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Armenia's Bond Market Monthly Update: High Prices, Tightening Yields, Stable Dram, ENA Corporate Bond Turbulence

Executive summary

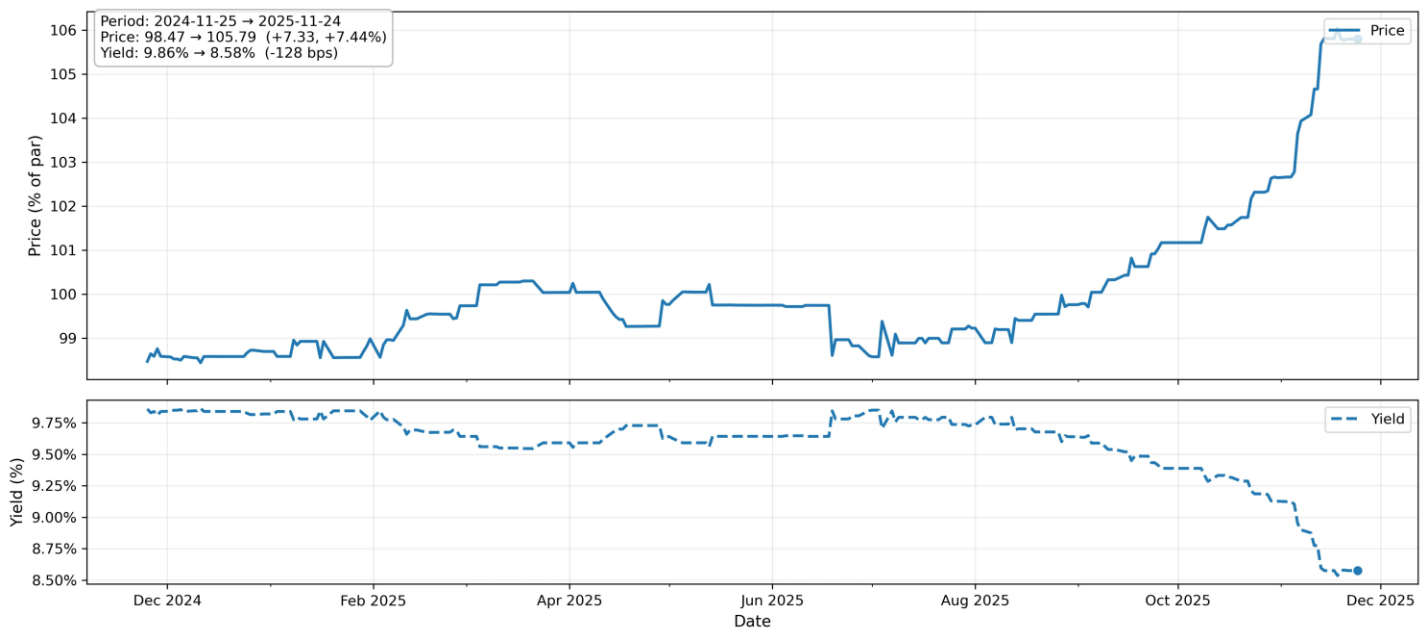
- Sovereign AMD bonds rallied, with benchmark prices rising 4–8 points and yields tightening by 60–80 bps across the curve.
- Average government-bond yields fell from around 9.1% to 8.4–8.5%, while prices remained firmly above par.
- Primary-auction demand surged: the auction demand coefficient continued to rise, reaching 5.6× in the 11 November AMGN auction — the strongest coverage in the post-2020 period.
- Electric Networks of Armenia CJSC bonds sold off sharply after PSRC revoked its distribution license; prices dropped to mid-90s, and yields spiked toward 14%.
- The CBA maintained its policy rate at 6.75%, and inflation stayed near target, reinforcing a stable monetary environment.
- The dram remained exceptionally stable around AMD 382 per USD, limiting FX risk and enhancing the appeal of AMD-denominated assets.

Government bonds: prices firmly above par, yields tightening

AMX data show that between 25 October and 25 November 2025, the average price of AMD government bonds rose from about 103.0% to 105.1% of par while the average yield fell from roughly 9.03% to 8.53%. Two liquid benchmarks clearly illustrate this move:

- AMGB1129A332 (benchmark 5-year)
 - By 25 November, the bond was trading around 105.8% of par.
 - The corresponding yield was about 8.58%.

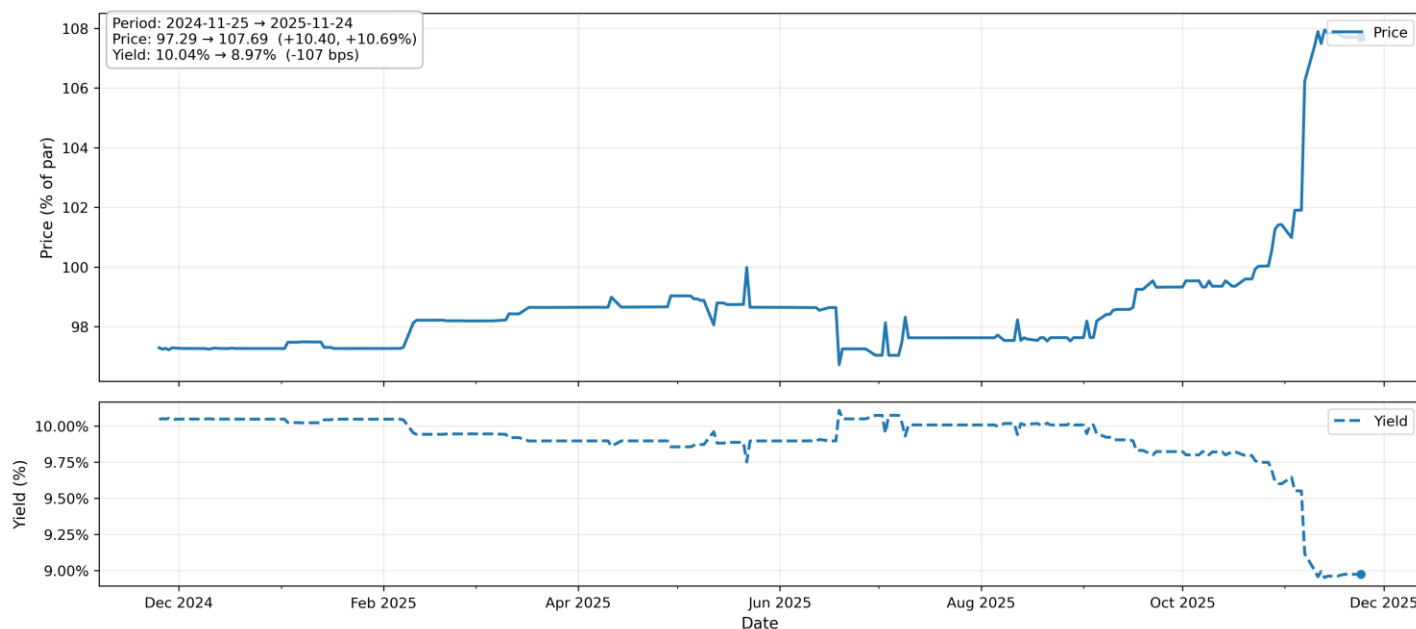
AMGB1129A332 — Price & Yield



Data: AMX | Analysis: KK Partners

- AMGB3129A504 (longer tenor)
 - By 25 November, the price had climbed to roughly 107.7% of par.
 - The yield stood near 8.97%.

AMGB3129A504 — Price & Yield



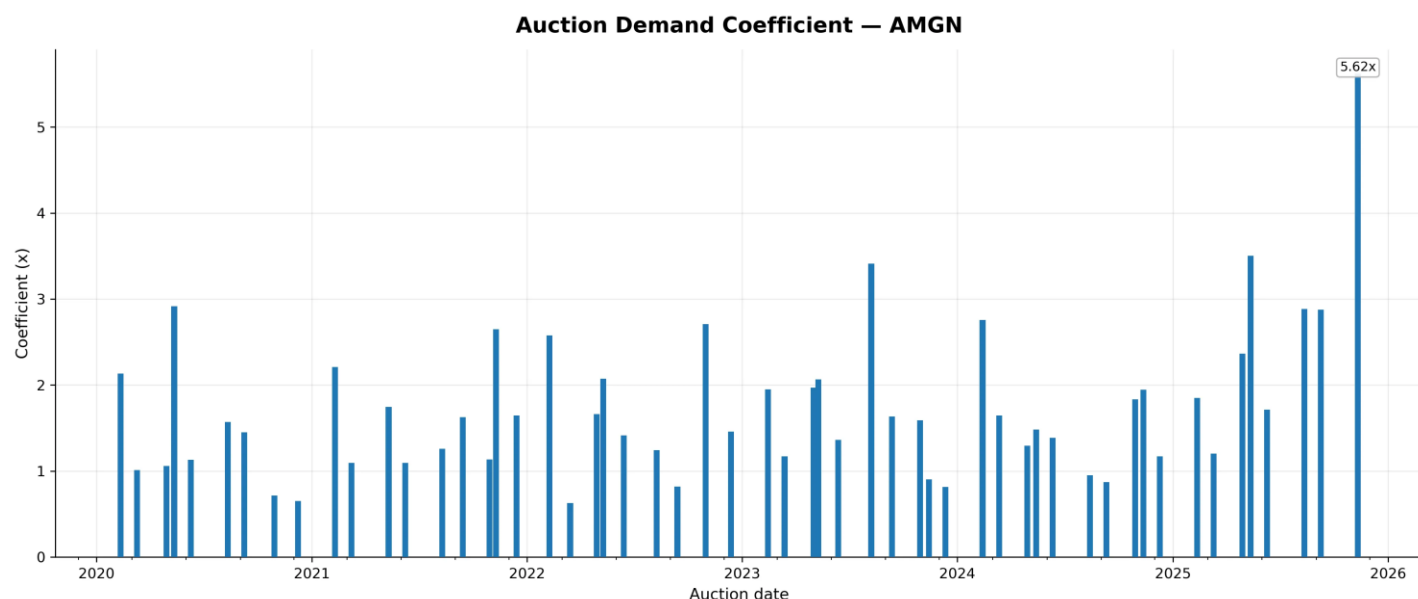
Data: AMX | Analysis: KK Partners

These levels reflect a market where government credit risk in local currency is priced as relatively low, while nominal yields remain high enough to attract both domestic and foreign holders.

Primary market: auction demand coefficient at the top of the range

The primary market has reinforced the bullish tone in secondary trading. Over the past month, the Ministry of Finance held four regular weekly auctions (27 October, 3 November, 11 November and 17 November 2025). The standout operation was on the 11 November 2025 allocation auction for the 5-year AMGN60294300:

- Volume offered: 25 bn AMD
- Total bids: about 140.5 bn AMD
- Auction demand coefficient (total bids ÷ volume): around 5.6×
- Average weighted yield: in the mid-8% range



Data: AMX | Analysis: KK Partners

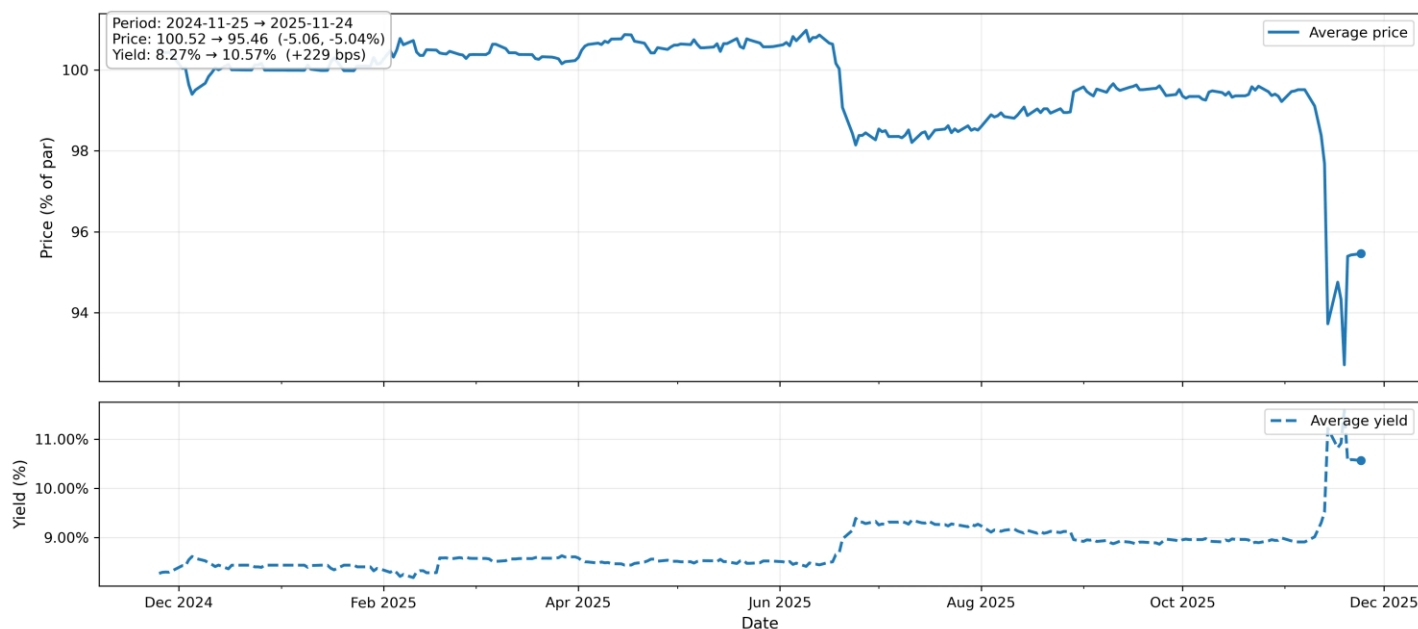
Auctions show a growing demand coefficient: each new line of AMD government bonds attracts multiple times the volume offered, and that multiple has been rising over time

ENA CJSC: corporate turbulence

On 17 November 2025, the Public Services Regulatory Commission (PSRC) revoked Electric Networks of Armenia's (ENA) electricity distribution license. The next day, the PSRC issued a statement clarified that ENA, despite the license revocation, remains obligated to fulfil all its obligations, including financial obligations. ENA's own statement confirmed the revocation, the appointment of an interim manager and the continued servicing of obligations under existing payment schedules.

- For most of October and early November, average ENA bond prices hovered around par, near 99–100% of face value.
- Around the time of the PSRC decision, prices fell into the mid-90s, with a trough in the 94–95% area before partial stabilizing.
- Average yields on ENA bonds jumped into the mid-teens, widening spreads by roughly 200–300 bps versus AMD government benchmarks.

ENA CJSC Bonds — Average Price & Yield



Data: AMX | Analysis: KK Partners

So far, stress has remained confined to ENA, with no evidence of broader strain across other corporate issuers.

Macro backdrop: steady policy and exchange-rate stability

At its 4 November 2025 meeting, the Central Bank of Armenia decided to keep the refinancing rate unchanged at 6.75%, maintaining the Lombard repo rate at 8.25% and the deposit facility at 5.25%.

The signal to markets is one of policy predictability and a willingness to keep rates steady unless clear new risks emerge.

On the other hand, Armenian dram has remained remarkably stable. During November 2025, the USD/AMD rate traded mostly in a narrow band around 382 AMD per USD. You can read more about it in our earlier analysis [here](#).

This low FX volatility, combined with high single-digit nominal AMD yields, continues to support interest in dram-denominated bonds from both domestic and non-resident investors.

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