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Armenia's Bond Market Monthly Update: Sustained Strong Demand, Lower Yields, and a Strengthening Dram

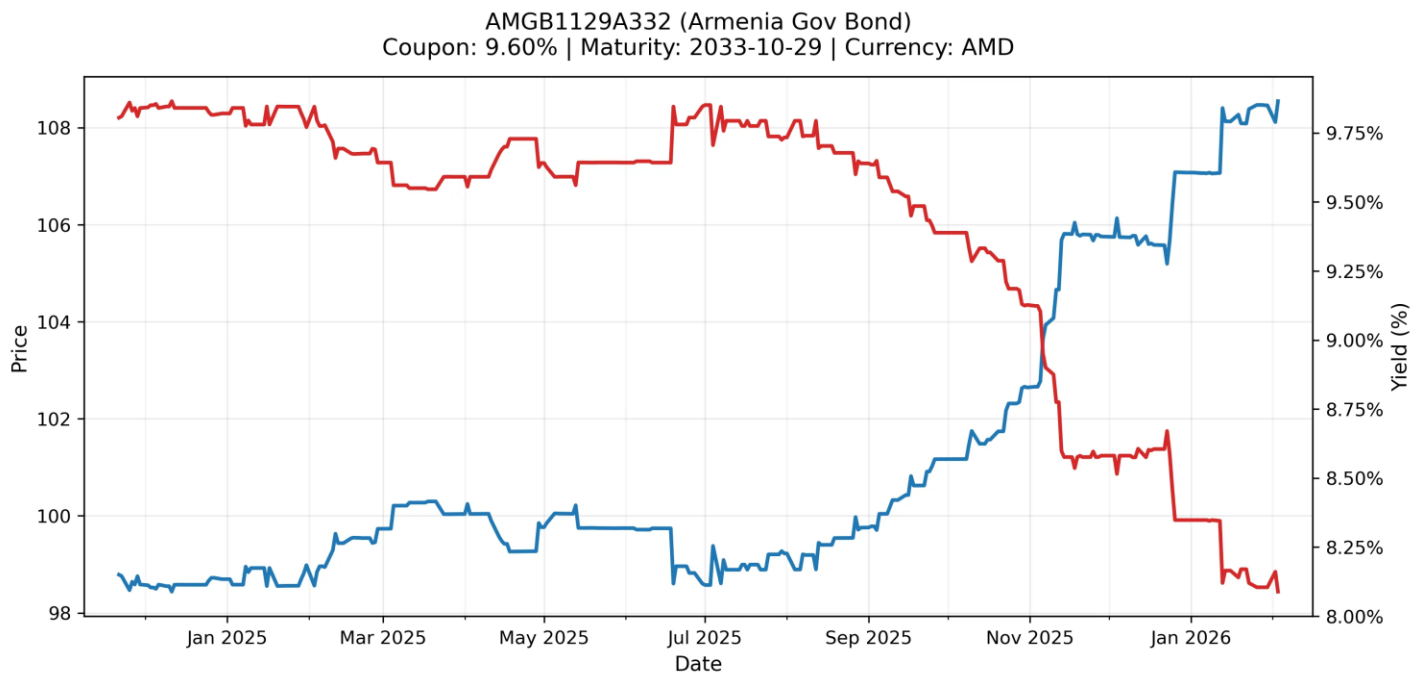
Executive summary

- AMD government bonds stayed firm above par through January, with yields continuing to edge lower amid strong domestic liquidity and rising foreign participation.
- Primary-market appetite remained elevated: on 13 January 2026, AMX held an allocation auction for AMD 50bn of AMGB1129A357 (~11Y), attracting AMD 161.47bn in bids (~3.2× coverage) and clearing at an average weighted yield ~8.097% with a 9% coupon.
- Two curve anchors remained central: AMGB1129A332 (benchmark 5-year) and AMGB3129A504 (longer tenor) continued to act as the market's most-followed reference lines for liquidity.
- Macro stayed supportive in January: the policy rate held at 6.50%, inflation releases remained consistent with the target-zone narrative (3.3% y/y headline), and the dram strengthened versus the USD in the available January FX window.
- AMX corporate activity remained strong: new listings/admissions and expanded market making supported liquidity and price discovery.

Government bonds: rising prices and lower yields

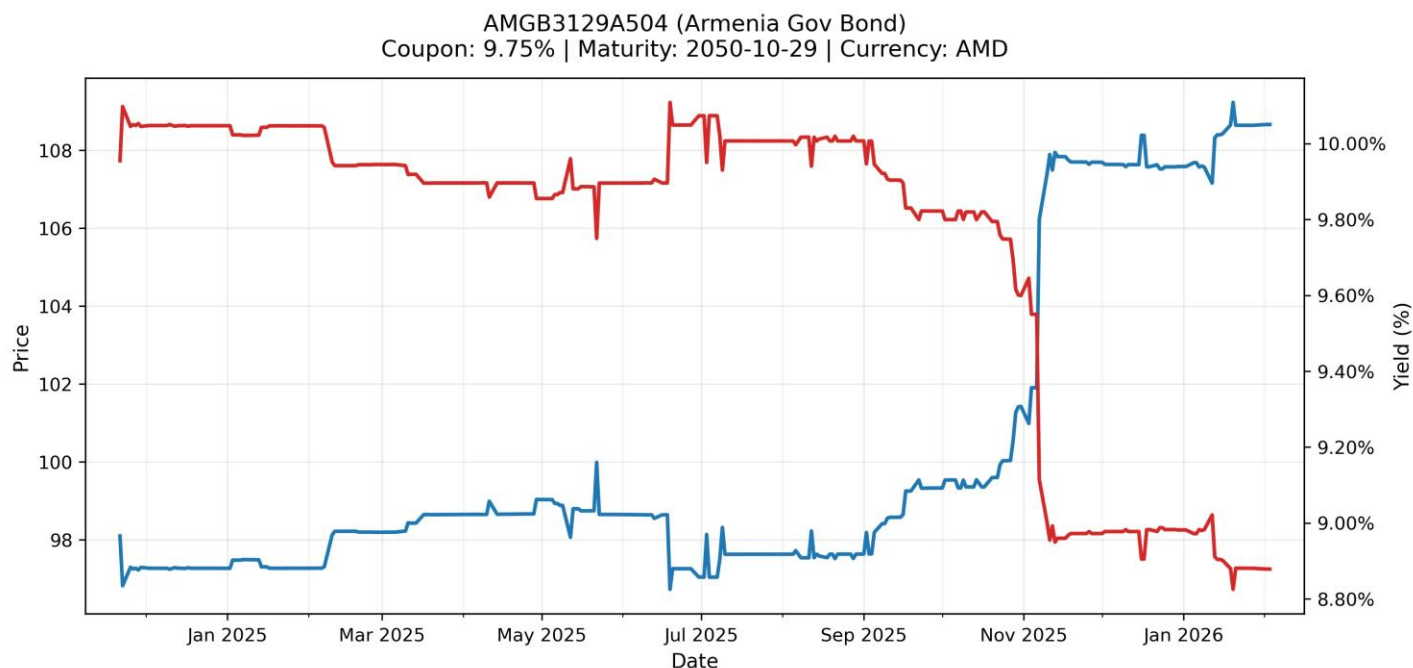
AMX data show that between the start of January and 31 January 2026, the average price of AMD government bonds rose from about 103.84% to 104.95% of par, while the average yield fell from roughly 8.29% to 8.04%. Two liquid benchmarks clearly illustrate this move:

- AMGB1129A332 (benchmark 5-year)
 - By 31 January, the bond was trading around 108.11% of par.
 - The corresponding yield was about 8.16%.



Data: AMX | Analysis: KK Partners

- AMGB3129A504 (longer tenor)
 - By 31 January, the price stood near 108.65% of par.
 - The yield was about 8.88%.



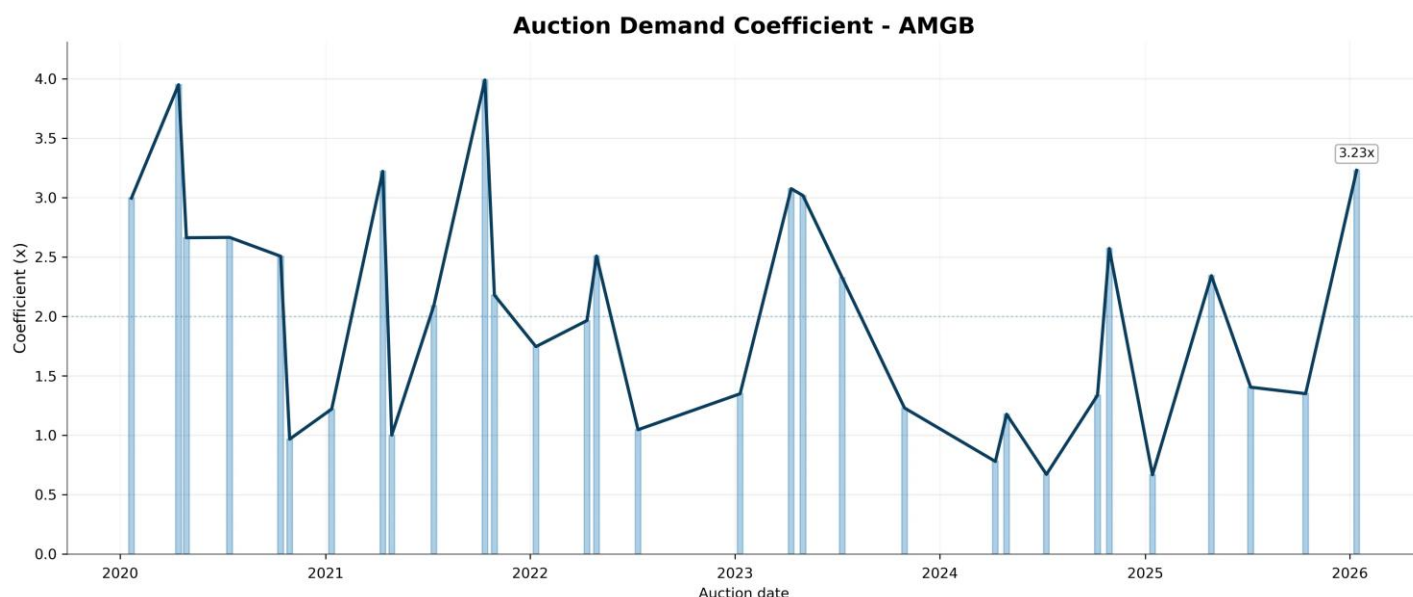
Data: AMX | Analysis: KK Partners

These levels reflect a market where local-currency sovereign risk is priced as relatively low, while nominal yields remain high enough to attract both domestic holders and an expanding non-resident investor base.

Strong demand in the primary market

The primary market remained constructive for AMD government bonds during January. A notable operation in the period was the 13 January 2026 allocation auction for the ~11- year AMGB1129A357, where demand exceeded the amount offered:

- Volume offered: AMD 50 bn
- Total demand: AMD 161.47 bn
- Auction demand coefficient (bids ÷ offered): ~3.23×
- Average weighted yield: ~8.097%
- Coupon: 9%



Data: AMX | Analysis: KK Partners

The outcome highlights solid interest in AMD government bonds at longer maturities and provides a supportive reference point for secondary-market pricing under current liquidity and macro conditions.

Corporate bonds and expanding issuance

Corporate bond activity on AMX remained active throughout January, with several new admissions to trading that expanded the listed corporate universe and supported broader price discovery on-exchange.

New corporate bond admissions in January 2026 included:

Issuer	ISIN	Admission Date	Maturity Date	Currency	Coupon Rate
ACBA Bank OJSC	AMACBAB2MER2	12.01.2026	25.08.2030	USD	5.50%
Converse Bank CJSC	AMCOVSB2OER8	12.01.2026	18.11.2027	AMD	9.75%
National Mortgage Company RCO CJSC	AMNMCCB2TER7	13.01.2026	27.11.2030	AMD	9.00%
Ameriabank CJSC	AMAMRBBNLER5	14.01.2026	15.10. 2027	USD	4.75%
VOSKE AGA LLC	AMVAGAB21ER9	16.01.2026	17.10.2028	AMD	12.50%
HSKA CJSC	AMHSKAB21ER2	23.01.2026	05.08.2028	AMD	11.75%
Inecobank CJSC	AMINECB2NER4	26.01.2026	10.12.2028	AMD	10.25%
Inecobank CJSC	AMINECB2OER2	26.01.2026	10.12.2028	USD	5.25%

In addition to new listings, AMX also announced market-making support during the month, including DIMENSION CJSC becoming a market maker for Stamina LLC bonds, further improving liquidity conditions.

Debt Structure and Investor Base

According to the RA Ministry of Finance, Armenia's total government debt amounted to approximately \$14.5 billion (around AMD 5.45 trillion) by the end of 2025, equivalent to about 49.5% of GDP, with official projections indicating an increase toward ~52.9% of GDP by end-2026 (see table below).

	as of 31.12.2024	as of 31.12.2025	as of 31.12.2025
Government debt, AMD Trillion	4.8	5.4	6.3
Government debt, USD Billion	12.3	13.8	15.1
Government debt, % to GDP	48.0	49.5	52.9

Domestic debt stood at roughly \$7.5 billion (around AMD 2.9 trillion), underscoring the growing role of local-currency financing in the overall debt structure.

At the same time, foreign participation has increased, with non-residents now holding over 7% of AMD government bonds - a level significantly higher than historical norms.

Macro backdrop in January

January's macro environment remained constructive for AMD fixed income:

- Policy rate: the CBA refinancing rate stood at 6.50% throughout January.
- Inflation: the latest y/y inflation headline communicated in January remained consistent with the target-zone framework (3.3%/y).
- FX (USD/AMD): USD/AMD moved from ~381.6 at the start of January to ~378.6 by 31 January, implying a strengthening of roughly 3.0 AMD (about 0.8%).

A firmer, low-volatility FX profile helped keep risk premia contained and supported continued demand for AMD assets across both sovereign and corporate segments.

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