

TREASURY MARKET UPDATE 05TH AUGUST 2025

DOMESTIC NEWS

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

Maize prices in Kenya have hit a 20-month high due to reduced supply caused by poor weather and a drop in production. A 90kg bag now costs up to Sh6,400, while flour prices have surpassed Sh160 for sifted and Sh170 for fortified brands. Despite government efforts to ease pressure by allowing duty-free yellow maize imports for animal feed, prices continue to rise. The supply shortage has strained millers' cash flows, forced reduced operations, and driven increased reliance on imports from Tanzania.

Meanwhile Inflation-adjusted returns on Kenya's fixed income investments have dropped significantly due to falling interest rates and rising inflation. The real yield on the 364-day Treasury bill fell to 5.62% in July 2025 from 13.24% in September 2024, as the Central Bank of Kenya cut its policy rate from 13% to 9.75%. Meanwhile, inflation rose to 4.1%, driven by higher food, fuel, and utility prices. Analysts expect domestic borrowing by the government to push interest rates back up, potentially improving real returns in the near future. (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 fell further on Monday after weak July jobs data and rising unemployment increased expectations of a Federal Reserve rate cut in September. The Dollar Index dropped to 98.722, while Treasury yields also declined. Market uncertainty was heightened by President Trump firing the labor statistics chief and Fed Governor Adriana Kugler's resignation, which could lead to a more dovish Fed and add pressure on Chair Jerome Powell to lower rates.

The EUR/USD pair slipped by 0.2% to 1.1563 after strong gains on Friday, though analysts at ING expect buying support around the 1.1500–1.1520 zone, with a potential upward target of 1.1700 in the coming weeks. The euro also drew support from improved labor data in Spain, where jobless claims dropped to 2.40 million in July—the lowest level since June 2008. The GBP/USD pair edged down 0.1% to 1.3274, tracking broader dollar movements in the absence of major UK-specific data.

Meanwhile, USD/CHF jumped 0.6% to 0.8085 as the Swiss franc weakened under pressure from steep U.S. tariffs imposed by President Trump—measures expected to amplify disinflationary trends in Switzerland, where inflation is already hovering near zero. The USD/JPY rose 0.3% to 147.94, with the Japanese yen surrendering some of its safe-haven gains from last week, particularly those driven by Friday's market uncertainty. Among commodity-linked currencies, AUD/USD edged up 0.1% to 0.6482, though no major domestic factors were reported. In contrast, USD/CNY declined 0.5% to 7.1763 as the Chinese yuan strengthened on renewed optimism after U.S. Treasury Secretary Scott Bessent expressed confidence in progress toward a potential trade deal with China.

Gold prices held steady in Asian trading on Tuesday after three consecutive days of gains, supported by rising expectations of a U.S. Federal Reserve rate cut in September due to economic concerns and growing trade tensions. Spot gold remained flat at \$3,372.25 per ounce, while December gold futures were little changed at \$3,425.02.

Oil prices fell for a fourth consecutive session on Tuesday due to oversupply concerns, as OPEC+ increased output despite weak demand. Brent crude dropped to \$68.65 and WTI to \$66.17, with both benchmarks hitting one-week lows. Analysts noted that extra OPEC+ supply is offsetting potential losses from reduced Russian exports. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1353	1.1754
GBP/USD	1.3084	1.3490
USD/ZAR	15.9362	19.9432
USD/AED	3.6529	3.6933
USD/JPY	145.13	149.16