

TREASURY MARKET UPDATE 08TH SEPTEMBER 2025

DOMESTIC NEWS

The Kenyan shilling was largely stable against the U.S. dollar on Friday, holding at 129.20/129.40 per USD, with minimal market-moving flows reported. (Refinitiv).

Kenya's diaspora remittances from Australia surged 48 percent to \$112.8 million (Sh14.6 billion) in the first half of 2025, making it the fastest-growing source of inflows and overtaking Saudi Arabia and Germany, which both recorded declines. The rise reflects Australia's strong demand for skilled labour, attracting more Kenyan professionals, while overall remittances grew 5.9 percent to \$2.52 billion (Sh325.7 billion). The U.S. remained dominant with over half of total inflows, while the CBK projects annual remittances to hit \$5.2 billion by year-end, boosted by government labour export deals under President Ruto's job creation agenda.

On other local news, Kenya's interest payments on domestic debt rose sharply by Sh98.1 billion to Sh632.3 billion in the year to June 2025, driven by heavy local borrowing in a high-interest rate environment, pushing total domestic debt service to nearly Sh1 trillion. The Controller of Budget warned that growing reliance on short-term treasury bills—whose share rose to 15.9 percent—is heightening refinancing risks, while interest costs have now overtaken development spending and are squeezing fiscal space. Overall public debt hit Sh11.7 trillion, with domestic debt rising 17 percent to Sh6.3 trillion after Treasury overshot its local borrowing target by almost Sh380 billion. (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	170.00	177.00	170.00	177.00
EUR/KES	147.00	154.50	147.00	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 June 2025 – Date (Source: Reuters)

INTERNATIONAL NEWS

In August, the U.S. economy added only 22,000 jobs, well below the forecast of 75,000 and sharply down from July's upwardly revised 79,000, according to the Bureau of Labor Statistics. The weaker payrolls data, combined with recent soft job openings and higher unemployment claims, highlighted sustained cooling in the labor market. The report pressured the U.S. dollar, with the dollar index slipping 0.7%, while the euro and sterling both rose 0.8%. Investors are now almost unanimously betting on a 25 basis point Fed rate cut at the upcoming September 16–17 FOMC meeting, as officials weigh supporting employment against the risk of reigniting inflation.

Meanwhile, EUR/USD pushed well above 1.1700 to multi-week highs as soft U.S. jobs data fueled a broad sell-off in the dollar. Meanwhile, GBP/USD climbed past the 1.3500 level to two-week highs, snapping two consecutive weekly declines on improved risk appetite, though sterling remains clouded by ongoing fiscal concerns in the U.K. (Fxstreet.com)

USD/JPY spiked to 148.57 after Japanese Prime Minister Shigeru Ishiba resigned, fueling political uncertainty and pressure on the yen as his likely successor backs looser policies. Indian rupee hit a record 88.36 before stabilizing on expected RBI intervention, while USD/CNY, USD/CNH, USD/KRW, and USD/SGD edged higher and AUD/USD held flat. (Investing.com)

Oil prices rose over 1% on Monday, with Brent at \$66.30 and WTI at \$62.62, recovering some of last week's losses after a strike on Ukraine boosted the prospect of fresh sanctions on Russian crude. The gains came despite OPEC+ agreeing to raise output from October, though at a slower pace of 137,000 bpd compared with larger hikes in prior months. Both benchmarks had dropped more than 3% last week as weak U.S. jobs data clouded the demand outlook. (Investing.com).

Gold prices surged to a new record on Friday, with spot gold up 1.0% to \$3,581.07/oz and December futures at \$3,637.42/oz, as weak U.S. payrolls data (22,000 vs. 75,000 expected) strengthened bets on a 25bp Fed rate cut at the September 16–17 meeting. The metal notched its third straight weekly gain, supported by a softer dollar, rising safe-haven demand amid concerns over global debt burdens, and uncertainty around U.S. tariffs and Fed independence.

(Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1517	1.1920
GBP/USD	1.3301	1.3707
USD/ZAR	15.5954	19.6037
USD/AED	3.6529	3.6931
USD/JPY	146.02	150.07