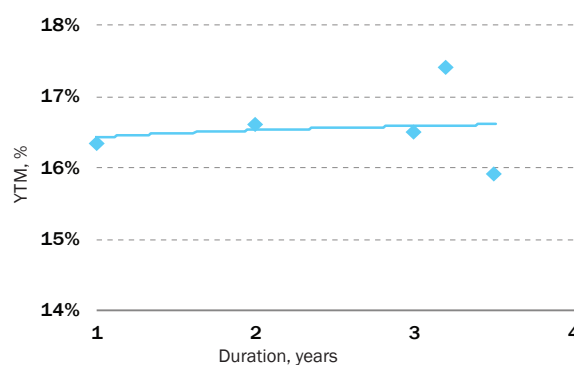
The National Bank of Ukraine has opened a special fundraising account to support the Armed Forces of Ukraine. Please find more at the National Bank's official website under the link below:

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.	0.0 p.p.
UAH 1-year bond yield	16.4%	0.0 p.p.	0.0 p.p.
Ukraine-2029 yield	19.2%	0.5 p.p.	1.2 p.p.
Ukraine-2036 yield	15.2%	0.3 p.p.	0.7 p.p.

CASH EXCHANGE RATES

	Last, UAH	1W chg.	YTD
USD/UAH	43.60	0.7%	3.1%
EUR/UAH	50.80	0.4%	1.7%

Source: Eavex Capital

Zelenskiy Attacks Klitschko Over Power Cuts; Kyiv Cold Wave to Ease Slightly This Week

by Will Ritter
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NEWS

President Zelenskiy renewed his political rivalry with Kyiv Mayor Vitaliy Klitschko last week, blaming the Kyiv city government for the capital's difficulties with power and heating amid the coldest weather that Ukraine has seen since the start of the full-scale war in 2022.

In a social media post, Zelenskiy announced that he had held an "emergency energy coordination call" with several government ministers and oblast (provincial) leaders, and he sharply criticized the Kyiv government for "lost time", saying that "what was not done at the city level will now be corrected at the (national) government level. A permanent operational headquarters has been established for the capital... I expect full cooperation and coordination from the local (Kyiv) authorities".

The severe problems with power and heating began on Jan 9, when Ukraine was hit by Russian missile & drone strikes which the Putin regime had deliberately timed to coincide with the sharp drop in temperatures. Klitschko said that some 6000 of Kyiv's multi-story residential buildings were without heating in the immediate aftermath of the attack, although this number has now been reduced to about 100.

Kyiv's temperature has not risen above -8 C in over a week, with night-time lows in the range of -15 to -18 C, making this the city's coldest week of weather since the winter of 2014. Although freezing temperatures are forecasted to continue through the end of January, the absolute level should begin to rise somewhat, with highs reaching -5 to -3 by Friday (Jan 23).

COMMENTARY

The hostility between Zelenskiy and Klitschko is not a new phenomenon, as the President has attempted several times since 2019 - without success - to remove Kyiv's elected mayor and substitute a hand-picked appointee in his place.

For his part, Klitschko has criticized Zelenskiy for having dictatorial tendencies, and has stated that despite their offices being less than 1km apart, he and Zelenskiy have never spoken in person since the start of the war.

In our view, Zelenskiy's attempts to use the power outages as a justification to strong-arm the Kyiv city government are unlikely to improve his political rating in capital, where he has never been particularly popular.

On the positive side, although Ukraine's weather luck finally ran out this month (previous winters during the war were warmer than average), it appears that the coldest temperatures may now be in the rear-view mirror, and that Russian efforts to cow the Ukrainian urban population by denying city residents basic utility services have failed once again.

IMF May Give Final Approval to USD 8.1bn Ukraine Program in February

by Dmytro Churin
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NEWS

The IMF's Executive Board may approve a new four-year, USD 8.1bn financing program for Ukraine as early as February, subject to Kyiv meeting agreed prior actions.

Among the conditions already fulfilled is the adoption of the 2026 state budget.

Additional IMF requirements include broadening the tax base by passing legislation to tax income earned via digital platforms, closing customs loopholes for consumer goods, and abolishing certain value-added tax exemptions.

Ukrainian authorities have pledged to soon pass so-called "OLX tax" laws, introduce taxation on all parcels imported from abroad, and apply VAT to sole proprietors with annual revenue exceeding UAH 1 mn. As a result, all sole proprietors except those in the first tax group would become VAT payers.

Overall, since February 2022 the IMF has disbursed USD 13.4bn to Ukraine, making it the fourth-largest provider of budget support.

Since the start of the war, Ukraine has received USD 168bn in international assistance.

COMMENTARY

Ukraine's budget deficit through the end of 2027 is estimated at USD 63bn, while financing needs for 2026–2029 are projected at USD 137bn. Against this backdrop, expected EU support totaling EUR 90bn is insufficient to ensure the country's financial sustainability.

IMF approval is therefore critical, as it would unlock additional external financing for Ukraine.

Beyond funding the budget deficit, Ukraine must also secure sufficient resources to meet external debt repayments and partially offset the impact of a widening current-account deficit.

According to the Finance Ministry, roughly USD 32bn will be required for external debt servicing and repayments over 2026–2029.

On the trade balance, the ministry forecasts the deficit could widen to USD 44bn this year, with imports of goods and services seen at USD 105bn, compared with exports of just USD 61bn.

The deterioration reflects weaker exports from the steel sector, while imports continue to rise due to strong demand for energy and equipment needed to restore the power system.

At the same time, the National Bank's foreign-exchange reserves remain at a record USD 57.3bn, allowing the regulator to meet demand in the interbank FX market.

The central bank spent USD 36bn on currency interventions in 2025.

SELECTED UKRAINIAN EUROBONDS								
Issue	Indicative Price	Price change in one week	YTM, %	Coupon	Maturity Date	Volume USD mn	Currency	Ratings ¹
Sovereign Eurobonds								
Ukraine, 2029	72.8	-0.8%	19.2%	4.50%	1 Feb 2029	1,168	USD	Ca/SD/CCC
Ukraine, 2030 (B)	58.9	-1.2%	14.0%	-	1 Feb 2030	531	USD	Ca/SD/CCC
Ukraine, 2034	59.0	-0.3%	15.5%	4.50%	1 Feb 2034	3,150	USD	Ca/SD/CCC
Ukraine, 2035	57.6	-1.2%	15.3%	4.50%	1 Feb 2035	2,946	USD	Ca/SD/CCC
Ukraine, 2036	56.2	-1.7%	15.2%	4.50%	1 Feb 2036	2,456	USD	Ca/SD/CCC
Corporate Eurobonds								
MHP, 2026	98.3	1.4%	16%	6.95%	4 Apr 2026	550	USD	//
Kernel, 2027	91.9	0.1%	12.1%	6.75%	27 Oct 2027	300	USD	//
DTEK Energy, 2027	66.1	-0.6%	32%	5.00%	31 Dec 2027	1,645	USD	//
Metinvest, 2026	89.9	1.1%	62%	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	71.9	-1.8%	21.7%	7.625%	8 Nov 2026	500	USD	//
Ukrainian Railways, 2026	68.3	-3.1%	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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