

TREASURY MARKET UPDATE 22ND AUGUST 2025

DOMESTIC NEWS

The shilling remained stable on Thursday, trading at 129.00/129.40 against the U.S. dollar amid subdued market activity. (Refinitiv).

Kenya is pushing for a new reciprocal trade agreement with the US ahead of the African Growth and Opportunity Act (Agoa) expiry in September, following the recent imposition of a 10% tariff on its exports. Trade CS Lee Kinyanjui met US Trade Representative Jamieson Greer to affirm Kenya's commitment to a deal that would secure long-term access to the US market and attract investment. The talks come amid US President Donald Trump's push for reciprocal tariffs under the International Emergency Economic Powers Act, which has raised concerns among Agoa beneficiaries, as Kenya currently enjoys duty-free access for key exports like textiles and macadamia nuts.

On other local news, Kenya has secured its first ¥21.8 billion (\$169 million) Samurai financing from Japan to support vehicle assembly and energy projects, marking a step to diversify borrowing beyond the US dollar. Signed at TICAD 9 by CS Musalia Mudavadi and Nippon Export and Investment Insurance, the Yen-denominated, project-specific facility signals Kenya's entry into Japanese capital markets and aligns with President Ruto's push for innovative funding of development priorities. (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	169.00	177.00	169.00	177.00
EUR/KES	146.00	154.50	146.00	154.50
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 index edged up 0.1% to 98.114, staying near a one-week high as investors awaited weekly jobless claims data and Fed Chair Jerome Powell's speech at the Jackson Hole symposium. Minutes from the Fed's recent meeting showed most policymakers remain concerned about inflation and labor conditions, maintaining the policy rate at 4.25%–4.50%.

In Europe, the euro gained 0.1% to 1.1656 after eurozone PMI data showed new orders rising for the first time since May 2024, with the composite PMI hitting 51.1, its fastest growth in 15 months. ING expects EUR/USD to trade in a tight 1.1620–1.1670 range ahead of Powell's comments. The British pound also rose 0.1% to 1.3466 as U.K. PMI data beat expectations, with the composite index climbing to 53.0 from 51.5, reflecting stronger business activity.

In Asia, the dollar rose 0.1% to 147.55 against the yen as Japanese factory activity contracted at a slower pace, edging closer to growth. Against the yuan, the greenback traded slightly higher at 7.1769, steady after the People's Bank of China kept its loan prime rates unchanged. In the Pacific currencies, the Australian dollar slipped 0.1% to 0.6423 amid subdued sentiment, while the New Zealand dollar held at 0.5822 near mid-April lows after the RBNZ cut its official cash rate by 25 basis points.

Gold prices slipped in Asian trading on Friday, pressured by a stronger U.S. dollar as investors scaled back expectations for further Fed rate cuts ahead of Chair Jerome Powell's upcoming address. Broader metals also weakened as the greenback gained and was set for solid weekly gains. Spot gold fell 0.3% to \$3,328.37 an ounce, while futures dropped 0.3% to \$3,371.15. Losses were partly cushioned by lingering safe-haven demand amid fading prospects for a Russia-Ukraine peace deal despite ongoing U.S. diplomatic efforts.

Oil prices were steady on Friday as fading hopes for a quick Russia-Ukraine peace deal boosted the risk premium, putting Brent and WTI on track to end a two-week losing streak. Brent slipped 12 cents to \$67.55 a barrel and WTI fell 10 cents to \$63.42, though both had gained over 1% in the prior session, with weekly rises of 2.7% and 1.1%, respectively. Traders see growing risks of tougher U.S. sanctions on Russia as peace talks stall, while the war rages on with fresh attacks near Ukraine's EU border and strikes on Russian oil infrastructure. (Investing.com)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1388	1.1790
GBP/USD	1.3192	1.3595
USD/ZAR	15.7341	19.7418
USD/AED	3.6521	3.6931
USD/JPY	146.57	150.58