

TREASURY MARKET UPDATE 21ST JULY 2025

DOMESTIC NEWS

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

Kenya's public debt hit a record KSh 11.51 trillion by May 2025, driven largely by increased domestic borrowing amid fiscal strain and a weak shilling. Domestic debt rose to KSh 6.31 trillion, with short-term Treasury Bills surging to an all-time high of KSh 1.036 trillion, reflecting rising refinancing pressures. External debt also climbed to USD 41.07 billion (KSh 5.31 trillion), while debt servicing costs soared to KSh 1.448 trillion—nearly 70% of revenues—underscoring the country's mounting repayment burden. Despite active bond reopenings and demand for long-term paper, Kenya's credit ratings remain cautious. (kenyanwallstreet.com)

On other local news Tanzania is set to seal a long-term deal to import up to 100MW of electricity from Ethiopia using Kenya's power transmission network, following successful trials conducted by the Kenya Electricity Transmission Company (Ketraco). Senior officials from Tanzania's Tanesco are expected in Nairobi on July 24 to finalise the agreement, which aims to stabilise power supply in northern Tanzania and reduce reliance on costly internal sources. The deal is expected to earn Ketraco substantial annual revenue in wheeling charges. (Business Daily)

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 edged lower on Friday, with the Dollar Index down 0.4% to 98.100. However, the greenback remains on track for a 0.7% weekly gain, following last week's rise of just under 1%. Recent strong U.S. economic data has reinforced expectations that the Federal Reserve may delay interest rate cuts, supporting continued demand for the dollar.

The euro rebounded to 1.1623, up 0.3%, but remained on track for a 0.6% weekly loss. German producer prices fell 1.3% in June, signaling weak inflation, while eurozone inflation held at 2.0%, matching the ECB's target. Despite room for easing, tariff threats from the U.S. complicate the ECB's policy outlook. The ECB is expected to hold rates, but a dovish shift remains possible amid trade risks and euro strength.

GBP/USD rose 0.2% to 1.3432, but remained on track for a 0.5% weekly loss amid broader dollar strength. Weak U.K. data, including a higher-than-expected unemployment rate and a contraction in May GDP, has increased pressure on the Bank of England to continue cutting interest rates.

USD/JPY rose 0.1% to 148.63, with the yen heading for a 0.8% weekly loss amid growing political uncertainty. Japan's ruling coalition appears likely to lose its majority, potentially boosting opposition calls for consumption tax cuts to ease pressure from rising prices. Meanwhile, core inflation eased in June but stayed above the Bank of Japan's 2% target, keeping the policy outlook uncertain. USD/CNY traded just 0.1% lower to 7.1782.

Gold prices rose 0.4% in Asian trade Monday, supported by safe-haven demand amid uncertainty over upcoming U.S. trade tariffs and Japan's political instability, with the ruling party losing its upper house majority. The yen firmed on the election results, while a modest pullback in the dollar also boosted metal markets. Spot gold reached \$3,364.21/oz, while September futures rose to \$3,371.42/oz. Platinum and silver outperformed, driven by expectations of tight supply and stronger demand.

Oil prices were steady on Monday as markets weighed new European sanctions on Russian oil against concerns that tariffs could weaken global fuel demand, especially as Middle East producers increase output. Brent crude rose 6 cents to \$69.34/barrel. WTI crude gained 17 cents to \$67.51/barrel. Both benchmarks recovered slightly after small declines on Friday. (Investing.com)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1441	1.1841
GBP/USD	1.3241	1.3643
USD/ZAR	15.6686	19.6740
USD/AED	3.6527	3.6932
USD/JPY	145.85	149.88