

Coming Week: Jobs Will Keep Markets Busy

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Updated from 6/26/2010 Update includes President Obama's Saturday remarks on financial overhaul legislation and news that G20 leaders were heading toward making a strong deficit-reduction pledge.

NEW YORK ([TheStreet](#)) -- Investors frustrated by the market's lack of direction amid an uninspiring mix of economic reports will be pleased to know that the coming week brings a deluge of data from a wide range of sectors -- including June's highly anticipated nonfarm payrolls report.

Macroeconomic releases on Friday added to ambiguity surrounding the recovery. First-quarter economic growth was downwardly revised to 2.7% from 3%, but consumer sentiment in June was slightly stronger than expected as the University of Michigan gave a final index reading of 76 -- up from 75.5. Additionally, U.S. lawmakers completed a massive [overhaul of financial regulations](#), although the legislation's potential impact on the market remains difficult to gauge.

"The banking bill is hanging over everyone's heads," said [Ralph Fogel](#), head of investment strategy at [Fogel Neale Partners](#). "Any time you have uncertainty in the market -- especially when that uncertainty affects the market's biggest players such as big banks and brokerage houses -- people aren't going to feel as free to make big moves."

A vote on the final bill is expected in the coming week. Over the weekend, [President Obama urged lawmakers to send him the bill to sign](#).

News out of the weekend's G20 summit, which brings world leaders together in Toronto to discuss the global economy, was viewed as likely to influence the market's mood early in the week.

"People are going to be very focused on the language that comes out of the G20 -- particularly anything that comes out regarding how China will deal with their currency," Fogel said.

On Sunday, leaders of G20 industrialized countries [were heading toward consensus on a pledge to halve budget deficits by 2013](#).

Canadian Prime Minister Stephen Harper and German Chancellor Angela Merkel were among the leaders championing the deficit reduction target, although President Obama had voiced concern that reducing fiscal stimulus too soon could derail the global economic recovery.

The June jobs release will undoubtedly be the central event of next week's offerings -- especially since [May's report was such a disappointment](#). Although the unemployment rate edged down to 9.7% from 9.9% in April and the economy added the most nonfarm payrolls since the spring of 2000 at 431,000, the bulk of hiring could be traced back to temporary Census positions. May's report highlighted a gain of 411,000 census workers, raising questions about what will happen when time runs out on these temporary positions and a surge of newly unemployed begin searching for permanent work.

Furthering concerns about job market weakness, the number of people filing for [unemployment benefits unexpectedly rose](#) in the week ended June 12. This past Thursday, the Labor Department said [weekly initial jobless claims declined](#) at a pace that was more in line with market expectations and market watchers will certainly keep a close eye on claims levels in the coming week, looking for another decline.

Given heightened worries about the private sector job creation, Automatic Data Processing's June employment report -- scheduled for release on Wednesday morning -- is sure to be another attention-getter. Economists are expecting to see that the private sector added 56,000 payrolls in June, up from 55,000 in May.

Friday brings the main event with the Labor Department set to issue its report at 8:30 a.m. ET. Economists are projecting that the

U.S. economy lost 70,000 jobs in June, according to *Briefing.com*. The unemployment rate is expected to hold at 9.7%.

Even though the most closely-watched reports are crammed at the backend of the week, a glance at the upcoming schedule reveals that there aren't likely to be many lulls. Monday brings May's personal income and spending report from the Department of Commerce at 8:30 a.m. ET. Income is expected to strengthen 0.5%, after the previous month's uptick of 0.4%, and personal spending is slated to inch 0.1% higher after remaining unchanged in April.

The Case-Shiller 20-city home price index for April will be released at 9 a.m. on Tuesday. Economists are looking for a 3.5% jump in home prices, compared with March's increase of 2.3%. Tuesday morning also brings a look at consumer confidence in June with the Conference Board's report at 10 a.m. ET. Market watchers expect the level to dip to 62 from May's reading of 63.3.

In addition to Wednesday's look at job creation in the private sector, the market also receives an update on Chicago-region manufacturing activity. Economists aren't expecting much of a change with an anticipated June reading of 59.5, after May's level of 59.7.

Thursday promises to be particularly busy. Following weekly jobless claims figures, the Commerce Department is expected to report a 0.9% decline in May construction spending at 10 a.m. ET. At the same time, the Institute of Supply Management is projected to release a slightly weaker June index reading of 58.8, down from 59.7 in May. The hour also brings the National Association of Realtors' pending home sales index, which is likely to garner some attention since recent housing news has presented a dour view of the housing market. This report will be no exception if market expectations for a 10.5% decline in May prove accurate. That compares to growth of 6% in April. The day's macroeconomic releases wrap up during the afternoon session with June auto and truck sales at 2 p.m. ET.

In addition to the jobs report on Friday, the Department of Commerce releases May factory orders at 10 a.m. ET. Economists are looking for a 0.6% dip, following previous growth of 1.2%.

Len Blum, managing partner at Westwood Capital, expects to see the continuation of a lackluster market in the coming week.

"I think we're going to see that the economy is hurting. Consumer confidence is weak because of the lackluster jobs situation and housing prices remain very soft. The government's subsidy on housing has burned off but there's still a big supply overhang. I think the consumer is really beat up," he said.

"One in six households is underemployed -- combine that with a lack of credit and it really creates a difficult situation for consumers."

In addition to macroeconomic news, several companies also report earnings next week. On Monday, **Barnes & Noble**(BKS) and **Micron**(MU) are expected to report a loss of 81 cents a share and a profit of 42 cents a share, respectively. **General Mills**(GIS) is seen reporting a 41-cent gain on Tuesday. **Monsanto**(MOS) is up on Wednesday, with earnings of 80 cents a share expected. Thursday brings results from **Constellation Brands**(STZ), the wine and spirits company, which is expected to report a profit of 35 cents a share.

-- *Written by Melinda Peer in New York.*