

TREASURY MARKET UPDATE 18TH AUGUST 2025

DOMESTIC NEWS

The shilling held firm on Friday, quoted at 129.00/129.40 versus the U.S. dollar in calm market activity. (Refinitiv).

Kenya has reintroduced a fuel subsidy for September to curb further increases in diesel and kerosene prices, paying oil marketers at least Sh400 million. The move follows public uproar and a two-month suspension caused by a depleted Petroleum Development Levy, which despite collecting Sh26.37 billion in the year to June 2025, spent nearly half on other uses. Without the subsidy, diesel and kerosene prices would have risen by Sh2.04 and Sh2.86 per litre, respectively, at a time when fuel costs are driving up inflation, which hit 4.1 percent in July.

On other local news treasury bill rates in Kenya have fallen to multi-year lows following successive Central Bank of Kenya rate cuts, with the 91-day, 182-day, and 364-day papers now at 8.01, 8.11, and 9.58 percent, respectively. The decline has halved T-bill yields from last year's highs of nearly 17 percent, easing government borrowing costs, though heavy reliance on the securities has pushed their outstanding stock to a record Sh1.05 trillion, or 16.45 percent of domestic debt. (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

Asian currencies traded cautiously on Monday as reduced bets on a large September Fed rate cut and ongoing geopolitical uncertainty weighed on sentiment. The U.S. Dollar Index held steady after last week's dip, supported by stronger U.S. PPI and retail sales data that dampened expectations of a 50 bps cut, with markets now pricing in a smaller 25 bps move. Meanwhile, uncertainty over the Ukraine conflict persisted after U.S. President Trump and Russia's Putin failed to reach an agreement at the Anchorage summit, with attention now shifting to Trump's meeting with Ukraine's Zelenskiy and European leaders in Washington.

The euro strengthened as EUR/USD rose 0.3 percent to 1.1682, recovering from a 0.5 percent drop in the previous session. Analysts noted that clarity on the Ukraine conflict could have a more lasting impact on the euro than the dollar, though expectations of Federal Reserve rate cuts are limiting further upside. The pound also firmed, with GBP/USD trading 0.2 percent higher at 1.3556 after sliding 0.3 percent in the prior session.

In Asia the yen gained ground, pushing USD/JPY down 0.5 percent to 147.11, after data showed Japan's economy expanded faster than expected in the second quarter, reinforcing prospects of additional tightening by the Bank of Japan. The yuan slipped slightly, with USD/CNY edging up 0.1 percent to 7.1833 as weaker Chinese industrial production and retail sales data signaled softening demand at home and abroad. The Australian dollar advanced, with AUD/USD climbing 0.4 percent to 0.6514 in a rebound from the previous session's losses.

Gold prices rebounded in Asian trade on Monday, with spot gold up 0.7% to \$3,357.73 and October futures rising 0.6% to \$3,402.92, as safe-haven demand strengthened amid Russia-Ukraine uncertainty and caution ahead of the Fed's Jackson Hole symposium, where markets expect signals of a September rate cut.

Oil prices were largely unchanged on Monday after a drop in early trade, as the United States exerted no further pressure on Russia to end the Ukraine war through measures to disrupt its oil exports following a meeting of the leaders of both nations. Brent crude futures dropped 6 cents, or 0.09%, to \$65.79 a barrel by 0342 GMT while U.S. West Texas Intermediate crude was at \$62.82 a barrel, up 2 cents, or 0.03%. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1501	1.1904
GBP/USD	1.3353	1.3760
USD/ZAR	15.5960	19.6030
USD/AED	3.6529	3.6931
USD/JPY	145.40	149.43