

## TREASURY MARKET UPDATE 14<sup>TH</sup> AUGUST 2025

### DOMESTIC NEWS

On Wednesday, the Kenyan shilling remained stable in a calm market, exchanging at 129.00/129.40 against the U.S. dollar. (Refinitiv).

The Central Bank of Kenya (CBK) projects inflation to stay mostly below its 5% midpoint target over the next year, peaking at 5.2% in March 2026 before easing to 4.6% by mid-year, supported by improved agricultural output, stable energy costs, and a steady exchange rate. With inflation stable, the CBK has cut its benchmark rate for the seventh straight time to 9.5% to boost private sector credit growth. July inflation rose to 4.1% from 3.8% in June on higher energy and food prices, while risks to the outlook include trade tariffs, geopolitical tensions, volatile oil prices, and rising costs of key processed foods.

Kenya's current account deficit fell to 1.6% of GDP in June from 1.8% in April, supported by strong inflows from agricultural exports, tourism, and diaspora remittances, alongside improved export data capture. Exports rose 7.7% in the year to June, while imports grew 9.9% on higher demand for industrial supplies and machinery. The Central Bank projects the deficit will end 2025 at 1.5% of GDP, with a \$673 million balance of payments surplus expected to boost forex reserves from the current \$10.9 billion. (Business Daily)

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
<b>USD/KES</b>	127.50	131.50	127.50	131.50
<b>GBP/KES</b>	172.00	178.00	172.00	178.00
<b>EUR/KES</b>	146.00	154.00	146.00	154.00
<b>AED/KES</b>	34.00	37.00	34.00	37.00

Amounts > 10 million		Amounts >100,000	
KES		USD	
<b>2 Weeks</b>	5.00%	1.50%	
<b>1 Month</b>	5.50%	2.25%	
<b>3 Months</b>	6.00%	2.50%	
<b>6 Months</b>	6.25%	2.75%	
<b>1 year</b>	6.50%	3.00%	



**USD movement from May 2025 – Date** (Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar fell for a second session on Wednesday, with the Dollar Index down 0.4% to 97.540 after weaker-than-expected July inflation data boosted expectations of a Federal Reserve rate cut in September. Markets are now pricing in a 98% probability of easing, weighing on the greenback, as analysts note that a sustained recovery would likely require much stronger U.S. jobs data. While key reports on producer prices, retail sales, and consumer sentiment are due later this week, geopolitical factors such as the upcoming Trump-Russia summit may limit further declines in the short term.

EUR/USD rose 0.3% to 1.1712, extending the prior session's 0.5% gain, as higher Spanish inflation and steady German prices supported the euro, though ING cautioned that a breakout may wait until after the Trump-Putin meeting. GBP/USD climbed 0.4% to 1.3560 on strong U.K. pay growth, reinforcing the Bank of England's cautious stance on rate cuts.

In Asia USD/JPY fell 0.2% to 147.46 as the yen strengthened following better-than-expected Japanese PPI data, which could prompt further Bank of Japan rate hikes. AUD/USD gained 0.4% to 0.6551 despite the Reserve Bank of Australia's third rate cut this year, while USD/CNY was flat at 7.1763 after the U.S. and China agreed to extend their trade truce by 90 days.

Gold prices rose for a third straight session in Asian trade on Thursday, supported by expectations of a Federal Reserve rate cut next month and ahead of U.S.-Russia talks later this week. Spot gold was up 0.2% at \$3,361.87 an ounce, while December futures held steady at \$3,409.65, recovering from Monday's sharp drop after President Donald Trump announced gold bars would not be subject to tariffs.

Oil prices edged higher on Thursday, with Brent crude up 0.37% to \$65.87 a barrel and U.S. WTI rising 0.34% to \$62.85, as markets awaited the U.S.-Russia summit on Ukraine amid concerns over potential changes to Russian crude sanctions. Gains were limited by a weak market outlook after both benchmarks hit two-month lows on Wednesday following bearish supply forecasts from the U.S. government and the IEA. Tensions rose after President Trump warned of "severe consequences," including possible economic sanctions, if Friday's talks with President Putin fail to yield a peace agreement. (Investing.com).

### Indicative Cross Rates

	Bid	Offer
<b>EUR/USD</b>	1.1506	1.1907
<b>GBP/USD</b>	1.3380	1.3785
<b>USD/ZAR</b>	15.5222	19.5398
<b>USD/AED</b>	3.6527	3.6932
<b>USD/JPY</b>	144.29	148.29