

TREASURY MARKET UPDATE 03RD SEPTEMBER 2025

DOMESTIC NEWS

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

Kenya's push for a new IMF financing program is expected to face delays, with analysts warning fresh funds may only materialize after the 2027 elections. Talks are set to begin this month as the IMF reviews Kenya's debt risks, but unresolved reforms such as fiscal consolidation, tax predictability, and governance, remain sticking points. Kenya missed the final tranche of its previous \$3.6 billion program after failing to meet key targets, and eurobond yields rose on investor caution. In the meantime, the Treasury is pursuing alternative funding options including diaspora bonds, asset sales, and debt refinancing to ease short-term pressures. (Bloomberg.com).

On other local news, Kenya's economy is projected to expand by 4.8% in 2025, according to the Parliamentary Budget Office (PBO), a more cautious outlook than the 5.3% growth forecast by the National Treasury. In a report to the Budget and Appropriations Committee, the PBO warned that global trade tensions and protectionist policies could dampen external demand, while domestic growth hinges on the effective rollout of the government's Bottom-Up Economic Transformation Agenda (BETA) in key sectors. (The Star).

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 steadied near multi-week lows on Tuesday as traders weighed prospects of a September Fed rate cut and uncertainty over U.S. trade tariffs. The dollar index stood at 98.30, close to Monday's five-week low, with markets awaiting Friday's non-farm payrolls report for confirmation of easing expectations. Fed Chair Jerome Powell has signaled readiness to adjust policy if inflation and jobs weaken, reinforcing bets on a 25-basis-point cut. Attention is also on back-month jobs revisions and upcoming U.S. manufacturing and services data. Meanwhile, legal challenges to Trump-era tariffs add further uncertainty, with a court ruling most levies illegal but allowing them to remain until October 14 pending appeal. (Investing.com).

The EUR/USD slipped below 1.1700 as risk-off sentiment dominated markets. The move was driven by turmoil at the U.S. Federal Reserve, rising U.S. Treasury yields, and political uncertainties in Europe. (fxstreet.com).

GBP/USD fell over 1%, hitting multi-week lows as UK 30-year gilt yields surged to their highest level since 1998, driven by fiscal worries and rising borrowing costs. The move pushed the Pound below key support levels, with analysts warning of further downside toward 1.3315. (fxstreet.com).

The Chinese yuan rose 0.1% against the dollar after upbeat PMI data signaled resilience in services and manufacturing. Meanwhile, the Japanese yen weakened, with the USD/JPY up 0.4% despite stronger PMI figures and a 0.6% rise in 10-year bond yields, underscoring limited currency support from domestic growth. (Investing.com).

Gold prices held steady in Asian trading on Wednesday, briefly touching a record high of \$3,547.09 an ounce as concerns over global fiscal health and U.S. trade tariffs fueled safe-haven demand. Spot gold last traded at \$3,534.61, while December futures rose 0.3% to \$3,601.15. Gains were capped by a stronger dollar, which rebounded as global bond sell-offs pushed investors into U.S. assets. (Investing.com).

Oil prices dipped in Asia but held near one-month highs, with Brent at \$68.95 and WTI at \$65.43, as fresh U.S. sanctions on firms accused of smuggling Iranian oil fueled supply concerns. Analysts say the curbs are keeping prices supported despite small declines, while focus now turns to the OPEC+ meeting on Sept. 7, with no major output changes expected. Geopolitical tensions continue to underpin market volatility. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1438	1.1841
GBP/USD	1.3184	1.3588
USD/ZAR	15.6875	19.6986
USD/AED	3.6523	3.6933
USD/JPY	146.59	150.60