

TREASURY MARKET UPDATE 08TH AUGUST 2025

DOMESTIC NEWS

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

The government will channel up to Sh20 billion into underfunded manufacturing sectors via the Kenya Development Corporation to lift the industry's GDP share from 7.3% toward a 20% target by 2030. Funds will support priority value chains like leather, construction materials, textiles, dairy, edible oils, and tea, with the state taking partial stakes to de-risk projects and attract private investment before exiting once stable. The plan aims to address low competitiveness, governance challenges, and reliance on imports. (Business Daily).

Meanwhile CBK will require all credit-only lenders with Sh20 million or more in capital or loan funds to obtain licenses, and smaller ones to register and upgrade once they cross that threshold. The rules, based on the 2024 Business Laws Amendment Act, bring previously unregulated models like buy-now-pay-later and hire purchase under CBK oversight, mandate credit policies and data protection, and enforce a strict code of conduct. Existing licensed digital lenders will be absorbed into the framework, while others have six months to comply once the rules take effect. (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 edged lower on Thursday, with the Dollar Index down 0.1% to 97.877 after a larger drop the previous day, as weak jobs and services data reinforced expectations for Federal Reserve rate cuts. Markets now see a 94% chance of a September cut and around 60.5 basis points of easing this year. Sentiment was further pressured by concerns that Trump's tariffs are weighing on the economy, with fresh duties on major economies set to take effect at midnight. Political uncertainty also weighed after Trump dismissed the labor data chief, raising questions over institutional independence, and as he considered appointing Kevin Hassett—viewed as dovish and politically aligned—to the Fed Board.

The euro rose 0.2% to 1.1689, supported by optimism over a potential Ukraine-Russia truce following reports of a possible Trump-Putin meeting, despite weaker-than-expected German industrial output, which fell 1.9% in June as pre-tariff production gains faded.

GBP/USD rose 0.2% to 1.3378 ahead of the Bank of England meeting, where rates are expected to be cut to 4% from 4.25% for the fifth time in a year. Attention will be on the vote split as policymakers balance a softening jobs market with ongoing inflation pressures, with ING anticipating dissent from both hawks and doves.

USD/JPY fell 0.3% to 146.94, despite mixed reports that Washington planned to impose an additional 15% tariff on top of existing duties on Japanese goods. USD/CNY edged down 0.1% to 7.1788 after data revealed China's trade surplus narrowed more than expected in July.

Oil prices were steady in Asian trade on Friday but remained on track for a 4–5% weekly loss amid concerns that tariffs will dampen demand and contribute to a supply glut. Brief support came from Trump's move to tighten restrictions on Russia's oil industry and impose steep tariffs on India, though broader fears of global economic disruption persisted. A firmer dollar, driven by speculation over the next Fed chair, also weighed on sentiment, with Brent October futures flat at \$66.43 and WTI at \$63.03 a barrel.

Gold prices in Asia edged higher on Friday, heading for weekly gains as Trump's trade tariffs heightened economic uncertainty. Markets also eyed the possibility of U.S. tariffs on one-kilo gold bar imports, which could disrupt physical supply. Spot gold rose 0.1% to \$3,398.65 an ounce, while December COMEX futures gained 1% to \$3,488.60, leaving the metal up 0.8% and 2.6% for the week, respectively. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1448	1.1850
GBP/USD	1.3229	1.3634
USD/ZAR	15.7333	19.7390
USD/AED	3.6528	3.6933
USD/JPY	145.22	149.28