

TREASURY MARKET UPDATE 22ND SEPTEMBER 2025

DOMESTIC NEWS

The shilling was stable on Friday, trading at 129.00/129.40, supported by steady remittance inflows that offset importer demand.

Controller of Budget Margaret Nyakang'o wants counties' pending bills treated as public debt to curb their uncontrolled growth and enforce fiscal discipline. She proposes amending the PFM Act, 2012 to include payables older than one year as part of county debt, making them a first charge on the County Revenue Fund. By June 2025, pending bills had hit Sh176.8 billion about a third of counties' revenues with nearly half outstanding for over three years. She warns that failure to prioritize payments undermines suppliers and prudent financial management in devolved units.

On other local news, Kenya's domestic debt profile shortened to 7.4 years in June 2025 as investors favored Treasury bills, raising their share to 17 percent amid falling interest rates and government reluctance to issue costly long-term bonds. To ease pressure, Treasury will reopen 36 bonds and issue one new 25-year paper in 2025/26. Total domestic debt hit Sh6.56 trillion, with Sh1.05 trillion in T-bills, Sh5.3 trillion in bonds, and Sh31.7 billion in CBK overdraft. (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	171.00	177.50	171.00	177.50
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 higher on Friday, supported by better-than-expected U.S. jobless claims data, while the yen firmed after a hawkish Bank of Japan policy meeting. The Dollar Index rose 0.2% to 97.175, rebounding from its lowest level since February 2022. Weekly U.S. unemployment claims fell by 33,000 to 231,000, reversing the prior week's spike, offering rare positive news for the labor market and helping offset downward pressure after the Fed cut rates this week and signaled more reductions ahead. Analysts, however, caution the dollar may be overvalued and could pull back. Political uncertainty also looms as the U.S. Supreme Court set a November hearing on Trump's global tariffs, while the administration seeks unprecedented authority to dismiss Fed Governor Lisa Cook.

In Europe, the pound weakened with GBP/USD falling 0.5% to 1.3490 after UK borrowing overshoot forecasts, adding pressure on fiscal plans, while the Bank of England held interest rates and slowed its bond stock reduction. The euro also slipped, with EUR/USD down 0.1% to 1.1773, as political unrest in France weighed on sentiment amid mass anti-austerity protests and strained budget talks for Prime Minister Sebastien Lecornu.

In Asia, the yen strengthened after a hawkish Bank of Japan stance pushed USD/JPY 0.1% lower to 147.88, while the yuan stayed near 10-month lows at 7.1122 despite fresh Chinese stimulus. In Oceania, commodity currencies weakened, with the Australian dollar slipping 0.1% to 0.6606 after recent highs and the New Zealand dollar falling 0.2% to 0.5874 following weak GDP data.

Oil prices edged higher in Asian trade as Brent rose to \$67.07 and WTI to \$63.02, supported by geopolitical tensions after Russian airspace violations near NATO borders, though gains were capped by supply concerns and trade tariff risks.

Gold prices inched higher Friday, with spot gold up 0.2% to \$3,650.42 an ounce and December futures 0.1% firmer at \$3,682.90, but the metal struggled to secure a fifth straight weekly gain after recent declines. Prices retreated from a record \$3,707.40 earlier in the week as the dollar rebounded following the Fed's rate cut and Chair Jerome Powell's cautious outlook on further easing, leaving gold nearly flat on the week. (Investing.com)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1534	1.1935
GBP/USD	1.3267	1.3673
USD/ZAR	15.3537	19.3596
USD/AED	3.6519	3.6929
USD/JPY	146.25	150.26