

TREASURY MARKET UPDATE 07TH AUGUST 2025

DOMESTIC NEWS

The Kenyan shilling held steady against the U.S. dollar on Wednesday, unchanged at 129.00/129.40 amid stable market conditions. (Refinitiv).

Kenya is finalizing a trade deal with China that will allow duty-free access for key agricultural exports like tea, coffee, and avocado. The agreement, expected in the coming months, follows President Ruto's April visit to Beijing and aims to address the current trade imbalance. Kenyan exports to China face up to 10% tariffs, unlike those from neighboring low-income countries. The deal comes amid new U.S. tariffs on Kenyan goods and growing concerns over Kenya's deepening ties with China. Officials say the agreement could greatly boost Kenya's export earnings and stop tariff evasion practices.

Meanwhile the number of new businesses registered in Kenya rose by 10.9% in the first half of 2025 to 74,740, marking the highest mid-year registration since 2016 and reversing a previous decline seen in 2024. This rebound is attributed to a more efficient registration process and reflects resilience among entrepreneurs despite high operating costs and a contracting private sector. Most registrations were business names and private companies, while over 1,000 entities were deregistered during the same period. Authorities have warned firms to update their records to avoid being struck off the register. (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	147.00	154.00	147.00	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 traded in a narrow range on Wednesday, with limited movement following a sharp drop last week triggered by weak jobs data. The Dollar Index dipped 0.1% to 98.527 amid subdued market activity. Investor focus has shifted to President Trump's upcoming nomination to fill a vacancy on the Federal Reserve Board, a move that could influence monetary policy direction. Traders are currently pricing in a high likelihood of a rate cut in September, reflecting concerns over sluggish economic indicators and the impact of tariffs. Analysts warn that if the new Fed nominee aligns with Trump's critical stance on official data, it could further weigh on the dollar.

EUR/USD rose to 1.1576, supported by dollar weakness despite a surprise drop in German industrial orders for June. GBP/USD slipped to 1.3295 ahead of the Bank of England's expected rate cut, as inflation remains elevated.

USD/JPY edged up to 147.66 after soft Japanese wage data pointed to cooling inflation and limited policy tightening. AUD/USD climbed 0.4% to 0.6489, recovering from recent lows on the back of broader dollar softness. USD/CNY increased slightly to 7.1891 amid renewed concerns over U.S. tariffs linked to China's Russian oil imports. USD/INR fell 0.1% to 87.697 after the Reserve Bank of India held rates steady, helping stabilize the rupee.

Oil prices rose 1% on Thursday, breaking a five-day losing streak, supported by a larger-than-expected drop in U.S. crude inventories. However, gains were limited by uncertainty over the economic impact of U.S. tariffs and geopolitical tensions related to potential sanctions on Russia.

Gold prices slipped slightly on Wednesday, easing 0.4% after four straight sessions of gains, as investors weighed weak U.S. economic data and uncertainty over a potential new Fed board appointment by President Trump. Despite the dip, gold remains supported by expectations of a possible Fed rate cut next month, driven by signs of slowing U.S. economic growth. Tuesday's services data fell short of forecasts, reinforcing concerns about the broader economic outlook. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1474	1.1875
GBP/USD	1.3165	1.3570
USD/ZAR	15.7574	19.7653
USD/AED	3.6528	3.6932
USD/JPY	145.30	149.33