

## TREASURY MARKET UPDATE 19<sup>TH</sup> AUGUST 2025

### DOMESTIC NEWS

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

Prices of essential items are set to rise after the government introduced the Standards Levy Order 2025, raising the levy on manufactured goods to 0.2% of customs value, capped at Sh4 million per month and increasing to Sh6 million by 2030, up from the current Sh400,000. The levy, covering goods such as food, fertilizer, cement, and pharmaceuticals, is expected to drive up production costs and consumer prices, with manufacturers warning of inflationary effects. While the government defends the move as modest and aimed at strengthening Kebs, Parliament has questioned its legality and directed a review. (Business Daily).

On other local news, Tax receipts rose 7.5% in July to Sh171.5 billion, the fastest growth in two years, despite disruptions from protests marking the anniversary of the anti-Finance Bill, 2024. KRA, which missed last year's target by Sh48 billion, is now tasked with collecting Sh2.62 trillion by June 2026. With the Finance Bill, 2025 scaled back to avoid unrest, the Treasury is banking on compliance drives, technology, and restructuring at KRA to sustain revenue growth. (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>	171.00	178.00	171.00	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 firmed Monday, with the Dollar Index up 0.2% to 97.890, as markets weighed Ukraine peace efforts and the upcoming Fed Jackson Hole symposium. A Trump-Putin meeting failed to deliver a ceasefire, keeping focus on Washington talks with Zelensky and European leaders. While markets see an 85% chance of a September Fed rate cut, Powell is expected to stay cautious, leaving geopolitical risks over Ukraine as a key drag on sentiment.

In Europe, EUR/USD eased 0.2% to 1.1671, holding within a tight range ahead of Washington talks on a Ukraine peace deal. Monday's focus is on eurozone June trade data, while the main highlight will be August flash PMIs on Thursday. ING expects the pair to trade between 1.1650–1.1750 early in the week, with potential to test 1.1830 if Powell signals dovishness at Jackson Hole on Friday.

GBP/USD dipped 0.1% to 1.3540 after last week's 0.8% gain, supported by the Bank of England's more hawkish stance. Markets now price in just 50bp of further easing for the BoE, versus around 125bp for the Fed through 2026. ING sees this underpinning sterling, with a break above 1.3585/1.3600 potentially opening 1.3680/1.3700 later in the week.

Elsewhere, USD/JPY edged up to 147.22 after data on Friday showed Japan's economy grew faster than expected in Q2, lending support to the yen even as the dollar held firm. USD/CNY eased to 7.1803, with the yuan steady in tight trade after July data showed weaker-than-expected industrial output and retail sales, fueling expectations of further government stimulus.

Gold prices were steady in Asian trade Tuesday, with spot gold up 0.1% to \$3,337.31 and October futures 0.1% higher at \$3,381.47, as traders awaited clarity on Russia-Ukraine peace talks and the Fed's Jackson Hole symposium. The metal held near recent losses after optimism over potential progress in negotiations between Trump, Zelensky, and European leaders.

Oil prices slipped Tuesday on expectations that potential Moscow-Kyiv-Washington peace talks could pave the way for lifting sanctions on Russian crude. Brent fell 0.8% to \$66.07, while September WTI lost 0.7% to \$62.98 ahead of expiry, and the more active October contract dropped 0.9% to \$62.15. This followed gains of about 1% in the prior session. (Investing.com).

### Indicative Cross Rates

	Bid	Offer
<b>EUR/USD</b>	1.1457	1.1859
<b>GBP/USD</b>	1.3298	1.3702
<b>USD/ZAR</b>	15.6674	19.6720
<b>USD/AED</b>	3.6521	3.6931
<b>USD/JPY</b>	145.62	149.63