

TREASURY MARKET UPDATE 16TH SEPTEMBER 2025

DOMESTIC NEWS

The shilling was steady at 129.00/129.40, with balanced flows between importer demand and remittance inflows.

The Kenya Revenue Authority is piloting AI-powered scanners at the Port of Mombasa to speed up cargo clearance and curb tax evasion by automatically flagging suspicious consignments for full inspection, replacing slow, error-prone manual checks. The initiative, part of a broader digital transformation running to 2029, will integrate AI into customs and tax systems, supported by a new data analytics centre and external databases to build detailed taxpayer profiles. KRA expects full rollout by June 2026, promising faster clearance, reduced smuggling, and stronger revenue collection, though experts stress human oversight will remain essential to avoid AI errors.

On other local news, Fuel prices fell only slightly in the latest review, with diesel down Sh0.80 to Sh171.47 and petrol at Sh184.52, as the government avoided using the subsidy fund for a second month. Authorities are conserving the kitty, which is financed by the Petroleum Development Levy, after past depletion left consumers exposed to sharp price hikes. This cautious approach limits immediate relief at the pump but aims to preserve funds for future spikes in global fuel costs. (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	178.50	172.00	178.50
EUR/KES	147.00	155.00	147.00	155.00
AED/KES	34.00	37.00	34.00	37.00

Amounts > 10 million		Amounts >100,000
KES		USD
2 Weeks	6.00%	1.50%
1 Month	6.50%	2.25%
3 Months	7.00%	2.50%
6 Months	7.25%	2.75%
1 year	7.00%	3.00%



USD movement from June 2025 – Date (Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar edged slightly higher on Monday, with the Dollar Index up 0.1% to 97.175, as traders turned their focus to the Federal Reserve's policy meeting concluding Wednesday. Markets widely expect a 25-basis-point rate cut following weak U.S. labor data and subdued inflation, though a larger 50 bps cut remains a slim possibility. Analysts suggest the dollar could weaken further if the Fed signals a more aggressive easing path. Key data releases this week—including retail sales, jobless claims, and Treasury International Capital flows—will also be closely watched for their impact on investor sentiment toward U.S. assets.

EUR/USD traded just lower at 1.1732, with the euro unable to capitalize on U.S. dollar softness amid French political uncertainty and Fitch's downgrade of France's debt to A+. GBP/USD rose 0.2% to 1.3582, supported ahead of the Bank of England's policy meeting, where rates are expected to be held despite stubbornly high inflation.

In Asia USD/JPY slipped 0.1% to 147.48 in quiet holiday trade, while USD/CNY edged down to 7.1233 after weaker-than-expected Chinese data showed slowing growth and rising unemployment. AUD/USD gained 0.2% to 0.6662, extending last week's rally on the back of strong commodity prices.

Gold surged to fresh record highs in Asian trading Tuesday, with spot prices touching \$3,689.32/oz before easing slightly to \$3,679.20, while U.S. December futures held near \$3,719/oz. The rally is driven by firm expectations of a Fed rate cut this week, the first since December 2024—alongside concerns over the central bank's independence, boosting safe-haven demand. Bullion has already gained 1% this week after breaking records in the previous session, with markets pricing in a 25-basis-point cut at the September 16–17 meeting.

Oil prices rose slightly Tuesday, with Brent at \$67.59 and WTI at \$63.45, as Ukrainian drone attacks on Russian refineries fueled supply concerns. Fears over risks to Russia's output, which makes up over 10% of global supply, underpinned gains, while U.S. Treasury Secretary Scott Bessent signaled no new tariffs on Chinese goods unless Europe also targets Chinese and Indian purchases of Russian oil. (Investing.com)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1578	1.1979
GBP/USD	1.3417	1.3821
USD/ZAR	15.3413	19.3439
USD/AED	3.6521	3.6931
USD/JPY	145.02	149.06