

## TREASURY MARKET UPDATE 22<sup>nd</sup> JULY 2025

### DOMESTIC NEWS

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

The Kenya Revenue Authority (KRA) collected Sh2.257 trillion in the financial year ending June 30, 2025, missing its revised target by Sh48 billion due to economic disruptions from street protests and the withdrawal of the Finance Bill 2024. The original target was Sh2.745 trillion. Overall, the Treasury reported a revenue shortfall of Sh213 billion, including underperformance in non-tax revenues and borrowing. Despite this, KRA reported Sh2.571 trillion in collections, reflecting a 6.8% increase from the previous year, based on broader revenue sources. For FY 2025/26, the Treasury targets Sh2.754 trillion, with KRA relying on digital systems and organizational reforms to boost collections.

On other local news Kenyan youths are increasingly using mobile money over traditional banks, with 49% relying solely on mobile accounts, a World Bank report shows. Mobile savings and borrowing have grown significantly, while bank usage declines. The shift is driven by convenience, with mobile platforms now dominating digital finance in Kenya. (Business Daily)

### Indicative Forex Rates

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

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



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

### INTERNATIONAL NEWS

On Tuesday, the U.S. dollar traded within a narrow range after a slight decline earlier in the week, as investors remained cautious ahead of the upcoming August 1 trade deal deadline and amid growing concerns about the Federal Reserve's independence. The dollar index edged slightly higher to 97.882, reflecting a modest rebound driven by uncertainty over global tariffs and monetary policy direction. Traders largely stayed on the sidelines, awaiting clarity on whether Washington would extend negotiations or impose steep tariffs, while also monitoring signals from the Fed amid political pressure from the White House.

The euro eased slightly to \$1.1689 as investor focus shifted toward the upcoming European Central Bank (ECB) rate decision, scheduled later in the week. Markets broadly expect the ECB to keep interest rates unchanged, reflecting a wait-and-see stance amid persistent economic uncertainty in the eurozone. Traders are also watching for any forward guidance that could hint at future policy adjustments, especially in response to ongoing trade tensions and muted inflation pressures.

Meanwhile, the British pound slipped by 0.13% to \$1.3474, pressured by the resilient U.S. dollar and lingering global trade concerns. The lack of fresh domestic drivers for sterling left it vulnerable to broader market sentiment, with risk aversion and dollar strength dominating currency movements.

The yen held firm at 147.57 per dollar after Japan's stable election results, though political uncertainty around PM Ishiba may cap further gains.

Gold prices dipped slightly in Asian trade after hitting a one-month high, as uncertainty over U.S. tariffs and interest rates sustained safe-haven demand. Spot gold fell 0.2% to \$3,389.39/oz, while futures dropped 0.1% to \$3,402/oz. The decline followed a 1.4% surge on Monday, driven by fears of EU-U.S. trade tensions and expectations that the Federal Reserve will hold rates steady despite pressure from President Trump. (investing.com).

Oil prices fell on Tuesday as escalating U.S.-EU trade tensions raised fears of a global economic slowdown that could weaken fuel demand. Brent crude dropped 0.75% to \$68.69 per barrel, while WTI slipped 0.76% to \$66.69. The more active September WTI contract also declined 0.82% to \$65.41, reflecting cautious investor sentiment amid rising geopolitical risks. (Investing.com).

### Indicative Cross Rates

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