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What to watch

U.S. consumers to be in economic spotlight

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Next week's consumer spending report could go a long way in determining whether a recent pattern of weak economic growth early in the year will be broken.

Spoiler alert: Don't count on it.

Consumer spending grew a modest 0.2% in January, in part because relatively mild winter weather curtailed outlays on heating. In the fourth quarter, household spending increased a healthy 3% at an annual rate, offsetting modest gains in business investment and leaving the economy overall growing at a subdued 1.9% pace, close to its recovery average.

Consumption makes up more than two-thirds of economic activity, so a robust showing is needed early in 2017 to make up for another sluggish performance for business investment.

But the weather was fairly warm again in February. And delays in tax refunds and a decline in purchases of cars and electronics slowed retail sales last month. Those developments likely held down consumer spending broadly, says Lewis Alexander, U.S. economist at Nomura.

On the positive side, outlays for other types of services likely picked up, Alexander says, citing the recent increase in the number of hours worked in the service sector.

All told, economists estimate Commerce on Friday to report another tepid 0.2% gain in consumer spending last month. And Barclays expects the economy overall to grow at just a 1.2% annual rate in the first quarter.