

## TREASURY MARKET UPDATE 01<sup>ST</sup> AUGUST 2025

### DOMESTIC NEWS

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

Kenya's inflation rose to 4.1% in July from 3.8% in June, driven by higher food prices, particularly vegetables, sugar, and maize flour. Despite the increase, inflation remains below the central bank's 5% midpoint target, allowing room for a continued accommodative monetary policy. The Central Bank is expected to maintain its current stance at the next policy meeting on August 12. (Bloomberg)

Meanwhile Kenya faces a 10% tariff on its exports to the United States starting August 1, following the expiry of a temporary waiver granted under President Donald Trump's push for reciprocal trade policies. The tariff, part of broader U.S. protectionist measures under the International Emergency Economic Powers Act, affects key Kenyan exports like textiles and macadamia nuts, which previously enjoyed duty-free access under the African Growth and Opportunity Act (AGOA). While Kenyan officials remain optimistic about reaching a deal to restore zero-tariff access, the tariff's enforcement raises concerns over the future of AGOA, set to expire in September, and the potential impact on jobs and competitiveness in Kenya's export sectors. (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>	167.00	175.00	167.00	175.00
<b>EUR/KES</b>	143.00	154.00	143.00	154.00
<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

The US Dollar corrected slightly after a strong rally on Wednesday, driven by robust economic data and a cautious Federal Reserve stance on rate cuts. The USD Index rose 1% to a two-month high near 100.00, supported by stronger-than-expected Q2 GDP growth of 3% and better-than-forecast private sector job gains. Although the Fed kept interest rates steady at 4.25%-4.5%, two officials backed a 25 bps cut, and Chair Jerome Powell signaled uncertainty over a September rate move, citing an unclear inflation outlook. Markets now await key US data, including jobless claims and the PCE Price Index.

The EUR/USD pair rose 0.4% to 1.1447, rebounding from a seven-week low, though still down nearly 3% for the month amid weak eurozone growth and looming U.S. tariffs. French inflation slightly exceeded expectations in July, while eurozone Q2 GDP showed marginal improvement. Analysts see continued downside risks for the euro, especially after a hawkish Fed repricing. GBP/USD edged up 0.1% to 1.3253 but remained near 2.5-month lows and on track for a nearly 3% monthly drop.

USD/JPY slipped 0.2% to 149.28 after the Bank of Japan kept rates unchanged but raised its inflation and growth forecasts, signaling the potential for future hikes if economic conditions strengthen. AUD/USD recovered 0.5% to 0.6466, while USD/CNY was flat at 7.1931 following disappointing Chinese PMI data for July, reflecting weaker manufacturing and services activity due to severe weather disruptions.

Gold prices held steady on Friday but were set for a third weekly loss, as a strong U.S. dollar—bolstered by the Fed's rate hold and trade policy uncertainty—offset safe-haven demand. The firmer dollar made gold more expensive for other currency holders, limiting buying interest.

Oil prices were steady in Asian trade Friday but remained on track for weekly gains of 4.8% to 6%, driven by U.S. threats of tighter sanctions on Russian oil and potential tariffs on major buyers like China and India. While concerns over reduced global supply lifted prices earlier in the week, gains were capped by weak Chinese economic data and a stronger U.S. dollar, which weighed on demand outlooks. (Investing.com).

### Indicative Cross Rates

	Bid	Offer
<b>EUR/USD</b>	1.1232	1.1635
<b>GBP/USD</b>	1.3003	1.3407
<b>USD/ZAR</b>	16.1926	20.2032
<b>USD/AED</b>	3.6528	3.6933
<b>USD/JPY</b>	148.51	152.52