

Look Forward, Not Back: Coming Week

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09/12/09 - 08:45 AM EDT

NEW YORK ([TheStreet](#)) -- The year-ago collapse of **Lehman Brothers** will dominate the news during the coming week, but market observers say it is critical for investors to look past those headlines and maintain focus on the here and now.

A handful of data is set to shine a light on retail sales, inflation and manufacturing activity. This will be a lot more useful for investors than rehashing what's happened over the past year.

"[The Lehman coverage] fills the dead air on television. That's all it is," says Robert Pavlik, chief market strategist with Banyan Partners. "Is it really impacting us now? It's having ramifications, definitely. But it's business history. Let's get a grip. What's done is done."

Forgetting about the events from a year ago may be hard, but retail investors may be missing the point: Things have gotten better, Pavlik says.

"You can't fault them for that as they're looking at their portfolio from October 2007 until now," he says. "But they're not looking at how the economy has improved. It's still a relatively fragile state of repair that we're in, but we are in repair. That message has to get out to people a little bit more."

Investors should instead keep a sharp focus on the economic data over the next five sessions, analysts say, even if it appears as though the stock market is not paying attention to fundamental data as it keeps ramping higher.

"The market is climbing a wall of worry," Ralph Fogel, co-chief investment officer with Fogel Neale Partners, asserts. "We keep hearing about foreclosures, the risks to the economy and mounting credit card debt. No one is saying anything positive. The market must be projecting something people don't see in the future. We keep seeing lower lows and higher highs."

Fogel notes that pundits have been calling a market top for the previous two months with little success. Instead, he argues it's better for retail investors to look at what sectors they should be in. "You may very well see an internal correction of moving from one industry from another," he says. "A lot of rotation like that would kill a lot of those who have called for a top over the last two months."

While the market has been working its way higher, attention has been concentrated on the recent moves in the dollar and other commodity prices, most notably gold. The dollar hit another 52-week low during Friday's session, while gold inched ever closer to its all-time high. Crude prices have also been on the rise.

Fogel, like many observers, says he doesn't see the decline in the dollar changing anytime soon. "Unless something substantial changes, we're going to be status quo," he says. Pavlik agrees that the dollar's path of least resistance remains down, and that will certainly have an impact on commodity prices, like gold, silver and oil.

However, a weaker dollar does offer some trades over the short term for investors. Pavlik says a sliding dollar could mean "better things for multinationals like the **General Electric** ([GE Quote](#)) and **3Ms** ([MMM Quote](#)) of the world, ones that have a much higher revenue stream from overseas markets."

Another good weak dollar play would be basic materials and steel companies like **Nucor** ([NUE Quote](#)) or **Cliff Resources** ([CLF Quote](#)), Pavlik says. "Those are interesting names, but you have to continue to see people believing that the economy is improving," he adds.

That's where the economic releases in the coming week come in. The economic slate will be sandwiched in the middle three days of the week, with the latest retail sales data, producer price index reading, business inventories data and read on the New

York **Federal Reserve's** Empire State manufacturing index leading off on Tuesday.

Market analysts say that the retail sales data, due at 8:30 a.m. EDT, will arguably be the most important data point of the coming week, as it will be the only report that will clearly show the health of the consumer. Despite a slow back-to-school shopping season and the shift of the Labor Day holiday later in the month of September, retail sales are expected to have climbed 1.6% in August after falling in July.

Of course, the government's Cash for Clunkers program likely boosted overall sales in August, so economists will focus more on the sales number excluding autos, which should still rise 0.5%.

People want to believe that the consumer is coming back and they'll try to explain the numbers one way or another, says Banyan Partners' Pavlik. "Monthly retail sales were down a month before and they're expected to increase, but you'll see arguments about the auto sales and the holiday shift," he says.

"We've seen over the recent months the opinion that numbers being reported are not good, but the perception that some are meeting or beating estimates is buoying the market," adds Eric Phillipps, principal at WestSpring Advisors, a credit-focused firm. "That may help retail sales come up slightly to targets or above that, although that is still off of very low levels."

The Bureau of Labor Statistic's producer price index will also receive plenty of attention Tuesday, with inflation fears becoming more of an issue. The headline PPI number for August is expected to rise 0.8% after a 0.9% slide in July. The core number, which excludes food and energy, should tick higher by 0.1%, reversing a 0.1% dip the prior month.

The PPI's counterpart, the consumer price index, will follow on Wednesday, with economists expecting both the headline and core number to increase in August.

The New York Fed's Empire State index on Tuesday will be the first release of several manufacturing data points, followed Wednesday by the August read on industrial production and capacity utilization and the Philadelphia Fed's manufacturing index on Thursday.

In addition, investors will have to sift through the latest data on the U.S. job market and housing market. Thursday will see the Census Bureau post the August housing starts and building permits, both of which are expected to rise. At the same time, the Labor Department will post its weekly initial jobless claims data.

Turning to stock-specific news, **Best Buy** ([BBY Quote](#)) and **Kroger** ([KR Quote](#)) are due to report earnings before the start of trading Tuesday, while **Adobe Systems** ([ADBE Quote](#)) will be the headliner after the close.

Oracle ([ORCL Quote](#)) will be in focus after Wednesday's close when it reports earnings alongside **Dress Barn** ([DBRN Quote](#)) and **CKE Restaurants** ([CKR Quote](#)).

Thursday's earnings docket is headlined early by **FedEx** ([FDX Quote](#)), with **Discover Financial** ([DFS Quote](#)) also set to report before the opening bell. Later, **Palm** ([PALM Quote](#)) and **IHS** ([IHS Quote](#)) will report after the close.

Overall, investors will have a lot on their plate during the coming week, but analysts say there is a light at the end of the tunnel for those hoping to escape what is typically the worst month for equities.

"If we can get through next week, September starts to look really good for a change," Banyan Partners' Pavlik said. "Then the real concerns that people have for September blowing up start to fade."

-- *Written by Robert Holmes in New York.*

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