

TREASURY MARKET UPDATE 02ND SEPTEMBER 2025

DOMESTIC NEWS

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

Kenya's annual inflation held steady at 4.5% in August, supported by lower energy costs and stable housing prices, according to KNBS. However, households continue to face pressure from high food costs, with fresh vegetables driving most of the increase. Cabbage, carrots, sukuma wiki, and tomatoes all recorded notable price jumps, while staples like maize flour and beans eased slightly. Electricity tariffs, petrol, and kerosene prices declined, helping cushion households, though transport costs rose as bus fares and tuk-tuk charges increased. Core inflation stayed low at 3.0%, but non-core inflation, driven by food and transport, reached 9.2%. This highlights the gap between official inflation stability and the daily reality of families being burdened by rising groceries and travel expenses. (The Kenyan Wall Street).

On other local news, China now supplies nearly a quarter of Kenya's imports, worth Sh304.65 billion in H1 2025, while Kenya exported only Sh4.44 billion to China in Q1. President Ruto secured a pledge from Beijing to remove tariffs on Kenyan farm exports like tea, coffee, and avocados to ease the trade gap, though exporters still face logistical and competitiveness challenges. (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 dollar weakened slightly on Monday as traders weighed the likelihood of a Federal Reserve rate cut this month, with attention turning to upcoming U.S. payrolls data later in the week. With U.S. markets closed for a public holiday, focus shifted to regional economic signals, including factory activity reports from Japan and China. The U.S. dollar index, which tracks the currency against a basket of major peers, slipped 0.2% in European trading after finishing last week mostly unchanged. (Investing.com).

EUR/USD rose slightly to about 1.1708, buoyed by dovish Fed rate-cut expectations and a softer dollar, with technical indicators suggesting bullish momentum may carry the pair toward 1.1740–1.1830 in the short term. (fxstreet.com).

GBP/USD saw a modest gain, nudging closer to \$1.353, supported by growing bets on U.S. rate cuts. However, fiscal concerns in the UK and volatility around upcoming data are keeping sentiment cautious. (reuters.com).

USD/JPY edged lower to around ¥147 as expectations of Fed rate cuts and policy uncertainty weighed on the dollar ahead of key U.S. jobs data. (reuters.com).

The yuan held near a 10-month high of 7.13–7.14 per dollar, gaining 2.3% this year on the back of Beijing's gradual appreciation strategy, strong trade surpluses, and buoyant equities. (reuters.com).

Gold prices surged to a record high in Asian trading on Tuesday, driven by expectations of U.S. interest rate cuts and uncertainty surrounding President Donald Trump's trade tariffs. The weaker dollar, which fell to a five-week low, further boosted demand for precious metals. Spot gold rose 0.8% to an all-time high of \$3,508.54 per ounce, while December Gold Futures peaked at \$3,578.20. Prices later eased slightly, with spot gold trading 0.5% higher at \$3,494.56. (Investing.com).

Oil prices rose on Tuesday as the Russia-Ukraine conflict heightened supply concerns. Brent gained 0.59% to \$68.55 a barrel, while WTI climbed 1.64% to \$65.06 after reopening from the U.S. Labor Day holiday. The surge followed Ukrainian drone strikes that shut down Russian facilities handling about 17% of its processing capacity, or 1.1 million barrels per day. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1498	1.1899
GBP/USD	1.3321	1.3725
USD/ZAR	15.6402	19.6467
USD/AED	3.6520	3.6930
USD/JPY	145.97	149.97