

TREASURY MARKET UPDATE 28TH JULY 2025

DOMESTIC NEWS

The Kenyan shilling remained stable against the U.S. dollar on Friday, holding at 129.00/129.40 unchanged from Thursday amid steady market conditions. (Refinitiv).

Several global institutions have marginally downgraded Kenya's 2025 economic growth forecast to an average of 4.9%, citing the impact of violent anti-government protests, weakened investor confidence, and rising instability. The unrest, driven by public outrage over police brutality, high taxes, and poor governance, has led to dozens of civilian deaths and significant damage. Despite these challenges, Kenya's growth is still expected to surpass 2024 levels and the Sub-Saharan Africa regional average, supported by anticipated interest rate cuts.

Meanwhile the government has proposed removing shareholding limits for stockbrokers, investment banks, and other market intermediaries to attract larger investors and boost capital market growth. The Capital Markets Amendment Bill, 2025, seeks to scrap the current 33.3% ownership cap and allow major shareholders to hold key positions. It also grants the Treasury CS powers to set shareholding limits if needed. The move aims to enhance investment, improve liquidity, and align regulations with global best practices, following years of CMA-led reforms to strengthen capital adequacy and corporate governance in the sector. (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	171.00	179.00	171.00	179.00
EUR/KES	147.00	155.00	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 rose slightly on Friday, recovering from two-week lows, with the Dollar Index up 0.2% to 97.340, though still set for a 1% weekly loss — its weakest in a month. The dollar found some support from optimism around upcoming trade talks with the EU and China, but investor focus is now on the upcoming Federal Reserve meeting. While the Fed is expected to hold rates steady, traders will closely watch for guidance on future policy moves. Analysts suggest the dollar may stabilize this summer due to persistent inflation and delayed rate cuts, despite ongoing market pessimism.

EUR/USD fell 0.1% to 1.1745, staying near the four-year high of \$1.183 reached earlier in the month. The decline followed the European Central Bank's decision to keep interest rates unchanged at 2% and weaker-than-expected German business sentiment, with the Ifo business climate index missing forecasts. GBP/USD dropped 0.4% to 1.3468 after UK retail sales for June rose by 0.9% month-on-month, falling short of the anticipated 1.2% increase and recovering less than a third of May's sharp 2.8% decline. Sales in household goods remained weak amid ongoing struggles in the housing market.

USD/JPY rose 0.5% to 147.71 following softer-than-expected inflation data in Tokyo, which increased the likelihood that the Bank of Japan will maintain current interest rates in the face of domestic political uncertainty and U.S. trade tensions. AUD/USD slipped 0.4% to 0.6568 but remained poised for a weekly gain of around 1%, supported by improved trade sentiment following a deal between Japan and the U.S. USD/CNY edged up 0.2% to 7.1672, as the dollar found support from renewed optimism over global trade negotiations and expectations surrounding upcoming U.S. economic policy decisions.

Oil prices edged higher on Monday after a U.S.-EU trade deal and potential extension of a U.S.-China tariff truce eased fears of reduced fuel demand. Brent rose to \$68.64 and WTI to \$65.31 per barrel, rebounding from last week's three-week lows driven by trade tensions and expected supply increases from Venezuela.

Gold prices held steady on Monday after recent declines, as easing trade tensions from a U.S.-EU deal reduced safe-haven demand. Traders remained cautious ahead of the upcoming U.S. Federal Reserve meeting, where rates are expected to stay unchanged. Spot gold and futures both rose 0.1%. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1541	1.1942
GBP/USD	1.3227	1.3632
USD/ZAR	15.7379	19.7438
USD/AED	3.6521	3.6931
USD/JPY	145.75	149.80