

TREASURY MARKET UPDATE 24TH SEPTEMBER 2025

DOMESTIC NEWS

The shilling held steady on Tuesday at 129.00/129.40, supported by steady remittance inflows that balanced importer demand.

In the fiscal year to June 2025, Kenya diverted 43.6% of its borrowings (Sh451.3bn) to recurrent spending such as salaries, pensions, and debt repayment, leaving only 56.4% (Sh582.9bn) for development—the lowest share in over a decade and a breach of fiscal rules. Recurrent costs have outpaced development growth since 2013, with the wage bill and debt service ballooning, while revenue collections underperformed by Sh75.9bn due to weak income tax receipts and disruptions from the withdrawn Finance Bill 2024, highlighting mounting fiscal strain.

On other local news, Kenya Revenue Authority collected Sh20.98 billion from property and private company share transactions in the year to June 2025, a modest 3.7% rise and the slowest growth in five years, reflecting subdued real estate demand and weaker private equity activity. While receipts hit a record high, growth has been driven mainly by the higher 15% capital gains tax introduced in 2023, with enforcement sparking legal disputes. Tougher economic conditions for middle-class households have also dampened land sales, especially in Nairobi's satellite towns, where price growth has stagnated. (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	149.00	155.00	149.00	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

Asian currencies and the U.S. dollar held steady on Wednesday after Fed Chair Jerome Powell signaled caution on future rate cuts, warning of the trade-off between curbing inflation and protecting jobs. The U.S. Dollar Index edged up 0.1%, while futures showed a similar gain. Powell avoided giving clear guidance on the timing of the next cut, keeping markets uncertain, even as Chicago Fed President Austan Goolsbee said there was room for more easing if inflation falls but warned against aggressive moves. Traders continue to expect two additional rate cuts this year, consistent with Fed projections.

In Europe, EUR/USD slipped 0.1% to 1.1789 on Tuesday, paring earlier gains despite data showing German business activity accelerated to a 16-month high in September, with the composite PMI rising to 52.4 on strong services growth. Analysts noted the data was supportive but unlikely to spark major euro momentum, though it keeps the currency well-positioned against the dollar. GBP/USD edged up 0.1% to 1.3522 after recovering from last week's two-week low.

In Asia, USD/JPY held steady at 147.74 and USD/CNY at 7.1148 as both Japan and China left interest rates unchanged. AUD/USD dipped 0.1% to 0.6590 after a survey pointed to slowing business activity in Australia amid weaker exports and new orders.

Oil prices extended gains for a second session on Wednesday, supported by a decline in U.S. crude inventories and continued supply disruptions. Brent rose 0.3% to \$67.82 a barrel, while WTI climbed 0.3% to \$63.62. The market was also buoyed by stalled talks to resume 230,000 bpd of Kurdish oil exports to Turkey, with pipeline flows halted since March 2023. Analysts noted prices remain underpinned by disruptions from Russia but are likely to stay range-bound amid uncertainty over future U.S. Federal Reserve rate decisions.

Gold prices hit fresh record highs on Tuesday as safe-haven demand strengthened, driven by caution over the Federal Reserve's outlook on rate cuts. Spot gold rose 0.8% to \$3,780.83 an ounce after touching a new peak of \$3,791.10, while gold futures climbed 1.1% to \$3,817.00.

(Investing.com)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1593	1.1995
GBP/USD	1.3306	1.3712
USD/ZAR	15.2239	19.2315
USD/AED	3.6520	3.6930
USD/JPY	145.96	150.00