

TREASURY MARKET UPDATE 11TH AUGUST 2025

DOMESTIC NEWS

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

Kenya's mergers and acquisitions fell in Q1 2025, with deal value dropping 41.3% to \$25.83 million and transactions down from 19 to 12, driven by uncertainty in US-Africa investment ties after Donald Trump's return to the White House. Activity centred on financial services, healthcare, and agritech, with private equity slowing sharply. Kenya led East Africa in deal volume, while East and North Africa dominated the continent's reduced total of 75 deals. (Business Daily).

Meanwhile CBK's latest credit survey indicates that 87% of commercial banks recorded improved liquidity in Q2 2025, supported by higher customer deposits, loan recoveries, and maturing government securities. This stronger liquidity position is expected to drive increased lending to the private sector in Q3, with a focus on trade (26%) and Treasury bills (17%). Additional support has come from new capital injections and liability restructuring. The trend could bolster economic activity, even as banks maintain aggressive loan recovery strategies. (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 weakened Friday, heading for a 1% weekly loss as concerns grew over new U.S. trade tariffs and President Trump's influence on the Federal Reserve. The Dollar Index fell 0.3% to 97.957, pressured by fears that 10–50% tariffs on regional exports could hurt the U.S. economy. Weak U.S. jobs data, soft services activity, and rising jobless claims increased expectations of a Fed rate cut in September to over 90%. Market unease also rose after Trump nominated Stephen Miran, known for dovish views and tariff support, to fill a short-term Fed Board vacancy following Adriana Kugler's resignation. Analysts say this could strengthen Trump's sway over Fed policy ahead of Jerome Powell's term ending in 2026. Bloomberg reported that current Fed Governor Christopher Waller is a leading candidate to succeed Powell.

The euro slipped to 1.1662 as markets weighed new diplomatic efforts to end the Ukraine war, with a Trump-Putin meeting planned. ING warned there are still few signs Russia is ready for a full ceasefire.

The pound rose 0.1% to 1.3447 after the BoE cut rates by 25 bps but faced unexpected resistance from four policymakers, suggesting rate cuts may soon pause. ING said a sharper inflation decline is needed before another 2025 cut is fully priced in.

The dollar inched up to 147.23 yen after weak Japanese household spending data, but gains were capped by reassurances that new U.S. tariffs on Japanese goods will be limited to 15%. Against the yuan, the dollar rose slightly to 7.1824.

Oil prices fell in Asia, with Brent at \$66.26 and WTI at \$63.49, extending last week's 4–5% losses as markets awaited U.S.–Russia peace talks on August 15 that could alter Russian oil sanctions. Trump warned of tighter penalties if no deal is reached and pressed India to cut Russian oil buys, though Indian refiners continue WTI purchases. Higher U.S. tariffs, weak Chinese data, and soft demand added to pressure, with market direction hinging on the Alaska talks, Fed comments, and U.S. CPI data.

Gold fell in Asian trade, with spot prices at \$3,376.24/oz and December futures at \$3,438.22, as investors awaited U.S. inflation data and clarity on bullion tariffs. Prices retreated from last week's record above \$3,530 after a U.S. Customs ruling imposed import tariffs on standard gold bars, disrupting flows and prompting some Swiss refiners to halt U.S. shipments. The White House plans an executive order to clarify the policy, easing market tensions. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1465	1.1867
GBP/USD	1.3265	1.3671
USD/ZAR	15.7095	19.7137
USD/AED	3.6528	3.6933
USD/JPY	145.56	149.61