DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 05TH SEPTEMBER 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).

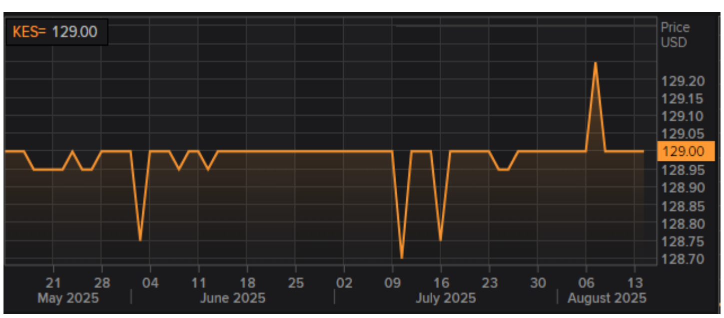
Kenya's pending bills hit KSh524.84 billion by June 2025, up from KSh516.27 billion a year earlier, straining private sector liquidity and hurting SMEs reliant on government contracts. Recurrent arrears made up 52% (KSh274.34 billion), while development arrears, mainly owed to contractors and suppliers, stood at KSh250.5 billion. State corporations accounted for 77% of the backlog, despite ministries trimming their share by 12%. Delayed payments have forced businesses to cut operations and jobs, while the government faces rising penalties. Verification efforts revealed nearly half of claims were inflated or dubious, with only KSh206 billion out of KSh475 billion deemed genuine. Most verified bills are small (KSh1–10 million), and the Treasury plans to prioritize these to ease SME cash flow pressures. (The Kenyan Wall Street).

On other local news, Kenya's housing levy collections hit Sh73.2 billion in 2024/25, 16% above target and 35% higher than the prior year, reflecting stricter compliance with the 1.5% payroll charge. About half the funds remain invested in Treasury bills pending project rollout, earning extra income. Now secured under the Affordable Housing Act 2024, the levy is ring-fenced for housing and is key to President Ruto's plan to cut the 200,000-unit annual housing deficit. (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 U.S. dollar steadied on Thursday after recent volatility, with traders cautious ahead of key U.S. jobs data and amid fragile global bond markets. The dollar index rose 0.1% to 98.19, hovering around the 98 level as markets speculated on a potential Federal Reserve rate cut at the September 16–17 meeting. Fed fund futures priced in a 97% chance of a 25-basis-point cut, supported by weaker job openings data that suggested a cooling labor market. Fed officials, including Chair Powell, signaled the possibility of easing. Investors await Friday's nonfarm payrolls for clearer direction, while Thursday's focus is on weekly jobless claims and ISM services sector data. (Investing.com).

Meanwhile, EUR/USD retreated to around 1.1640, slipping from the early-week high of 1.1736. The decline was driven by weak Eurozone retail sales and robust U.S. labor data, which strengthened the dollar. (FXstreet.com).

GBP/USD held steady around 1.3450, supported by softer gilt yields and the Bank of England's cautious yet steady outlook. (Trading News).

The yen strengthened as USD/JPY fell to 148.12, driven by solid household spending, wage growth, and optimism over a U.S. trade deal, lifting expectations of a BOJ rate hike in October. Attention now shifts to Japan's Q2 GDP data next week. Broader Asian currencies also firmed, with the yuan down 0.1% against the dollar, the Australian dollar up 0.2%, while the Indian rupee hovered above 88 per dollar near record lows amid U.S. tariff concerns. (Investing.com).

Gold prices climbed in Asian trade on Friday, holding near record highs. Spot gold rose 0.4% to $3,559.82 an ounce, while December futures gained 0.3% to $3,617.87. The metal was on track for a 3.2% weekly rise, marking a third week of strong gains. A weaker U.S. dollar and safe-haven demand provided solid support. Markets see a 96% chance of a Fed rate cut at the September 16–17 meeting. Weaker U.S. labor data and wider economic concerns further boosted bullion's appeal. (Investing.com).

Oil prices fell for a third straight session on Friday, with Brent at $66.89 a barrel and WTI at $63.35. Both benchmarks were set for weekly losses, Brent down 1.78% and WTI down 1%, their first decline in three weeks. The drop followed a surprise build in U.S. crude stocks and rising concerns over demand. Analysts also pointed to expectations that OPEC+ could boost supply to reclaim market share from U.S. shale producers, keeping pressure on prices. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1468	1.1870
GBP/USD	1.3252	1.3655
USD/ZAR	15.7076	19.7125
USD/AED	3.6527	3.6933
USD/JPY	146.19	150.25