

## TREASURY MARKET UPDATE 29<sup>TH</sup> AUGUST 2025

### DOMESTIC NEWS

The Kenyan shilling remained flat against the U.S. dollar on Thursday, trading around 129.20/129.40 KES per USD. (Refinitiv).

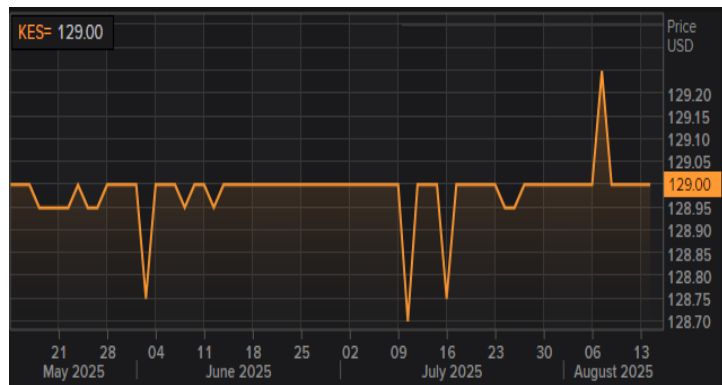
Counties and state agencies face a cash crunch as delays in rolling out the new e-GP procurement system stall project funding. While most have only managed to pay salaries, about Sh250 billion in Q1 procurement spending remains untapped. Treasury CS John Mbadi said budgets must pass through IFMIS before transfer to e-GP, but so far only four counties are ready, with just 26 approved by the Controller of Budget. The delays risk a last-minute spending rush and expose teething problems in a system meant to boost transparency and efficiency in public procurement. (Business Daily).

On other local news, The Kenya Revenue Authority (KRA) has abolished manual tax filing for salaried workers, allowing the i-Tax system to automatically pre-fill income and tax details using ID numbers. The reform will ease compliance, eliminate errors tied to P9 form entry, and reduce unfair penalties. Success will depend on seamless payroll integration, while calls have been made for KRA to waive past penalties from erroneous filings to encourage broader compliance. (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>	169.00	177.00	169.00	177.00
<b>EUR/KES</b>	146.00	154.50	146.00	154.50
<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%



### INTERNATIONAL NEWS

The U.S. dollar edged lower Thursday, with the Dollar Index slipping 0.1% to 98.005, as bets on a September Fed rate cut grew. Political uncertainty added pressure after President Trump's attempt to oust Fed Governor Lisa Cook. Fed Governor John Williams said all meetings remain "live" for possible action, reinforcing easing expectations. Markets now price an 89% chance of a 25-bps cut next month and 55 bps of total cuts by year-end. Attention turns to U.S. jobless claims, GDP, PCE inflation, and payrolls data for policy cues. (Investing.com).

In Europe, EUR/USD rose 0.1% to 1.1647, supported by a 5.9% jump in July car sales, the strongest in over a year. While eurozone consumer confidence edged lower, households still showed willingness to make major purchases. ECB President Christine Lagarde struck an upbeat tone in a weekend interview, noting resilience among consumers and businesses and signaling cautious optimism despite modest growth.

GBP/USD rose 0.1% to 1.3504, with analysts at ING suggesting a sustained break above 1.35 is likely a matter of time.

Elsewhere in FX, USD/JPY slipped 0.1% to 147.34, while USD/CNY rose 0.3% to 7.1378 as most Asian currencies held in narrow ranges. AUD/USD gained 0.2% to 0.6515, extending strength after hotter-than-expected inflation data tempered prospects of further Reserve Bank of Australia easing. (Investing.com).

Gold prices eased on Friday but posted strong August gains, supported by growing expectations of a September Fed rate cut. Spot gold dipped 0.2% to \$3,409.89/oz, while October futures slipped 0.1% to \$3,469.92/oz, though the metal was still up 3.7% in August and trading less than \$100 shy of April's record high. The rally was fueled by weaker U.S. labor market data and comments from Fed Chair Jerome Powell acknowledging cooling conditions while hinting at a possible 25 bps cut in September. Markets now see an 82.9% chance of a rate cut, according to CME Fed Watch. The dollar index dropped nearly 2% in August, further lifting gold and other metals. (Investing.com).

Oil prices slipped on Friday, with Brent down 0.8% to \$68.09 (October contract) and WTI down 0.8% to \$64.09, though both benchmarks remain on track for small weekly gains of 0.6% and 0.8% respectively. The market is balancing softer U.S. demand outlooks as summer ends against supply risks after Ukrainian strikes on Russian oil export terminals and renewed signs of no progress in Russia-Ukraine peace talks. (Investing.com).

### Indicative Cross Rates

	Bid	Offer
<b>EUR/USD</b>	1.1467	1.1868
<b>GBP/USD</b>	1.3296	1.3702
<b>USD/ZAR</b>	15.7108	19.7175
<b>USD/AED</b>	3.6520	3.6929
<b>USD/JPY</b>	144.97	149.03