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EMPIRICAL ANALYSIS OF GOVERNMENT SECURITIES AS AN INVESTMENT INSTRUMENT IN THE REPUBLIC OF MOLDOVA

ANALIZA EMPIRICĂ A VALORILOR MOBILIARE DE STAT CA INSTRUMENTE DE INVESTIȚIE ÎN REPUBLICA MOLDOVA

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Abstract:*Relevanța valorilor mobiliare de stat ca instrument de investiție este în crește atât pe piața primară, cât și pe piața secundară a Republicii Moldova, datorită evoluției pieței de capital care își extinde influența și accesibilitatea pentru investitorii individuali prin implementarea platformei eVMS. Prezenta lucrare analizează activitatea pieței primare și secundare în perioada 2024-2025 și compară evoluția ratelor dobânzilor valorilor mobiliare de stat pe scadențe de 2, 3, 5, 7 și 10 ani de-a lungul anilor 2024-2026. Lucrarea utilizează o abordare empirică, descriptivă și comparativă, folosind date din rapoartele Băncii Naționale a Moldovei (NBM) și a Ministerului Finanțelor (MF). Rezultatele arată o creștere de 128% a plasamentelor directe către persoane fizice prin platforma eVMS și un ciclu pronunțat al randamentelor VMS, cu vârfuri înregistrate în primul trimestru al anului 2025, urmate de o comprimare graduală în contextul relaxării politicii monetare.*
Cuvinte cheie: *valori mobiliare de stat, piața primară, piața secundară, randamente, inflație, eVMS, investitori individuali.*
JEL CLASSIFICATION: G11, G18, E43

INTRODUCTION

The Republic of Moldova is a small open economy with a developing capital market that has been historically dominated by the banking sector. Government securities (GS), the primary debt instrument of the state, were exclusively accessible to commercial banks through primary market auctions organized by the Ministry of Finance (MF) from March 1995 until July 2024 (evms.md, 2024). This concentration limited both the investor base and the development of retail investment culture. Through the implementation of the eVMS platform in 2024, these limitations have been mitigated and individual investors can participate directly in government securities auctions for the first time, stimulating the development and accessibility of the national capital market. In this context, the core objectives of this paper are to analyze the primary and secondary market activity in 2024-2025 and to compare GS yield evolution across five maturities from 2024 to 2026.

MAIN CONTENT

nalysis of bibliographical sources: The theoretical foundation for analyzing government securities as an investment instrument takes from both classical fixed-income theory and institutional literature specific to Moldova's debt market. Fabozzi (2021) provides the benchmark analytical framework for fixed-income securities, where he emphasizes that yield-to-maturity, duration, and price-yield dynamics are important for assessing an instrument's investment attractiveness. This framework remains applicable for the Republic of Moldova's emissions of GSs despite the market's relative underdevelopment. Given the limited academic literature directly addressing the Moldovan GS market, institutional sources serve as the main empirical complement: the NBM's monetary policy

and annual reports document the interest rate environment and auction dynamics, while MF's results from GS emission auction publications provide the main market issuance data.

Research analysis: This paper employs a quantitative descriptive and comparative approach. The analysis draws on primary market auction results published by the MF, monetary policy reports from NBM and annual inflation data from the NBS, covering the period between January 2024 to Q1 2026. Yield evolution is examined across five maturities (2, 3, 5, 7, 10 years) using comparative trend analysis.

ANALYSIS OF GOVERNMENT SECURITIES AS AN INVESTMENT INSTRUMENT

Moldova's government securities market recorded a significant growth between 2024 and 2025, reflecting both increased state financing needs and a broadening investor base. Total GS traded rose from 39,120.14 million MDL to 50,921.96 million MDL, a 30.2% increase, driven primarily by the expansion on the primary market, which grew by 36.4% over the same period. Securities increased by 18.3%, indicating that a growing stock of GS remained actively held rather than redeem, suggesting sustained investor appetite.

Table 1. Government Securities Market Activity 2024-2025

Indicator	2024 (mil. MDL)	2025 (mil. MDL)	Change
Total GS Traded	39,120.14	50,921.96	+30.2%
Primary Market	35,567.41	48,771.82	+36.4%
Direct to Individuals	229.62	525.33	+128.8%
GS in circulation	43,961.18	51,994.83	+18.3%

Source: Elaborated by the author based on data published by MF, available [online], via link: https://mf.gov.md/sites/default/files/4.la%20situatia%20din_31.12.2025.pdf

The most structurally significant is the growth of direct placements to individuals. Through the eVMS platform, individual investors acquired 229.62 million MDL in GS in 2024 and 525.33 million MDL in 2025, representing an increase of 128%. While this segment remains modest relative to total primary market volume, accounting for only 1.1% in 2025, the rate growth points to an accelerating retail participation trend that is likely to grow even more in subsequent years.

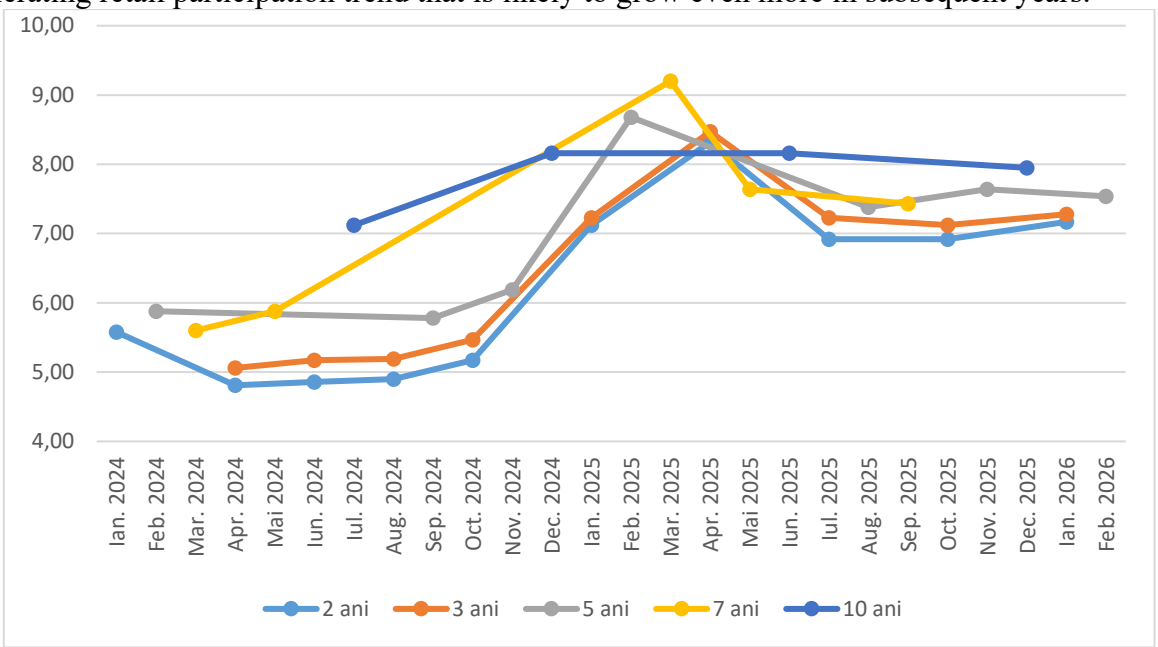


Figure 1. Weighted Average Yields on Government Securities of the Republic of Moldova from 2024 to 2026

Source: Elaborated by the author based on data published by BNM, available [online], via link: https://www.bnm.md/bdi/pages/reports/dop/DOP5.xhtml

The data from Figure 1 showcases a pronounced yield cycle across all maturities between 2024 and early 2026. Short-term yields (2 and 3 years) began 2024 at relatively modest levels of 5.58% and 5.78% respectively, reflecting the NBM's accommodative monetary stance following the disinflation in 2023. However, yields rose sharply through late 2024 and into April 2025, reaching 8.32% and 8.47%, as renewed inflationary pressures and exchange rate volatility led to a tighter monetary policy environment (NBM, 2025a). Medium and long-term maturities followed a similar trajectory, with the 7-year yield reaching a peak of 9.2% in March 2025, the highest recorded point across the entire reference period.

From mid-2025 onwards, yields declined across all maturities as inflation moderated and NBM began easing its policy rate (NBM, 2025b), with short-term yields settling at 7.17% and 7.28% by January 2026. The 10-year maturity demonstrated greater stability throughout this cycle, oscillating between 7.12% and 8.16%, consistent with long-term investor expectations anchored to Moldova's sovereign debt management trajectory rather than short-term monetary signals (NBM, 2025c). The overall pattern confirms Moldova's GS yield curve is highly sensitive to monetary policy decisions and macroeconomic conditions, while simultaneously demonstrating that individual investors accessing GS through eVMS during the 2024-2025 period could lock in historically elevated nominal yields before the subsequent compression.

CONCLUSIONS/RECOMMENDATIONS

This paper set out to examine government securities as an investment instrument in the Republic of Moldova across two dimensions: market structure and accessibility, and yield dynamics relative to the monetary policy cycle. The findings across both dimensions point in the same direction. Moldova's GS market is growing in volume, broadening in participation and becoming more accessible to new investors, while simultaneously demonstrating the characteristics of a market that is maturing rather simply getting bigger.

The most structurally significant development of the 2024-2025 period is not the 30.2% growth in total GS traded, but the 128.8% increase in direct placements to individual investors through the eVMS platform. Additionally, 525.33 million MDL remains a small share of total primary market activity, but the trajectory is the real principle here. A channel that was barely developed in 2024 is already doubling year on year, suggesting that once accessibility barriers are removed, retail demand for GSs responds quickly.

The yield evolution analysis reveals that GSs in Moldova are not static, low-risk saving instruments but instruments whose returns are deeply tied to the broader macroeconomic cycle. The sharp rise in yields across all maturities in 2024 and early 2025 were driven by renewed inflationary pressure and the NBM's tightening response to it. The gradual compression that followed through the easing cycle of mid to late 2025 illustrates that timing and maturity selection matter for individual investors. Those who accessed GS through eVMS at the peak of the cycle secured nominal yields that would have been unthinkable two years prior.

Looking forward, the continued development of the eVMS platform and the gradual stabilization of Moldova's monetary environment create favorable conditions for further integration of individual investors into the GS market. Whether retail participation translates from a promising trend to a significant share of primary market activity will depend on financial literacy, platform accessibility and sustained competitiveness of GS yields relative to other saving instruments.

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