

## TREASURY MARKET UPDATE 17<sup>TH</sup> SEPTEMBER 2025

### DOMESTIC NEWS

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

The U.S. Fed's anticipated 0.25% rate cut will ease Kenya's debt burden on nearly Sh1 trillion in SOFR-linked SGR and syndicated loans, which have grown costlier as SOFR rose to 4.51% from 1.71% in 2020. Treasury CS John Mbadi highlighted the \$5.08 billion SGR and Sh325 billion syndicated loans some at 14% profit rate, as Kenya's heaviest repayment strain, unlike domestic debt that can be refinanced. While the Fed cut offers short-term relief, the Treasury is also seeking to convert the SGR loan into renminbi at a fixed 3% rate to halve servicing costs, though analysts warn this could expose Kenya to fresh currency risks given the dollar's global dominance.

On other local news, Kenya's power generation hit a record 1,291.39 million kWh in August, fueled by rising industrial activity, household connections, and rural electrification. Renewables, mainly geothermal and hydropower, dominate supply, though imports from Ethiopia have increased as reserves fell to just 4%, raising blackout risks. Peak demand rose to 2,177 MW in 2024, but a freeze on new power purchase agreements since 2021 has stalled capacity expansion, heightening rationing concerns. (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 fell to a two-month low, with the Dollar Index slipping 0.2% to 96.727 ahead of the Federal Reserve's policy meeting. Markets see a near-certain chance of a 25-basis-point rate cut, driven by weak labor data and softer August inflation. Analysts attribute the dollar's weakness to both pre-Fed positioning and a calm global environment. Investors are also watching U.S. retail sales for consumer strength and import price data to gauge who is absorbing Trump-era tariffs, exporters, businesses, or consumers.

In Europe, the euro rose 0.3% to 1.1794 ahead of Germany's ZEW sentiment data, though ING said the release is unlikely to shift markets. EUR/USD is near 1.1800–1.1830 resistance, with the Fed's policy decision seen as the main breakout catalyst.

The pound gained 0.2% to 1.3630, a two-month high, even as U.K. unemployment stayed at 4.7% and wage growth eased to 4.8%. The Bank of England is expected to hold rates, though a surprise inflation spike could alter that outlook.

In Asia, the yen strengthened with USD/JPY down 0.5% to 146.73 ahead of Friday's BOJ meeting, where rates are expected to hold though persistent inflation could prompt a hike by October. The yuan edged 0.1% higher to 7.1147 on Beijing's stimulus pledges, staying near its strongest since November 2024 as U.S.–China trade talks draw focus. Meanwhile, the Australian dollar gained 0.1% to 0.6671, hovering near a 10-month high.

Gold prices slipped slightly on Wednesday, easing about 0.2% to around \$3,683 per ounce after touching record highs near \$3,703. The pullback was mainly due to profit-taking and a modest rebound in the U.S. dollar, though expectations of a Federal Reserve rate cut continue to support the metal. Analysts note that safe-haven demand and strong central bank buying remain underlying drivers of gold's strength, but a short-term correction is possible before further gains. Markets are closely watching the Fed's policy decision later today, as its guidance will be key in shaping gold's next move. (Reuters.com).

Oil prices edged lower on Wednesday after a 1% rise in the prior session, with Brent at \$68.33 and WTI at \$64.39. Concerns over potential Russian supply disruptions from Ukrainian drone attacks kept prices supported, while markets also awaited the Fed's expected 25 bps rate cut, seen as supportive for fuel demand. (Investing.com).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1654	1.2056
GBP/USD	1.3443	1.3848
USD/ZAR	15.3474	19.3501
USD/AED	3.6523	3.6933
USD/JPY	144.44	148.49