

## TREASURY MARKET UPDATE 01<sup>ST</sup> SEPTEMBER 2025

### DOMESTIC NEWS

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

Kenya's export earnings declined in the first half of 2025 for the first time in six years, falling 3.06 percent to Sh554.08 billion from Sh571.6 billion a year earlier, largely due to reduced tea sales. The slump widened the trade deficit to Sh783.91 billion and highlighted the country's vulnerability to commodity market shifts and dependence on a few export destinations. Tea earnings dropped 12.05 percent to Sh90.12 billion, marking the first contraction since 2019, with both export volumes and prices at the Mombasa Tea Auction falling. Despite the poor tea performance, other key exports performed strongly, with coffee earnings surging 83.68 percent to Sh35.38 billion and cut flower exports rising 19.48 percent to Sh47.08 billion. (Business Daily).

On other local news, After USAid's exit disrupted Nairobi's upscale suburbs, the city is set for a rebound as UN agencies plan to relocate key headquarters there by 2026, making it a global UN hub. Demand for prime housing in areas like Runda and Muthaiga is rising, pushing up property prices and rents, with schools and services expanding to cater for the incoming international staff. (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%



USD movement from May 2025 – Date (Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar inched higher Friday ahead of key inflation data but remained on track for a monthly decline amid expectations of a September Fed rate cut. The Dollar Index rose 0.1% to 97.815 yet was set for a 1.8% monthly drop, extending a year-to-date slide of nearly 10%. Markets are watching the PCE (Personal Consumption Expenditures price index) inflation gauge, with a steady 2.9% annual rate expected. Analysts say only a significant upside surprise could shift dovish sentiment after Powell's Jackson Hole remarks. The dollar also faced pressure from political risks after Trump's failed attempt to fire Fed Governor Lisa Cook, raising concerns over central bank independence. Tariff-driven price pressures remain a risk, with the Fed holding rates steady this year after last year's sharp cuts. (Investing.com).

In Europe, the euro slipped slightly on Friday, with EUR/USD down 0.1% to 1.1693 after French inflation eased to 0.8% in August from 0.9% in July, while Spain's rate held steady at 2.7%. German figures are due later, followed by the eurozone's flash reading next week. The ECB kept rates at 2% in July, with data showing steady growth and inflation near target. However, minutes from the meeting revealed some concern over downside inflation risks, suggesting market expectations for a year-end rate cut may be too aggressive. GBP/USD traded 0.3% lower to 1.3475.

Elsewhere, the yen weakened slightly as USD/JPY rose 0.1% to 147.01, after Tokyo inflation eased in August but remained high enough to sustain expectations of further BOJ hikes. Japan's factory output fell more than forecast in July and retail sales underperformed. Meanwhile, USD/CNY firmed 0.1% to 7.1325, and AUD/USD inched up 0.1% to 0.6535. (Investing.com).

Gold hit a four-month high on Monday, with spot prices up 0.9% to \$3,480.56 an ounce and December futures rising 1% to \$3,551.82. The metal extended its rally on expectations of a Fed rate cut, concerns over central bank independence, and U.S. tariff risks, marking a fifth straight day of strong gains after nearly 5% growth in August. (Investing.com).

Oil prices slipped on Monday, with Brent down 0.44% to \$67.18 a barrel and WTI easing 0.44% to \$63.73. Concerns over rising output and U.S. tariff-related demand pressures outweighed supply risks from escalating Russia-Ukraine airstrikes, while trading remained muted due to a U.S. holiday. (Investing.com).

### Indicative Cross Rates

	Bid	Offer
<b>EUR/USD</b>	1.1526	1.1928
<b>GBP/USD</b>	1.3334	1.3738
<b>USD/ZAR</b>	15.5875	19.5904
<b>USD/AED</b>	3.6521	3.6931
<b>USD/JPY</b>	144.80	148.81