

Trends

Ukraine Eurobonds Slip as Public Debt Nears 96% of GDP Despite Cheap Concessional Financing

Prices of Ukrainian sovereign Eurobonds ended the week down by an average of 1.5%. Latest data showed Ukraine's state and state-guaranteed debt reached USD 211bn, equivalent to 96% of GDP.

The debt structure remains dominated by concessional financing from international financial institutions and foreign governments, which account for 65% of total public debt. This helped reduce the weighted-average interest rate on government debt to 4.5%. Debt denominated in local currency accounts for only 21% of the total.

Ukraine's 2036 sovereign Eurobond declined 2.0% to 58.7 cents on the dollar, implying a yield to maturity of about 14.5%.

Corporate Eurobonds were broadly stable. Notes issued by MHP maturing in 2029 traded at 102.6 cents on the dollar, implying a yield to maturity of 9.5% with a 10.5% coupon. Kernel's 2027 Eurobonds were quoted at 93.7 cents on the dollar, corresponding to a yield of 11.6%.

Ukraine war latest: Kyiv has rained on Moscow parade, before it has even begun. The threat of drone attacks has forced Kremlin to scale back the centrepiece of one of the most important dates on the Russian calendar.

9 May marks the anniversary of the Soviet Union's defeat of Nazi Germany in 1945. Its significance stems from the country's colossal losses in the conflict - around 27 million Soviet citizens died.

It's a parade of both power and propaganda - the Kremlin's attempts to draw parallels between its so-called Special Military Operation and World War Two.

So the fact this year's parade won't feature any military hardware whatsoever is a seriously big deal. It's a victory for Ukraine and an embarrassment for Russia.

Ukraine has stepped up its drone attacks inside Russia in recent weeks, and it's clearly got the Kremlin rattled.

Highlights

- › Ukraine Strikes Failing to Dent Russian Oil Exports - WSJ
- › National Bank of Ukraine Holds Key Rate at 15% as Inflation Pressures Delay Monetary Easing

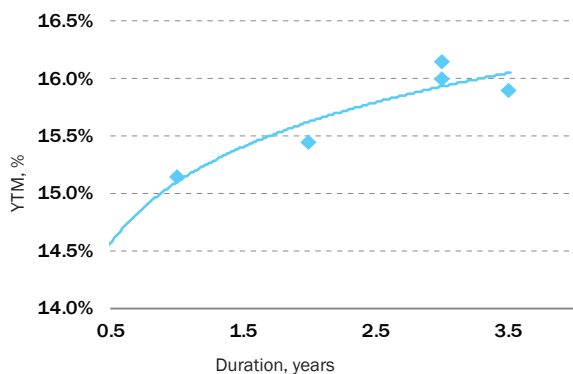
The National Bank of Ukraine has opened a special fundraising account to support the Armed Forces of Ukraine. Please find more at the National Bank's official website under the link below:

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 ch	YTD
NBU Key Rate	15.0%	0.0 p.p.	-0.5 p.p.
UAH 1-year bond yield	15.2%	0.0 p.p.	-1.2 p.p.
Ukraine-2029 yield	17.3%	0.3 p.p.	-0.7 p.p.
Ukraine-2036 yield	14.5%	0.4 p.p.	0.0 p.p.

OFFICIAL EXCHANGE RATES

	Last, UAH	1W chg.	YTD
USD/UAH	43.96	0.0%	3.7%
EUR/UAH	51.46	0.2%	3.2%

Source: Eavex Capital

Ukraine Strikes Failing to Dent Russian Oil Exports - WSJ

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NEWS

Ukraine's stepped-up drone strike campaign against Russian oil-refining and port terminal targets is not succeeding in substantially reducing Moscow's oil export revenue, the Wall Street Journal reported on Saturday (May 2).

The strikes, a key facet of President Zelenskiy's military strategy, have been concentrated on Russia's Black Sea oil infrastructure in Tuapse and Novorossiysk, but have also hit refineries on the Baltic Sea and as far away as Perm near the Ural mountains.

The WSJ said that in April, Russia's seaborne crude exports were essentially unchanged from March at some 3.5mn barrels per day, and that Russian ports are able to quickly recover from the drone hits despite the spectacular video footage of the strikes.

Additionally, Russia has increased its shipments from Arctic and Pacific ports, which are out of Ukraine's drone range.

The International Energy Agency reported that total Russian oil exports, including land-borne deliveries mainly to China, averaged 7.1mn barrels per day in April. At an average price of USD 103 per barrel (the Brent average), this translates into approximately USD 22bn in Russian oil export revenue for the month.

COMMENTARY

The WSJ report on the resilience of Russian oil exports capped what was a difficult week for the Zelenskiy administration amid the ongoing US-Iran war, which has supercharged global oil prices.

According to a Financial Times report, the European Union pushed back hard on Zelenskiy's demands for membership by next year, and fresh audio linking top Ukrainian peace negotiator Rustem Umerov to Zelenskiy's disgraced entertainment-industry business partner Timur Mindich was published by domestic media. Umerov and Mindich were recorded last year by Ukraine's anti-corruption bureau (NABU) talking about the business aspects of a major Ukrainian drone producer (which is allegedly owned by Mindich) and about who might replace Umerov as Defense Minister.

The enormous Russian windfall from oil bodes poorly for the progress of any peace talks this year, we believe, although there is still a chance that the Trump administration may re-impose sanctions on Russian oil later this month after dropping them in March due to the global supply crunch.

In general, Trump appears to have lost interest in the Ukraine-Russia negotiations, with the US looking more and more bogged down in a Middle East conflict with no clear exit strategy.

National Bank of Ukraine Holds Key Rate at 15% as Inflation Pressures Delay Monetary Easing

by Dmitry Churin
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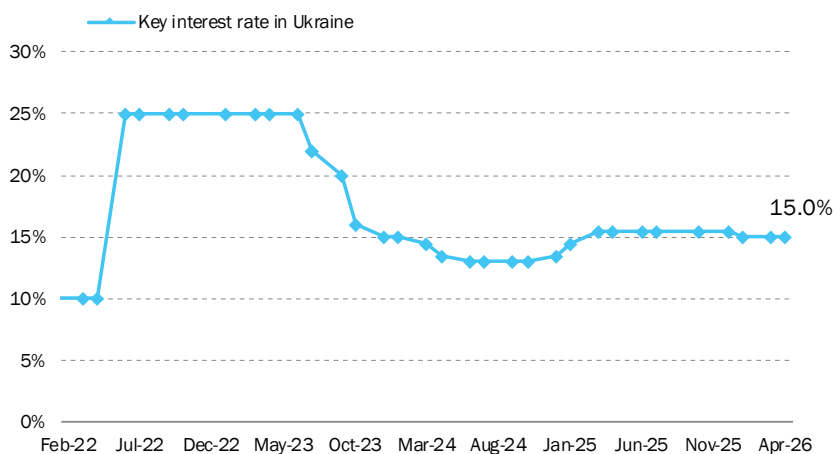
NEWS

The National Bank of Ukraine kept its key policy rate unchanged at 15.0% following its latest monetary policy meeting on April 30.

The central bank expects to maintain the benchmark rate at 15% until the second quarter of 2027.

Ukraine's annual inflation accelerated to 7.9% in March, exceeding the National Bank's previous forecast. Inflation is now expected to reach 9.4% by the end of 2026.

NATIONAL BANK KEY POLICY RATE



Source: National Bank of Ukraine

COMMENTARY

Rising inflationary pressure driven by higher global energy prices remains the key factor preventing the National Bank from moving toward monetary easing. Earlier expectations had pointed to a gradual reduction of the policy rate to 12.5% during 2026, which would have supported cheaper borrowing costs for businesses.

For now, corporate lending rates remain elevated. Standard loan products for mid-sized businesses start from around 18.5%. At the same time, state-subsidized lending programs continue to soften financing conditions, with the average interest rate on newly issued corporate loans standing at 15.2%.

The National Bank also signaled a deterioration in its macroeconomic outlook. The central bank revised its 2026 GDP growth forecast down to 1.3% from 1.8%, while projecting growth of 2.8% in 2027.

The central bank estimated real GDP growth at just 0.2% in the first quarter, compared with 1.8% growth for full-year 2025. According to the National Bank, economic activity slowed at the start of 2026 due to the impact of attacks on energy infrastructure and logistics facilities during an unusually cold winter. More restrained fiscal spending amid delays in external financing also weighed on economic performance.

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	77.4	-0.3%	17.3%	4.50%	1 Feb 2029	1,168	USD	Ca/CCC+/CCC
Ukraine, 2030 (B)	63.4	-1.2%	12.9%	-	1 Feb 2030	531	USD	Ca/CCC+/CCC
Ukraine, 2034	60.7	-2.1%	15.0%	4.50%	1 Feb 2034	3,150	USD	Ca/CCC+/CCC
Ukraine, 2035	59.8	-2.1%	14.7%	4.50%	1 Feb 2035	2,946	USD	Ca/CCC+/CCC
Ukraine, 2036	58.7	-2.0%	14.5%	4.50%	1 Feb 2036	2,456	USD	Ca/CCC+/CCC
Corporate Eurobonds								
MHP, 2029	102.6	0.4%	9.5%	10.5%	28 Jul 2029	550	USD	//
Kernel, 2027	93.7	-0.1%	11.6%	6.75%	27 Oct 2027	300	USD	//
DTEK Energy, 2027	78.9	-0.1%	24%	5.00%	31 Dec 2027	1,645	USD	//
UkrEnergo, 2026	96.6	0.5%	8.4%	6.875%	09 Nov 2028	825	USD	//
Metinvest, 2029	88.2	0.0%	12.0%	7.75%	17 Oct 2029	500	USD	Caa3//CCC
NaftoGaz, 2026	76.0	-0.9%	20.7%	7.625%	8 Nov 2026	500	USD	//
Ukrainian Railways, 2026	77.2	0.0%	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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