

TREASURY MARKET UPDATE 30TH JULY 2025

DOMESTIC NEWS

The Kenyan shilling remained unchanged against the U.S. dollar on Tuesday, holding at 129.00/129.40, similar to Monday's levels, as market conditions stayed stable. (Refinitiv).

Moody's has cautioned that Kenya's forex reserves could come under pressure due to high external debt service needs, especially without new concessional funding. Despite stable reserves and a five-month import cover, rising debt repayments and weak tax revenue have increased reliance on borrowing. A delayed \$750 million World Bank disbursement has further clouded funding prospects. Moody's projects a gradual decline in Kenya's debt-to-GDP ratio to 64% by 2029 if current fiscal policies are maintained.

Meanwhile the Kenya Revenue Authority (KRA) recovered Sh86.52 billion from tax dispute resolutions in the year ending June 2025, a 43% increase from the previous year. The rise was driven by growing use of the Alternative Dispute Resolution (ADR) mechanism, which accounted for Sh18.9 billion, while court rulings contributed Sh67.62 billion. A total of 3,594 taxpayers objected to assessments, with KRA promoting ADR as a faster, cost-effective alternative to litigation. However, concerns remain over the predictability and fairness of the tax system. (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	169.00	176.00	169.00	176.00
EUR/KES	145.00	155.00	145.00	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 strengthened on Tuesday, with the Dollar Index rising 0.2% to 98.607, supported by the recent U.S.-EU trade deal and ahead of the Federal Reserve's policy meeting. The euro weakened further as the trade agreement introduced a 15% tariff on EU goods and included EU commitments to invest \$600 billion in the U.S. and increase purchases of American energy and military equipment. Markets are now focused on upcoming U.S. economic data, including the JOLTS job openings report and July consumer confidence figures, both expected to reflect a resilient labor market and consumer sentiment. Analysts suggest these releases, along with the Fed meeting, could further support the dollar.

EUR/USD fell 0.3% to 1.1559, extending losses amid concerns the EU was disadvantaged in its trade deal with the U.S. Analysts warned the pair is in a fragile position, with further declines likely if it fails to recover above the 1.1600–1.1625 range. GBP/USD also declined, losing 0.2% to 1.3335 and touching a two-month low. ING analysts suggested a potential drop to 1.3150, citing a week of event risks tilted in favor of the U.S. dollar.

USD/JPY slipped 0.1% to 148.41 as investors remained cautious ahead of the Bank of Japan's expected rate hold and amid political uncertainty surrounding Prime Minister Shigeru Ishiba. AUD/USD slid 0.3% to 0.6503, adding to Monday's 0.7% fall, while USD/CNY remained flat at 7.1777.

Oil prices held steady on Wednesday after a 3% surge the previous day, as markets awaited developments on U.S. President Trump's tighter deadline for Russia to end the war in Ukraine. Brent crude rose to \$71.81 and WTI to \$69.29, while the expiring Brent September contract hit \$72.69. The rally was fueled by Trump's threat to impose 100% secondary tariffs within 10–12 days if Russia fails to respond.

Gold prices rose slightly on Tuesday, recovering from near three-week lows as spot gold and futures both gained 0.4%, trading at \$3,327.10 and \$3,381.00 per ounce, respectively. The uptick came ahead of the U.S. Federal Reserve policy decision, though recent easing of U.S.-EU trade tensions continued to dampen demand for safe-haven assets. Gold had declined for four straight sessions as progress in trade talks reduced its appeal. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1352	1.1754
GBP/USD	1.3148	1.3554
USD/ZAR	15.8713	19.8802
USD/AED	3.6528	3.6932
USD/JPY	145.94	149.96