

The Street

Try Jim Cramer's
Action Alerts PLUS

General

Return to Article

U.S. Data to Battle European Debt: Coming Week

Andrea Tse

12/17/11 - 08:45 AM EST

NEW YORK ([TheStreet](#)) -- Investors anticipate another round of strong U.S. economic data in the coming week, but any positive sentiment is likely to be tempered by continued fears related to the European debt crisis.

This week, stocks had three down days in a row before spiking at the market close Thursday on promising economic reports, including a 19,000 drop in weekly jobless claims to 366,000, the lowest level since 2008.

Next week, says Planned Financial Services president Frank Fantozzi, the markets are going to have "good numbers. The durable goods numbers should be decent." However, nothing will suggest that "we're busting out and turning the corner," he said. "We are still in a slow growth economy."

Despite continued uncertainties in the eurozone, U.S. economic data is likely to command attention. The National Association of Home Builders will kick off the week on Monday with the release of the housing market index. The measure of builder confidence in the market for new homes is expected to hold steady for December at 20 after unexpectedly rising by three points in November, according to *Thomson Reuters*.

Housing starts and building permit data are due out Tuesday. Housing starts are estimated to rise to 630,000 in November after falling 0.3% to 628,000 in October, while building permits are expected to fall to 635,000 after surging 10.9% to 653,000 in October, according to *Thomson Reuters*.

"The building permits are the key," says Ralph Fogel, an investment strategist at Fogel Neale Wealth Management. "They'll tell you what's going to be foretold for the foreseeable future. If it's up, that's a very good sign."

Meanwhile, investors will watch for existing home sales data for November from the National Association of Realtors on Wednesday. Economists forecast a 2.6% gain in existing home sales to a seasonally adjusted annual rate of 5 million after advancing 1.4% in October.

"What happens in a recession, and how you get out of it, has so much to do with big ticket spending," said Fogel. "Housing is 41% of what the inflation gauge is. So [the market will] have their eyes switched on housing."

The week's slew of data will reach a peak on Thursday with reports on initial jobless claims, an estimate of third-quarter GDP growth, a read on information on consumer sentiment and leading indicators.

The U.S. Commerce Department will issue its third estimate on third-quarter gross domestic product. GDP is expected to have risen 2% after growing at 1.3% in the second-quarter.

The U.S. Labor Department is expected to report initial jobless claims rose to 378,000 for the week ending Dec. 17, according to *Thomson Reuters*, after unexpectedly falling to 366,000 last week, the lowest level since 2008.

The University of Michigan's consumer sentiment index is expected to rise to 68 for December after climbing to 64.1 in November, its highest level in five months.

According to *Thomson Reuters* economists expect the Conference Board's leading economic indicators report to come in 0.3%

higher for November after increasing 0.9% in the prior month.

Friday will bring a reading on November durable goods orders from the Census Bureau, which are expected to rise 0.3% after slipping 0.7% in October.

The Commerce Dept. is expected to say that personal income increased 0.2% in December, slower than last month's 0.4%. Personal consumption expenditure increases are expected to remain low at 0.1%.

To wrap up the week, the Census Bureau is expected to report new home sales in November rose to 313,000, according to Thomson Reuters, after climbing 1.3% to 307,000 in October.

No matter the outcome of U.S. economic reports next week, the markets will continue to remain at the whim of European economic headlines in the coming days.

"It's almost like a roller coaster ride," said Fantozzi about Europe. "It's fun to go on a roller coaster once a while. Once you've been on it 30 times, it kind of makes you sick."

"I will consider a week of high anxiety as investors become more and more aware of the fact that there are eminent threats to not only the stock market but the economy, which includes the absolute and complete failure of the EU, the false expectations from rumors like [Friday] morning that there would be a resolution of the EU debt crisis through yet another summit on Dec 19.," said Jeffrey Sica, of SICA Wealth Management. "Bond costs will accelerate next week in Europe and investors will no longer be satisfied with talk about a solution and will sell until one is revealed."

There's also the chance of some more inexplicable moves in stocks as money managers align their portfolios for end of the year window dressing to impress clients.

"There are people who have to window dress their portfolios," said Fogel. "It's possible you will see movements in stocks with no fundamental reason."

However, some feel the impact of window dressing could be muted given the already difficult environment.

"I'm not sure with a year like the one we just had, if 'window dressing' will have much influence at all," said Rick Bensignor, chief market strategist at Merlin. "After all, just what is a PM trying to dress up right now?"

There will also be some corporate earnings news to impact markets in the coming week. Tuesday will bring earnings from **General Mills**(GIS), **Nike**(NKE) and **Oracle**(ORCL). **Walgreen**(WAG) reports earnings on Wednesday.

-- Written by Andrea Tse in New York.

>To contact the writer of this article, click here: [Andrea Tse](#).

Visit TheStreet for more great features

THESTREET PREMIUM SERVICES

From the action-oriented investing ideas of *Action Alerts PLUS* by Jim Cramer to the expert technical trading strategies of Helene Meisler's *Top Stocks*, TheStreet.com offers a range of premium services to help boost your portfolio's performance. [View now](#).

EXPERT ADVISORS ALERTS DELIVERED TO YOUR INBOX

Action Alerts PLUS: Cramer's personal portfolio, emails before he acts.
RealMoney: 70+ experts share their top investing ideas and analysis.
Stocks Under \$10: Alerts identify undervalued stocks with profit potential.

FREE NEWSLETTERS

Get an edge on the market with the help of free email newsletters like Jim Cramer's *Daily Booyah!*. Learn about the day's major market events, companies that sizzled or fizzled and lots more that can help you make more profitable investing decisions. [Sign up](#).