

TREASURY MARKET UPDATE 13TH AUGUST 2025

DOMESTIC NEWS

The Kenyan shilling was unchanged against the U.S. dollar on Tuesday, trading at 129.00/129.40 in a calm market environment. (Refinitiv).

The CBK's MPC cut the CBR by 25bps to 9.50%, its seventh straight reduction since Nov 2024 and the lowest since May 2023, aiming to boost private sector credit and growth. Inflation remains contained at 4.1% in July, within the 5% \pm 2.5% target range, while GDP grew 4.9% in Q1 2025, driven by agriculture and industrial recovery. CBK projects growth of 5.2% in 2025 and 5.4% in 2026, supported by services, agriculture, and industry. The current account deficit narrowed to 1.6% of GDP, aided by strong exports and a 12.1% rise in remittances, with reserves at USD 10.96B (4.8 months import cover). The banking sector remains stable despite a high NPL ratio of 17.6%, with improvements in construction, manufacturing, and personal loans. Private sector credit growth rose to 3.3% in July as lending rates eased to 15.2% from 17.2% in Nov 2024. (kenyanwallstreet.com).

Kenya and Iran have set a 60-day deadline to resolve a tea export suspension caused by a quality scandal, aiming to restore a market worth KSh 4.26B in 2024. The deal includes stricter quality controls to protect Kenya's tea reputation. A swift resolution could stabilize farmer incomes, boost exports, and revive confidence in one of Kenya's top foreign exchange earners. (kenyanwallstreet.com).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	127.50	131.50	127.50	131.50
GBP/KES	170.00	176.00	170.00	176.00
EUR/KES	146.00	154.00	146.00	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 eased slightly Tuesday, with the Dollar Index down 0.1% to 98.317 ahead of July CPI data, which could influence Federal Reserve rate-cut expectations. Traders anticipate annual CPI to edge up to 2.8% from 2.7%, staying above the Fed's 2% target. A softer inflation print could reinforce bets for a September rate cut, while a hotter reading—possibly linked to tariff effects—may dampen expectations. ING analysts noted that a stronger CPI could limit September cut forecasts to under 20bps, though they view labor market trends as more pivotal given the perceived transitory nature of tariff-driven price pressures.

In Europe, EUR/USD ticked up to 1.1618 ahead of Germany's August ZEW economic sentiment release, which will offer insights into eurozone economic health. The currency is also sensitive to geopolitical developments ahead of Friday's Putin–Trump summit on a potential Ukraine truce. ING expects a firm U.S. CPI reading could push EUR/USD below 1.16, with downside risk toward 1.150 if the summit produces limited progress.

GBP/USD rose 0.1% to 1.3451 after U.K. data showed unemployment steady at 4.7% in the three months to June, its highest since July 2021—while annual pay growth excluding bonuses held at 5.0%. According to ING, the labour market remains cooler than earlier in the year and softer than in other major economies, but there's no strong case yet for the Bank of England to hasten rate cuts.

USD/CNY inched up to 7.1897 after China and the U.S. agreed to a 90-day extension before imposing further tariffs, easing trade tensions and raising hopes for a more lasting agreement. Elsewhere, USD/JPY rose 0.1% to 148.33, while AUD/USD fell 0.2% to 0.6503 following the Reserve Bank of Australia's 25bps rate cut to 3.60%, its third reduction this year as part of its ongoing easing cycle. (Investing.com)

Oil prices were steady, with Brent at \$66.12/bbl. and WTI at \$63.11/bbl., as traders awaited U.S. inventory data and focused on Friday's Trump–Putin meeting in Alaska on ending the Ukraine war, a conflict that has disrupted oil markets since early 2022. Both benchmarks had settled lower in the prior session.

Gold prices were steady in Asian trade, with spot gold at \$3,348.87/oz and December futures at \$3,398.42/oz, supported by softer U.S. inflation data that boosted Fed easing hopes. Earlier in the week, prices dropped after President Trump confirmed gold bars would be exempt from tariffs, easing supply concerns. Markets now await U.S.–Russia talks later this week for further direction. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1494	1.1896
GBP/USD	1.3315	1.3716
USD/ZAR	15.5505	19.5567
USD/AED	3.6528	3.6932
USD/JPY	145.74	149.78