

TREASURY MARKET UPDATE 10TH SEPTEMBER 2025

DOMESTIC NEWS

The Kenyan shilling traded steadily against the U.S. dollar on Tuesday, hovering at 129.00/129.40 per USD, with limited market activity influencing movement.

Kenya's Treasury will rely more on domestic borrowing in 2025/26, targeting Sh613.5 billion locally (68.1%) and Sh287.4 billion externally (31.9%) out of a Sh1.547 trillion financing need. With public debt at Sh11.8 trillion and domestic debt at 53.5%, the shift reflects persistent revenue shortfalls but raises concerns over private sector crowding out and higher refinancing risks.

On other local news, US investors raised their portfolio holdings in Kenya in 2024 for the first time in five years, increasing by \$3 million to \$1.374 billion, mainly on the back of high-yield government bonds such as a tax-free infrastructure bond offering 18.46 percent. While long-term debt securities rose by \$20 million to \$1.361 billion, equity investments fell by \$18 million to a 15-year low of \$112 million, as investors shifted preference from shares to fixed-income assets amid attractive returns compared to US markets. (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	172.00	178.00	172.00	178.00
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

The U.S. dollar edged higher on Tuesday, rebounding slightly after hitting a seven-week low, as markets awaited key jobs revisions and inflation data ahead of next week's Federal Reserve meeting. The Dollar Index rose 0.1% to 97.447 after weakness driven by signs of a cooling labor market, with August payrolls showing slower job growth and higher unemployment. Economists expect potential downward revisions of up to 800,000 jobs for April 2024–March 2025, which could pressure the Fed to act more aggressively. Attention also turns to August CPI data, with Bank of America forecasting headline inflation to rise to 2.9% and core to hold at 3.1%, reinforcing expectations the Fed will resume interest rate cuts next week.

Meanwhile, the euro weakened, with EUR/USD slipping 0.1% to 1.1750, after France's parliament ousted the government over debt-control plans, heightening political uncertainty in the eurozone's second-largest economy. The European Central Bank meets Thursday and is widely expected to hold rates steady, leaving sentiment fragile. Sterling, meanwhile, inched higher, with GBP/USD up 0.1% to 1.3560, building on last week's gains as the pound continued to benefit from dollar weakness.

In Asia the yen saw volatility, with USD/JPY down 0.3% to 147.07 following Prime Minister Shigeru Ishiba's surprise resignation, which has fueled political uncertainty and is expected to delay any further rate hikes by the Bank of Japan. The Chinese yuan strengthened, with USD/CNY dipping 0.1% to 7.1270 — its strongest since November 2024 — after the PBoC set its firmest midpoint in 10 months, signaling efforts to support the currency and ease trade tensions with the U.S.

Oil prices rose for a fourth straight session on Wednesday, with Brent up 0.7% to \$66.92 and WTI up 0.7% to \$62.72, driven by Middle East tensions after Israeli strikes in Qatar, prospects of tighter U.S. sanctions on Russian oil buyers, and OPEC+'s smaller-than-expected output hike.

Gold prices extended their rally on Tuesday, with spot gold up 0.3% at \$3,648.40 an ounce and December futures rising 0.3% to \$3,688.12 after hitting fresh record highs, as weak U.S. jobs data reinforced expectations of a Federal Reserve rate cut next week and a softer dollar boosted demand for the metal. (Investing.com)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1573	1.1975
GBP/USD	1.3375	1.3777
USD/ZAR	15.4765	19.4823
USD/AED	3.6520	3.6929
USD/JPY	145.01	149.05