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What to watch

Investors keep eyes on housing data

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A healthy housing market is a key pillar of the ongoing U.S. recovery, as home purchases fuel all sorts of other purchases, ranging from new appliances to flat-screen TVs to family room couches.

That's why Wall Street is looking for a repeat of the May reading on existing home sales released Monday.

Sales jumped a better-than-expected 5.1% to a seasonally adjusted 5.35 million units, the fastest pace of activity since November 2009. Home sales are up 9.2% year-over-year, according to Lindsey Piegza, chief economist at Sterne Agee.

Investors are bracing for two fresh data points set for release Wednesday.

At 9 a.m. ET, the Federal Housing Finance Agency releases its April home price index. An hour later, Wall Street gets the results of new home sales in May.

David Kelly at JPMorgan Funds expects FHFA home prices to "look strong." He adds that new home sales "could take a dip after a good gain last month, but should generally point to a healthy housing industry."

Piegza notes that home sales have begun to "suggest upward momentum after a stagnant, sideways trajectory since late 2012."

But for housing to remain robust, a few things need to fall into place, she says.

"Consumers will need a consistently improving ability to finance a home purchase," Piegza says. "That ability will stem from future improvement in job and income growth."