

TREASURY MARKET UPDATE 18TH JULY 2025

DOMESTIC NEWS

Kenya's shilling remained stable against the U.S. dollar on Thursday, with commercial banks quoting it at 129.00/129.40 per dollar, unchanged from Wednesday's close. (Refinitiv).

The African Development Bank's Country Focus Report urges Kenya to implement key reforms to better mobilize its capital for sustainable development. Despite a resilient 4.6% growth in 2024, challenges like low investment, debt burdens, and skills gaps persist. The report projects 5.3% growth in 2025 and recommends broadening the tax base, deepening financial markets, integrating the informal sector, and aligning education with market needs. It also calls for leveraging diaspora remittances, supporting MSMEs, and strengthening public-private partnerships to boost inclusive and long-term economic growth. (Refinitiv)

On other local news Kenya's export competitiveness has sharply declined, with its ATI score dropping from 7.9 to 4.7 over two decades, as it lags behind countries like Rwanda and Senegal. Despite policy efforts, export diversification and productivity remain low, with five products still making up 45% of exports. MSMEs face high costs, poor infrastructure, and regulatory hurdles, while technology adoption and skills training lag behind market needs. The report urges Kenya to leverage geothermal energy, reform export policies, support MSMEs, and align education with industry to avoid stalled economic transformation. (kenyanwallstreet.com)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	127.50	131.50	127.50	131.50
GBP/KES	170.00	178.00	170.00	178.00
EUR/KES	146.00	153.50	146.00	153.50
AED/KES	34.00	37.00	34.00	37.00

Amounts > 10 million		Amounts >100,000
KES		USD
2 Weeks	5.00%	1.50%
1 Month	5.50%	2.25%
3 Months	6.00%	2.50%
6 Months	6.25%	2.75%
1 year	6.50%	3.00%



USD movement from May 2025 – Date (Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar is poised for a second straight weekly gain, with the dollar index rising to 98.57, up 0.72% for the week, after reaching a high of 98.951 on Thursday its highest since June 23. The gain was driven by strong retail sales, falling jobless claims, and rising inflation, reinforcing expectations that the Federal Reserve may delay further rate cuts. Despite recent strength, the dollar remains 9.15% lower year-to-date due to earlier losses tied to trade policy uncertainty.

EUR/USD fell 0.4% to 1.1699 ahead of the final June eurozone CPI reading, expected to confirm a 2.0% annual inflation rate. The ECB is likely to hold rates steady, though Trump's proposed 30% tariff on EU imports may complicate its decision-making. GBP/USD dropped 0.3% to 1.3390 after U.K. data showed the unemployment rate rose to 4.7% in May (highest since June 2021), while annual pay growth (excl. bonuses) slowed to 5.0%, raising expectations of a Bank of England rate cut next month.

USD/JPY rose 0.5% to 148.64 amid political uncertainty in Japan, as election polls suggest Prime Minister Shigeru Ishiba's coalition could lose its upper house majority. AUD/USD slumped 1% to 0.6472, the lowest in over three weeks, following weaker-than-expected job creation in June and a surprise rise in unemployment, pointing to a slowing labor market. USD/CNY traded largely unchanged at 7.1798, with no major movement noted for the session.

Gold prices held steady in Asian trade on Friday, with spot gold at \$3,339.61/oz and September futures at \$3,344.62/oz, as strong U.S. retail sales data boosted the dollar and investor risk appetite, dampening safe haven demand. Gold is set for a 0.5% weekly decline, snapping two weeks of mild gains. Expectations that the Federal Reserve will delay rate cuts, supported by solid economic data and sticky inflation, also pressured gold. Meanwhile, platinum outperformed, breaking a key resistance level and continuing to outpace gold along with silver in recent months.

Oil prices rose on Friday, supported by supply concerns from drone attacks on Iraqi Kurdistan oilfields and strong summer demand. Brent crude gained 0.40% to \$69.81, while WTI rose 0.42% to \$67.81. The attacks, which shut down half of the region's output, pushed prices up \$1 on Thursday. Meanwhile, global oil demand in early July averaged 105.2 million bpd, up 600,000 bpd year-over-year, helping offset the impact of increased OPEC+ supply. (Investing.com)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1415	1.1817
GBP/USD	1.3216	1.3621
USD/ZAR	15.7960	19.8044
USD/AED	3.6528	3.6933
USD/JPY	146.72	150.76