

TREASURY MARKET UPDATE 31ST JULY 2025

DOMESTIC NEWS

The Kenyan shilling was steady against the U.S. dollar on Wednesday, unchanged at 129.00/129.40 from Tuesday's levels, as market conditions remained stable. (Refinitiv).

Kenya is set to unlock a Sh97 billion (\$750 million) World Bank loan after President Ruto signed the Conflict-of-Interest Bill into law. The Bill addresses corruption among public officials and was a key condition for the loan's disbursement. The funding is crucial for Kenya amid rising fiscal pressures, missed revenue targets, and the absence of a current IMF program. The World Bank loan offers cheaper and more favorable terms compared to other financing options.

Meanwhile the Central Bank of Kenya (CBK) has introduced a new loan pricing model requiring commercial banks to base interest rates on a common base rate tied to the interbank rate, plus a borrower-specific risk premium known as the 'K' factor. This reform aims to address strategic defaults and rising non-performing loans by linking loan pricing to individual credit risk using global credit assessment standards like Expected Credit Loss (ECL). By enhancing transparency and accountability, the new framework empowers borrowers with better tools to understand and negotiate loan terms, while encouraging competition among lenders and promoting responsible borrowing behavior. (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	168.00	176.00	168.00	176.00
EUR/KES	143.00	155.00	143.00	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 edged slightly lower on Wednesday, easing from recent gains ahead of the Federal Reserve's policy decision. The Dollar Index dipped 0.1% to 98.542, though it remains near a one-month high and is set for its first monthly gain this year. Recent dollar strength has been driven by factors like the U.S.-EU trade deal and month-end flows, but attention is now shifting to economic data and Fed guidance. The Fed is expected to hold rates steady, making Chair Jerome Powell's remarks key for market direction. Meanwhile, recent data showed a slowdown in U.S. job openings and hiring, with further insights expected from upcoming private payroll and GDP figures.

EUR/USD rose 0.1% to 1.1553 but remains on track for its first monthly loss in 2025. The euro is still up over 11% this year, supported by dollar weakness. Mixed eurozone data—France's Q2 growth beat expectations, while Germany's economy contracted—adds uncertainty ahead of upcoming ECB policy decisions. GBP/USD edged up 0.1% to 1.3363, with sterling trading just above a two-month low. Markets remain cautious ahead of upcoming economic data and central bank commentary that could shape expectations for interest rate policy in the UK.

USD/JPY dropped 0.4% to 147.87 ahead of the Bank of Japan meeting, where rates are expected to remain unchanged amid domestic uncertainty. AUD/USD slipped 0.1% to 0.6510 after Q2 inflation data came in softer than expected, reinforcing the case for potential rate cuts by the RBA. Meanwhile, USD/CNY edged slightly lower to 7.1764, with markets focused on upcoming PMI data expected to show modest improvement following eased U.S.-China trade tensions.

Oil prices held steady on Thursday as investors weighed potential supply disruptions from U.S. President Trump's push for tougher tariffs on Russia against a surprise build in U.S. crude inventories. Brent and WTI futures saw slight declines after gaining 1% the previous day. Market sentiment remained cautious ahead of the August 1 tariff deadline, with tight supply concerns offset by a strong dollar and weak global economic indicators.

Gold prices held steady on Wednesday as investors awaited the Federal Reserve's policy decision and assessed ongoing U.S. trade uncertainty. Spot Gold and Gold Futures both edged up 0.1%, following modest gains in the previous session. However, prices remain about 2% lower over the past week due to reduced safe-haven demand amid signs of progress in U.S. trade talks. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1236	1.1638
GBP/USD	1.3065	1.3467
USD/ZAR	15.9564	19.9673
USD/AED	3.6528	3.6933
USD/JPY	146.81	150.83