

TREASURY MARKET UPDATE 15TH AUGUST 2025

DOMESTIC NEWS

On Thursday, the Kenyan shilling held steady in quiet trading, quoted at 129.00/129.40 against the U.S. dollar. (Refinitiv).

Epra has cut petrol and kerosene prices by Sh1 per litre for the cycle to September 14, 2025, while diesel remains unchanged, after July's steep increases—the highest in nearly two years. In Nairobi, petrol will retail at Sh185.31, diesel at Sh171.58, and kerosene at Sh155.58. The move comes as the State seeks to ease pressure on households and businesses amid high landed costs, reduced subsidies, and past diversions of fuel stabilisation funds.

Investors poured a record Sh323.4 billion into the August 2025 infrastructure bond, lured by high tax-free returns, ample market liquidity, and shilling stability, though the CBK only took Sh95 billion against its Sh90 billion target. The 15- and 19-year bonds, yielding 12.5% and 12.96%, offered a significant premium over falling T-bill rates after seven policy cuts to 9.5%. While equities lead 2025 gains at 32.4%, bonds remain a strong draw alongside moderate property market growth. (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	171.00	178.00	171.00	178.00
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 hovered near two-week lows on Thursday, with the Dollar Index at 97.709, as weak jobs data and subdued July inflation fueled expectations of a Federal Reserve rate cut next month. Markets are pricing in a 99% chance of a 25-basis-point cut in September, though U.S. Treasury Secretary Scott Bessent suggested a larger half-point cut was possible if economic data worsens. Attention now turns to the July producer price index and weekly jobless claims for further signals on inflation and labor market health, ahead of Fed Chair Jerome Powell's speech at next week's Jackson Hole symposium.

EUR/USD fell 0.2% to 1.1680 ahead of eurozone Q2 GDP figures expected to slow sharply to 0.1% from 0.6% in Q1, while GBP/USD edged up to 1.3572 after UK GDP grew 0.3% in Q2, beating forecasts but down from 0.7% in Q1.

In Asia USD/JPY slid 0.7% to 146.43 on rising speculation of a Bank of Japan rate hike, despite Governor Ueda downplaying urgency, while USD/CNY eased to 7.1721 after a 90-day U.S.-China trade truce extension. AUD/USD dropped 0.2% to 0.6536 as weaker July jobs growth reinforced expectations of further Reserve Bank of Australia rate cuts.

Oil prices held steady in Asian trading on Friday, with Brent futures down 0.1% to \$66.79 a barrel and WTI flat at \$63.00, after nearly 2% gains in the previous session. Markets are focused on the upcoming Trump-Putin meeting in Alaska, where discussions on a Ukraine ceasefire could influence sanctions on Russian oil. Analysts note that harsher U.S. restrictions could tighten global supply and lift prices, while any easing of sanctions could have the opposite effect.

Gold prices rose slightly in Asian trade on Friday, with spot gold up 0.3% to \$3,344.88 an ounce and December futures gaining 0.2% to \$3,391.17 but remained on track for a 1.5% weekly loss after early-week declines when President Trump ruled out tariffs on gold bars. A stronger-than-expected U.S. July producer price index reduced bets on a large Federal Reserve rate cut next month, weakening bullion as higher-for-longer rates make interest-bearing assets more appealing. Markets still expect a September cut, but the likelihood of a half-point move has fallen sharply. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1471	1.1874
GBP/USD	1.3351	1.3752
USD/ZAR	15.5726	19.5726
USD/AED	3.6527	3.6932
USD/JPY	145.06	149.10