

Weekly Money Market Report

December 8th, 2024



Weekly Market Update: Resilient Job Growth, PMI Recovery, and Mixed Global Economic Trends

Highlights

- US ISM manufacturing PMI at 48.4 in November, up from 46.5 in October.
- US NFP at 227k, higher than expectations of a 218k increase.
- US ISM services PMI drops to 52.1, down from 56.0 in October.
- Inflation in Switzerland drops 0.1% m/m, core inflation rose 0.7% y/y.
- UK construction PMI rises to 55.2, the highest in five months.
- Australia GDP rose 0.3% in Q3 of 2024, missing expectations of a 0.5% increase.

United States

ISM Manufacturing PMI

The U.S. manufacturing PMI rose to 48.4 in November, up from 46.5 in October, marking a five-month high but still indicating contraction. Notably, new orders exceeded 50 for the first time in eight months, signaling a potential rebound in demand. However, the sector remains under pressure from weak backlogs and ongoing supply chain issues, despite lower input costs. Optimism has grown with hopes for business-friendly policies, yet fundamental challenges persist. Construction spending also increased by 0.4% in October, providing a modest boost to broader economic activity.

JOLTS Job Openings

Job openings in the U.S. increased by 372,000 to 7.74 million in October, while layoffs dropped sharply by 169,000, reflecting ongoing resilience in the labor market. However, hiring slowed by 269,000 to 5.313 million, signaling caution among employers. With the ratio of job openings to unemployed rising to 1.11, worker confidence remains strong. While wage growth continues to fuel consumer spending, the Federal Reserve may weigh these dynamics as it considers further rate adjustments.

ISM Services PMI

The ISM Services PMI for the US fell to 52.1 in November 2024, down from 56 in October and below the forecast of 55.7, marking the slowest growth in three months. The decline was driven by slower growth in business activity (53.7), new orders (53.7), employment (51.5), and supplier deliveries (49.5). Inventories (45.9) and backlogs (47.1) also decreased, while price pressures edged up slightly (58.2). ISM Chair Steve Miller noted that comments were mixed, with seasonal factors, election outcomes, and tariffs influencing cautious industry outlooks.

Non-Farm Employment Change

The total nonfarm payroll employment in the U.S. increased by 227,000, according to the Bureau of Labor Statistics, while the unemployment rate ticked up to 4.2%. Job growth was driven by gains in health care (+54,000), leisure and hospitality (+53,000), and government employment (+33,000). Social assistance and transportation manufacturing also saw notable increases, with the latter reflecting workers returning from strikes. Meanwhile, the retail sector shed 28,000 jobs, particularly in general merchandise stores. Average hourly earnings rose by 0.4% to \$35.61, highlighting continued wage growth. These figures underscore a resilient labor market amid ongoing economic uncertainties.

The US Dollar index closed the week at 106.055.

Europe

Switzerland Inflation

Switzerland's Consumer Price Index (CPI) fell by 0.1% from the previous month to 106.9 points, while annual inflation remained modest at +0.7%, according to the Federal Statistical Office. The decline was driven by lower prices for hotels, international package holidays, and new cars, along with seasonal drops in certain food categories like vegetables. However, these decreases were partially offset by rising costs in housing rentals and air transport. Core inflation, excluding volatile items, held steady, reflecting underlying price stability. With imported product prices falling -2.3% year-on-year.

The USD/CHF currency pair closed the week at 0.8784.

United Kingdom

Construction PMI

The latest S&P Global UK Construction PMI for November 2024 reported a robust rise in overall construction activity, with the headline index climbing to 55.2, the highest in five months. Growth was driven by a surge in commercial construction, which experienced its strongest expansion in over two years, and solid performance in civil engineering. However, housebuilding continued to struggle, declining at its sharpest pace since June, as rising costs and weakened demand weighed on the sector. Business confidence dropped to its lowest since October 2023, with concerns about economic uncertainty and input cost pressures. Despite these challenges, commercial demand and infrastructure projects remain key drivers of growth.

The GBP/USD currency pair closed the week at 1.2742.

Asia-Pacific

Australia Retail Sales

Australia's retail sales rose 0.6% month-on-month in November to AUD 36.7 billion, beating the forecasted 0.4% increase. Year-on-year growth reached 3.4%, with strong performance in non-food categories like electronics, which offset declines in clothing and department stores. Food-related sectors also showed steady growth, with cafes, and restaurants leading gains. The results reflect solid consumer demand, setting a positive tone ahead of the holiday season.

Australia Gross Domestic Product

Australia's GDP grew by 0.3% in the September quarter, below the expected 0.5%, as weak economic momentum persisted despite higher government spending. Annual growth slowed to 0.8%, the weakest since 2020, while per capita GDP declined for the seventh consecutive quarter. The Reserve Bank of Australia may revise its 1.5% annual growth forecast as the slowdown raises the likelihood of early rate cuts. With inflation still a concern, the central bank faces pressure to support growth and household spending.

The AUD/USD currency pair closed the week at 0.6389.

Kuwait

Kuwaiti Dinar

USD/KWD closed last week at 0.30725.

Rates – 8th December 2024

Currencies	Previous Week Levels				This Week's Expected Range		3-Month
	Open	Low	High	Close	Minimum	Maximum	Forward
EUR	1.0575	1.0459	1.0629	1.0568	1.0415	1.0675	1.0591
GBP	1.2742	1.2614	1.2811	1.2742	1.2620	1.2860	1.2737
JPY	149.73	148.63	151.22	150.03	148.60	151.20	148.38
CHF	0.8807	0.8734	0.8889	0.8784	0.8690	0.8900	0.8698

© Copyright Notice. The Weekly Money Market Report is a publication of the National Bank of Kuwait. No part of this publication may be reproduced or duplicated without the prior consent of NBK. While every care has been taken in preparing this publication, National Bank of Kuwait accepts no liability whatsoever for any direct or consequential losses arising from its use. This report and other NBK research can be found in the "News & Insight" section of the National Bank of Kuwait's website. Please visit our website, www.nbk.com, for other bank publications. For further information please contact: NBK Treasury Group, Tel: (965) 2221 6603, Fax: (965) 2229 1441, Email: tsd_list@nbk.com