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What to watch

Economy checkup: Auto sales, factory orders

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The stock market is hitting records again, but if it wants to keep winning, it will be looking for an assist from incoming data on auto sales and factory orders.

With the Dow Jones industrial average and Standard & Poor's 500 stock index back to making new highs on a daily basis, Wall Street will want to see new cars driving off auto dealerships at a fast pace and factory orders ringing up gains.

April factory orders will be released at 10 a.m. ET today. Wall Street is looking for a gain of 0.5%, down from around 1% in March. Signs of humming activity in factories are important, as the key pillar of the investment thesis on Wall Street is that stocks deserve to be heading higher on the back of an improving economy.

May vehicle sales are also key, as they will provide an update on the health of consumers and their ability to fork over cash and willingness to borrow sizable sums of money to upgrade their vehicles. Economists expect a seasonally adjusted 16.1 million in vehicle sales in May, up from 15.98 million a month earlier.

For stocks to continue to rise to levels never seen before, Wall Street wants to see continued improvement in each data point released in coming days and weeks. Stock investors have basically given the economy the benefit of the doubt — or a free pass — blaming an economic contraction in the first three months of the year on lousy winter weather. The future of the stock market is closely linked to the spring and summer thaw. The data have to heat up.

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