

## TREASURY MARKET UPDATE 23<sup>RD</sup> JULY 2025

### DOMESTIC NEWS

The Kenyan shilling held steady against the U.S. dollar on Tuesday, with commercial banks maintaining quotes at 129.00/129.40 per dollar, the same level as Monday's close. (Refinitiv).

The government has run out of funds in the Petroleum Development Levy (PDL) used to stabilise fuel prices, leading to a sharp rise in pump prices - petrol, diesel, and kerosene increased by up to Sh9 per litre. Energy CS Opiyo Wanyai told Parliament that Sh2.5 billion was needed for the current pricing cycle but was unavailable due to fund depletion, with nearly half of the Sh26.37 billion collected in the last year diverted to other uses. The rising fuel costs, driven by global price hikes and high taxation, are expected to push up the cost of living, with no immediate government intervention planned. Treasury CS John Mbadi said the energy regulator decided not to apply subsidies, although future support may be considered if prices continue to climb.

On other local news public investment in road construction rose by 57.8% to Sh64.02 billion in the year ending June 2025, reversing two years of cuts. The increase was driven by fuel levy funds and resumed payments to contractors. Despite this, road construction output remains low, with only 1,037km built over two years, far below the 3,310km achieved under the previous administration. (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	147.00	154.50	147.00	154.50
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 inched up 0.1% on Tuesday but remained range bound as traders remained cautious ahead of the August 1 deadline for countries to sign trade deals with the U.S. to avoid steep tariffs. Ongoing uncertainty around global tariffs, particularly between the U.S. and EU, has kept currency markets subdued. Analysts note the dollar may weaken if U.S. tariffs rise, though the euro's gain depends on whether the EU avoids a major trade clash. The EU is pushing to keep a 10% duty, but tensions persist, with some members considering retaliatory measures if no deal is reached.

EUR/USD slipped 0.1% to 1.1689 ahead of the ECB's expected rate hold at 2%, with trade tensions and a potential hawkish Fed weighing on the euro. Analysts see 1.160 as a likely support level. GBP/USD dropped 0.1% to 1.3470 following data showing that the UK borrowed £20.7 billion in June—higher than the £17.1 billion forecast by the Office for Budget Responsibility. The unexpected rise in public sector borrowing increases the likelihood of tax hikes in the autumn, a factor that could cap further gains for the pound.

Meanwhile, USD/JPY rose 0.3% to 147.87 as political uncertainty in Japan grew following the ruling party's loss of its upper house majority, weighing on the yen. AUD/USD declined 0.3% to 0.6512 after RBA minutes signaled a continued easing bias, though caution remains due to inflation and jobs concerns. USD/CNY edged down to 7.1741, with markets steady after China's central bank left rates unchanged; focus now shifts to the upcoming Politburo meeting.

Oil prices inched higher in Asian trading on Wednesday after three days of declines, supported by signs of progress in U.S.-Japan trade talks. Brent rose 0.31% to \$68.80 and WTI gained 0.26% to \$65.48. However, gains were limited by fading optimism over Thursday's EU-China summit and continued uncertainty around global trade tensions, particularly involving the EU and China. Analysts noted sentiment remains cautious despite the temporary rebound.

Gold prices dipped 0.2% on Tuesday to \$3,389.27 an ounce, easing after hitting a one-month high in the previous session. Profit-taking weighed on prices, though ongoing uncertainty over U.S. tariffs and interest rates kept safe-haven demand firm.

(Investing.com).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1528	1.1928
GBP/USD	1.3322	1.3723
USD/ZAR	15.5371	19.5545
USD/AED	3.6530	3.6931
USD/JPY	145.15	149.19