

**TREASURY MARKET UPDATE 04TH SEPTEMBER 2025**
**DOMESTIC NEWS**

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

Kenya is in a fiscal crisis, with 68% of tax revenue going to debt service, crowding out funding for key services. Tax reforms have boosted revenue, but debt costs are rising faster, locking the country into heavy repayments until 2032. Current refinancing efforts are piecemeal, highlighting the need for a comprehensive debt restructuring plan, including options like debt-for-nature swaps and debt defeasance to ease pressure. Success will depend on IMF support, creditor cooperation, and stronger domestic fiscal discipline to free up resources for development and stability. (Business Daily).

On other local news, Kenya's vegetable exports plunged 54% to Sh23.5 billion in 2024, hit by stricter EU checks on pesticide residues, especially in French beans and snow peas. Interceptions more than doubled, prompting tighter border inspections that raised costs and delayed shipments. At the same time, local production fell due to reduced land under cultivation, lower yields, and shrinking output of key exotic vegetables. Overall, the value of vegetable production dropped from Sh104 billion in 2023 to Sh88 billion in 2024. (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 held steady on Wednesday after rebounding from earlier weakness, supported by a global bond market sell-off that pressured other currencies. Rising concerns over government finances in major economies, including the U.S. and Japan, pushed longer-term bond yields higher. While European yields have begun to stabilize, they remain near multi-year highs, and Japanese yields have reached record levels. By mid-morning, the U.S. dollar index was flat at 98.36. (Investing.com).

Meanwhile, the Sterling was also steady at \$1.3392, after having slipped to a 3-1/2 week low in the prior session. The euro edged up by 0.1% to \$1.1656.

The Japanese yen weakened slightly, with USD/JPY rising 0.1%, as worries over weak domestic bond demand reduced its safe-haven appeal. Investors are now awaiting household spending and wage data due Friday, which could influence Japan's inflation outlook and future rate expectations. The Chinese yuan held steady, with USD/CNY flat as markets absorbed earlier upbeat PMI data. Investor focus remained on potential additional economic support measures from Beijing. The Australian dollar slipped 0.2% against the U.S. dollar, despite July trade data beating expectations, with strong exports pushing the country's trade surplus to a 1½-year high. (Investing.com).

Gold prices eased in Asian trade Thursday, with spot down 0.8% to \$3,531.69/oz and December futures 1.3% lower at \$3,589.92/oz, after hitting record highs above \$3,500 earlier in the week. The pullback was driven by a firmer dollar and profit-taking, though support remains from Fed rate cut expectations, debt concerns, and U.S. trade policy uncertainty. Safe-haven demand had fueled the rally, but easing worries over Fed independence prompted a correction, while political and trade disputes continue to influence sentiment. (Investing.com).

Oil prices continued to fall on Thursday, with Brent at \$67.14 and WTI at \$63.50 per barrel, as markets looked ahead to an OPEC+ meeting that may approve further output hikes in October. Additional supply could worsen a surplus during the weaker demand season. OPEC+ has already boosted production since April to reclaim market share, and analysts suggest the group is comfortable with Brent prices in the \$60–\$65 range, a level that could curb U.S. shale growth. Sentiment was also hit by a surprise U.S. crude stock build of 622,000 barrels, against expectations for a draw. Still, strong Middle Eastern oil prices have bolstered OPEC's confidence in raising output further. (Investing.com).

**Indicative Cross Rates**

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