DIB Bank Kenya
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TREASURY MARKET UPDATE 04TH AUGUST 2025

DOMESTIC NEWS

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

Factory costs in Kenya rose in June 2025, ending a year-long deflation trend and signaling likely consumer price increases ahead. The Producer Price Index increased by 0.15% year-on-year, driven by higher electricity and manufacturing costs. This rise in production expenses is expected to feed into retail prices, with the Consumer Price Index already climbing to 4.1% in July, mainly due to higher food, transport, and utility costs.

Meanwhile the Kenyan shilling is expected to weaken slightly to around KSh 132 per U.S. dollar by December 2025 due to reduced interest rate advantage over the U.S., rising fiscal deficit, and political risks. Analysts from global institutions cite narrowing rate differentials and a projected Sh923.2 billion budget shortfall as key pressures. While forecasts range from KSh 130 to KSh 135, the shilling has remained stable in 2025, averaging 129.33, supported by Eurobond repayment, diaspora inflows, and the CBK's crawling peg strategy. (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	167.00	175.00	167.00	175.00
EUR/KES	143.00	154.00	143.00	154.00
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 Friday, heading for its best weekly performance since September 2022, supported by the Federal Reserve's hawkish stance, strong economic data, and newly announced tariffs on major trading partners. The Dollar Index rose 0.1% to 99.870, up about 2.5% for the week. President Trump imposed steep new tariffs, including 50% on Brazil and 35% on Canadian goods not compliant with the USMCA. While further gains were capped ahead of the U.S. jobs report, analysts expect only a modest market reaction if unemployment ticks up slightly from 4.1% to 4.2%, as the Fed remains cautious on rate cuts despite political pressure.

The EUR/USD slipped 0.1% to 1.1413, nearing a two-month low after a 3% July drop, as eurozone manufacturing data remained weak and CPI is expected to ease. The GBP/USD fell 0.3% to 1.3180, marking its worst month in nearly two years amid broad dollar strength and risk aversion.

USD/CHF rose 0.5% to 0.8159 after the U.S. imposed a 39% tariff on Swiss imports, raising concerns over Swiss export competitiveness. The USD/JPY dipped 0.1% to 150.58 after briefly touching 150.91, its highest since late March, with Japanese officials voicing concern over yen volatility, though the Bank of Japan reiterated it sees no urgent need to raise rates. The AUD/USD pair fell 0.2% to 0.6428, pressured by weak Chinese economic data, as July manufacturing PMIs confirmed continued contraction. Similarly, the USD/CNY rose 0.1% to 7.2090 on the back of soft Chinese factory activity, despite recent signs of easing trade tensions with the U.S.

Oil prices edged lower on Monday after OPEC+ agreed to a 547,000 barrels-per-day production increase for September, adding to global supply. Brent crude fell 0.26% to $69.49 per barrel, while WTI dropped 0.18% to $67.21, extending Friday's losses. However, concerns over potential disruptions in Russian oil exports to India helped limit further declines.

Gold prices held steady on Monday after a strong rally on Friday, driven by weak U.S. jobs data and rising expectations of a Fed rate cut in September. Spot gold was flat at $3,360.26, while futures rose 0.2% to $3,412.70. Lower Treasury yields and a weaker dollar also boosted demand for the metal. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1372	1.1775
GBP/USD	1.3085	1.3488
USD/ZAR	16.0245	20.0288
USD/AED	3.6528	3.6933
USD/JPY	145.61	149.62