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Armenia's Bond Market Monthly Update: Navigating Issuer-Specific Risks and Easing Rates

Executive summary

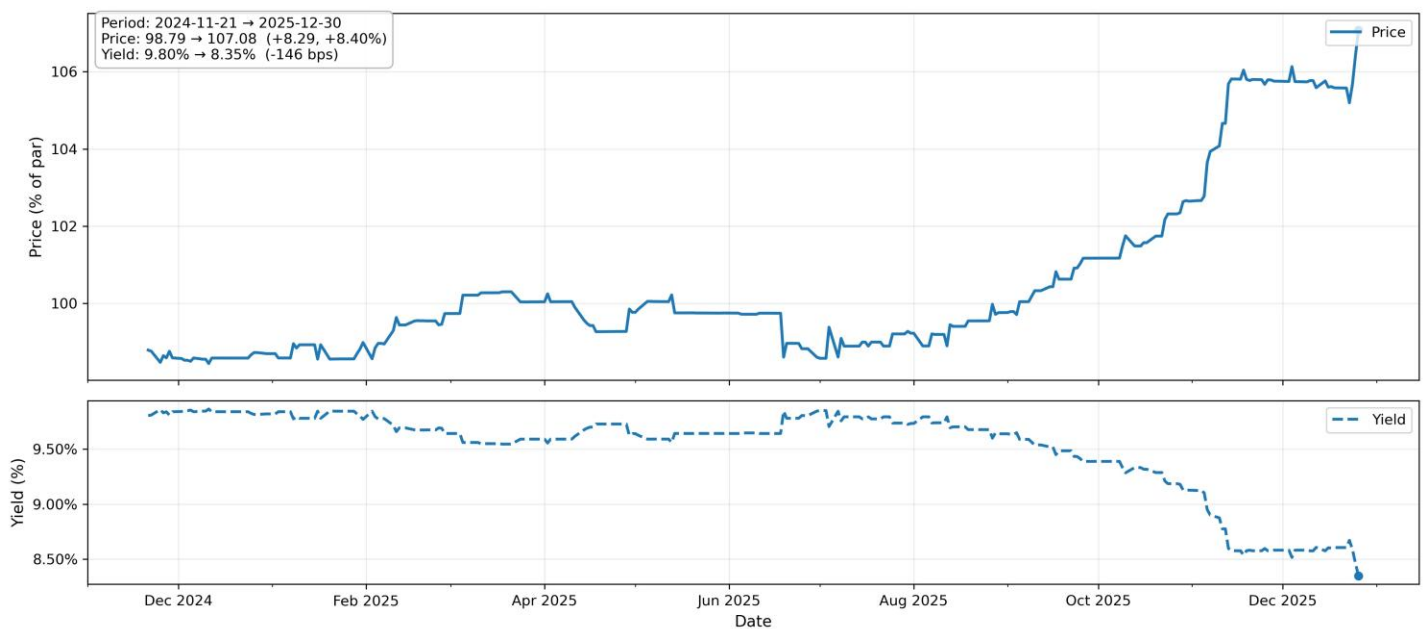
- **Government bonds remain firm:** AMD sovereign bonds traded well above par through late December, with yields continuing to edge lower, supported by stable macro conditions and easing expectations.
- **Primary market demand stayed strong:** The Dec 9 auction for AMGN36294285 (3Y) cleared fully, with $\sim 2.78\times$ demand, confirming healthy appetite even after earlier peak demand levels.
- **Corporate bonds:** selective risk-taking: Market activity remains solid, but pricing and liquidity are increasingly issuer-specific, reflecting credit quality and headline sensitivity rather than broad beta.
- **Notable corporate activity:** Viva Armenia's USD bonds highlighted continued demand for higher-quality corporate credit, new AMX admissions broadened the on-exchange universe.
- **ENA in focus:** After the November shock, ENA bond prices partially recovered and stabilized in December, though spreads remain elevated, market making was introduced to support liquidity.
- **Macro supportive:** The CBA's rate was cut to 6.50% and inflation near target underpin demand, while FX stability limits spillover risk.

Government bonds: Strong demand into year-end

AMX data show that between 30 November and 30 December 2025, the average price of AMD government bonds rose from about 104.9% to 106.6% of par, while the average yield fell from roughly 8.45% to 8.37%. Two liquid benchmarks clearly illustrate this move:

- AMGB1129A332 (benchmark 5-year)
 - By 30 December, the bond was trading around 107.08% of par.
 - The corresponding yield was about 8.35%.

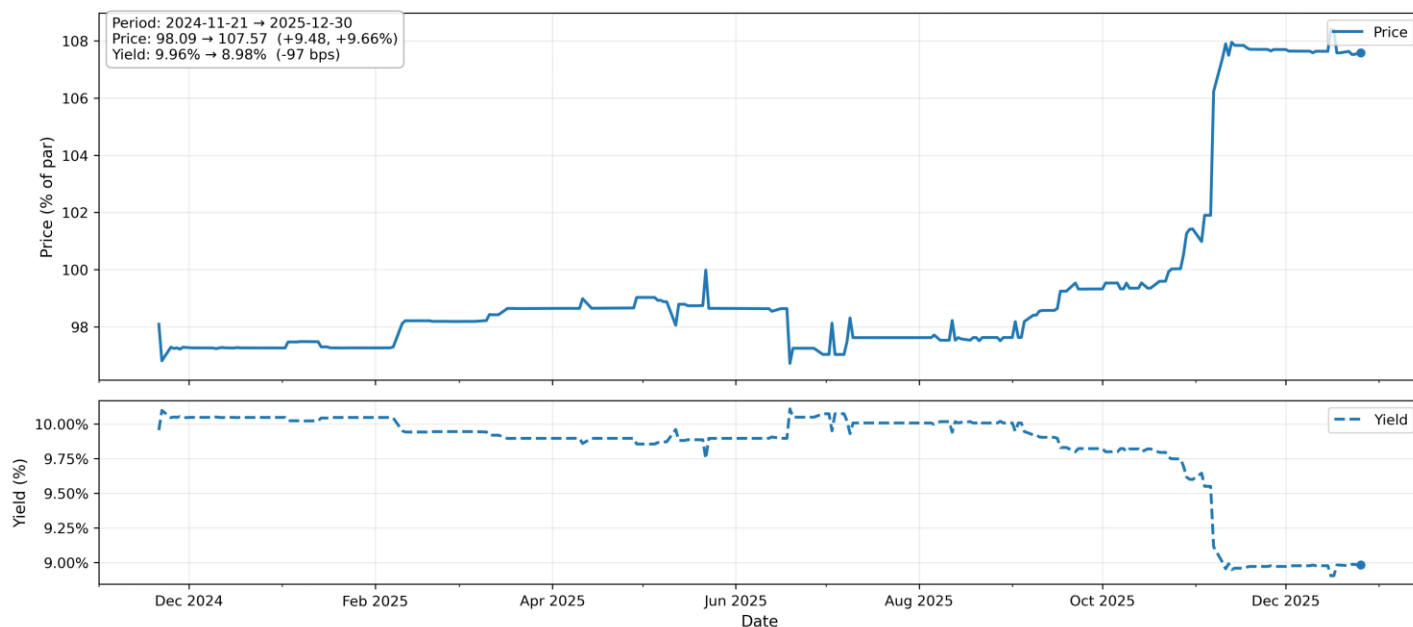
AMGB1129A332 — Price & Yield



Data: AMX | Analysis: KK Partners

- AMGB3129A504 (longer tenor)
 - By 30 December, the price stood near 107.57% of par.
 - The yield was about 8.98%.

AMGB3129A504 — Price & Yield



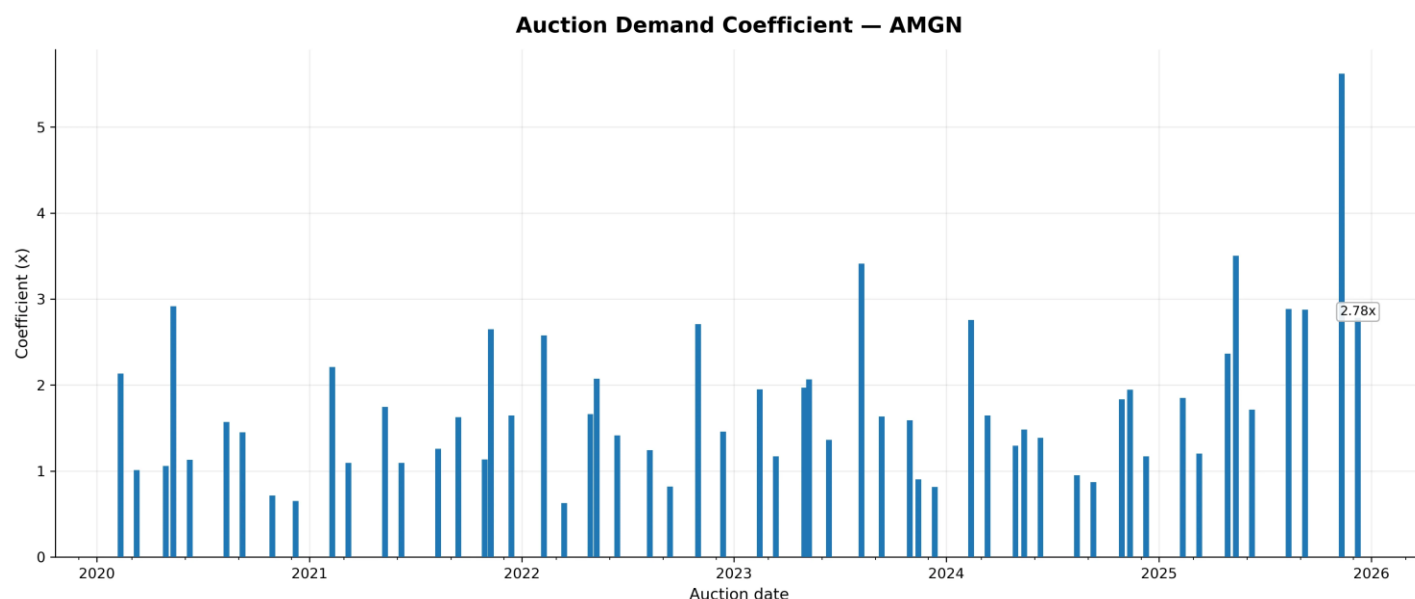
Data: AMX | Analysis: KK Partners

Treasury Direct published a new purchase window for government saving bonds: 25.11.2025-07.01.2026, helping sustain retail participation alongside institutional demand.

Primary market: steady interest from investors

The primary market reinforced the constructive tone in government bonds into December. The standout operation over the latest period was December 9, 2025, allocation auction for the 3-year AMGN36294285, which saw demand comfortably exceed supply:

- Volume offered: AMD 20 bn
- Total bids: ~AMD 55.568 bn
- Auction demand coefficient (total bids ÷ volume): ~2.78×
- Average weighted yield: ~8.09%



Data: AMX | Analysis: KK Partners

The auction confirms that new AMD government lines continue to attract multiple times the volume offered. While the ~2.78× coefficient is below the extreme highs seen earlier in 2025, it still signals healthy demand, consistent with easing policy expectations and stable macro conditions.

Corporate bonds: growth with selective risk-taking

Corporate bond activity remains meaningful, but investor behavior has become increasingly issuer-specific, with greater emphasis on liquidity, credit quality, and headline risk.

A standout transaction in the corporate space was Viva Armenia’s USD-denominated bond issuance, which underscored continued demand for higher-quality corporate credit:

- USD 80m total size
- USD 100 face value
- 7.65% coupon, semi-annual
- 36-month maturity

Viva also highlighted REPO availability, improving secondary-market usability and supporting liquidity for institutional investors.

Armenia Securities Exchange listing data show several new corporate bonds admitted to trading in December, adding breadth to the on-exchange corporate segment:

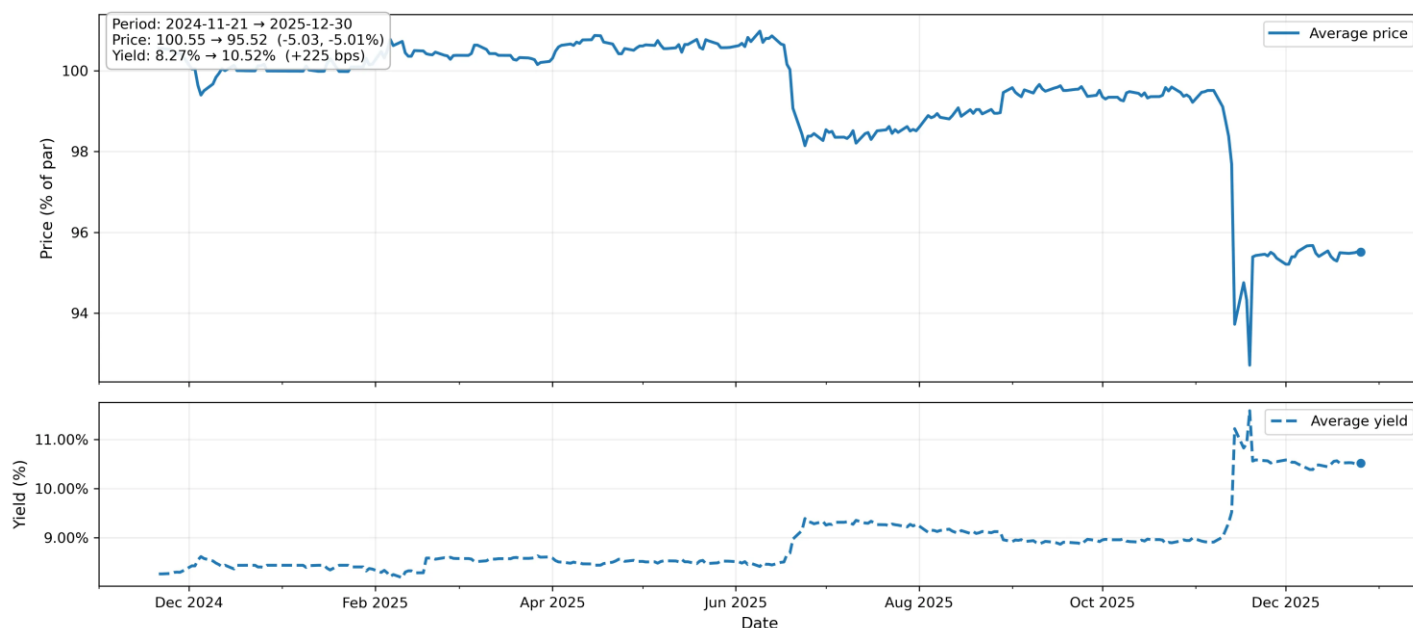
- FINCA UCO CJSC bond AMFNCAB2IER1 - admitted 2025-12-03
- SHTIGEN LLC bond AMSTIGB21ER8 - admitted 2025-12-09

Overall, the corporate market continues to expand, but pricing and liquidity increasingly reflect issuer-level differentiation rather than broad market direction.

ENA CJSC: post-shock stabilization and partial price recovery

ENA remained the central corporate-credit story over the past month, with trading still driven primarily by headline/regulatory risk following the PSRC's November decision. After the initial shock, prices began to recover modestly through December: the sharp sell-off was followed by a rebound and stabilization, with ENA bonds settling back into a mid-90s price range. In short, the market moved from “panic repricing” to a more two-way, range-bound regime—still volatile, but less disorderly than immediately after the headline.

ENA CJSC Bonds — Average Price & Yield



Data: AMX | Analysis: KK Partners

A notable microstructure development came from the Armenia Securities Exchange, which announced that Ameriabank received official market-maker status for ENA bonds (HELCB3). In the current environment, this matters because market making can support secondary-market liquidity and price discovery, helping stabilize trading conditions even when the fundamental narrative is dominated by regulatory headlines.

Macro backdrop: easing policy with low FX risk

The macro environment remains supportive for AMD fixed income, combining gradual easing, inflation near target, and a stable FX backdrop.

Monetary easing continued: On Dec 16, 2025, the Central Bank of Armenia cut the refinancing rate to 6.50% (-25 bps). The Lombard repo rate was set to 8.00%, while the deposit facility rate stands at 5.00%.

Inflation close to target: In its Q4 Monetary Policy Report, the CBA notes annual CPI inflation of 3.1% y/y in November, with core inflation at 3.8% y/y.

Against this backdrop, the exchange rate has remained stable, helping limit FX-driven volatility for local-currency portfolios and supporting demand for AMD-denominated government securities.

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