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Charts of the Week

Carson Investment Research

December 8-12, 2025

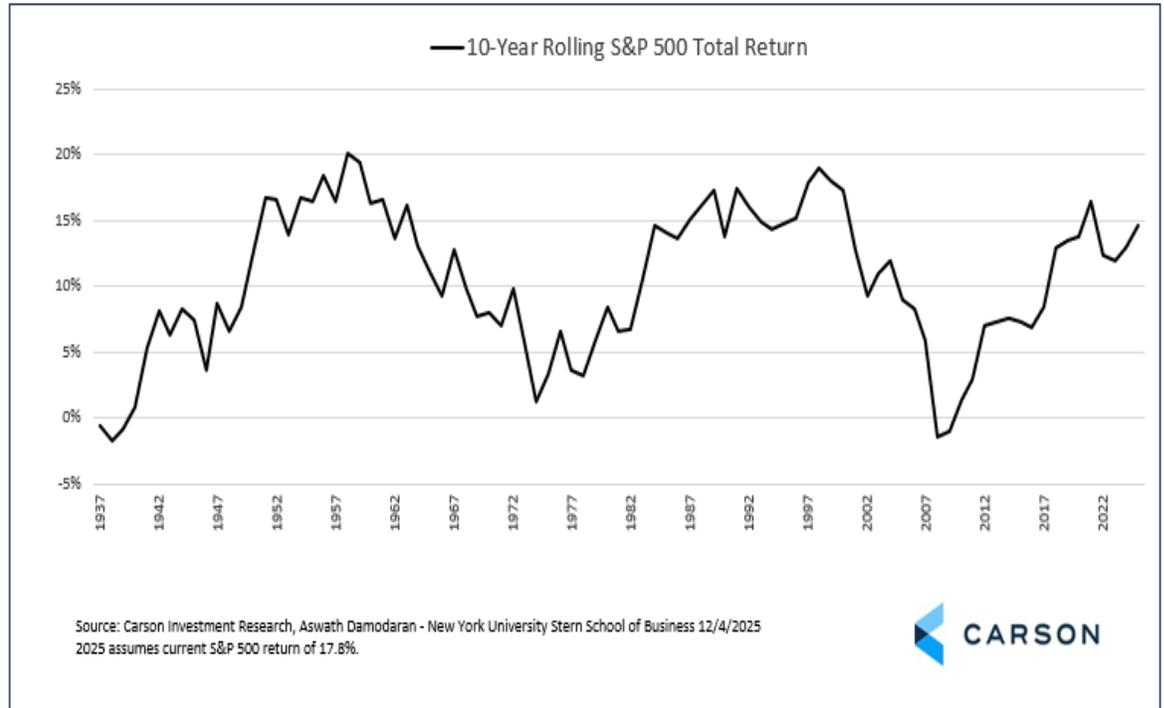
Chart of the Week

10-Year S&P 500 Returns Strong but Not Unusual

- Current 10-year rolling S&P 500 returns look elevated but fall well within historical cycles of strong long-term market performance.
- High trailing returns have not historically predicted imminent drawdowns.

10-Year Returns Strong but not Unusual

1-year forward returns after similar periods are consistent with the long-term average.



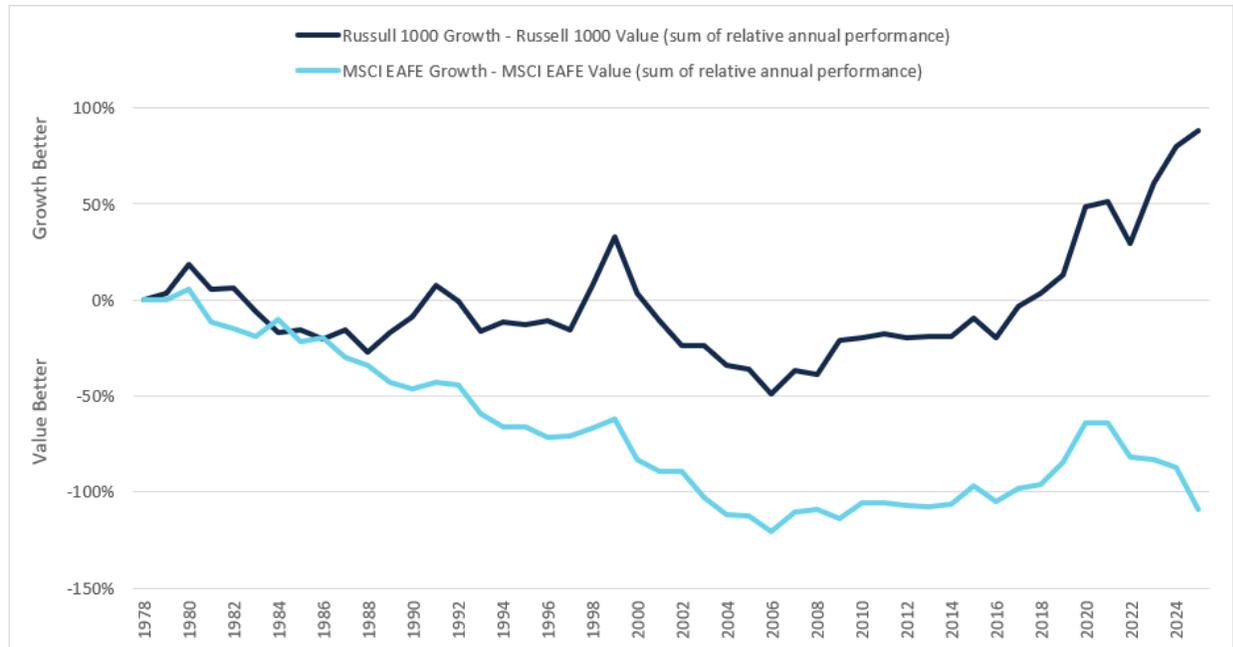
Markets

Growth Over Value? Only in the U.S. — Not Abroad

- U.S. markets show sustained growth leadership, while international markets still lean toward value outperformance.
- This persistent divergence underscores how uniquely growth-driven U.S. equity behavior has become—but it may be that US tech companies don't fit a standard definition of growth.
- Global diversification may require a look at style, not just region.

Growth Over Value? Not Outside the US

Growth has dominated in the US but value has held its own abroad.



Source: Carson Investment Research, FactSet 12/11/2025

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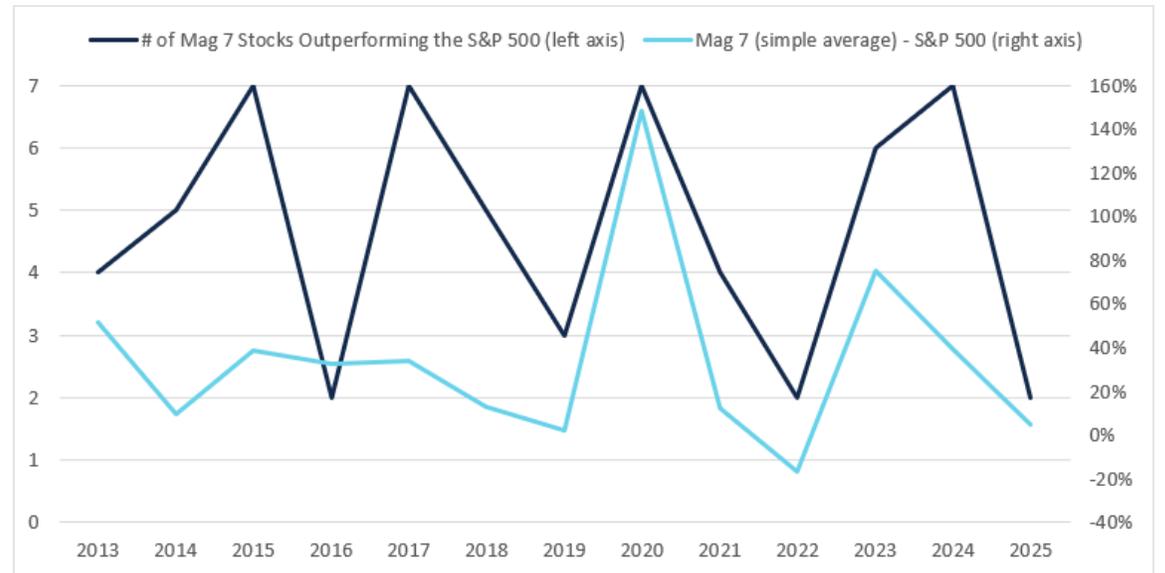


Markets

Only Two Mag 7 Stocks Are Beating the S&P 500 This Year

- Only two mega-caps are outperforming the index, which is extremely narrow leadership by historical standards.
- This is the first time narrow mega-cap leadership has appeared when growth is broadly outperforming value.
- Concentration risk remains elevated, but overall market breadth looks strong.

Only 2 Magnificent 7 Stocks Are Outperforming the S&P 500 This Year
But this is the first time it's happening when growth is outperforming value.



Source: Carson Investment Research, FactSet 12/11/2025

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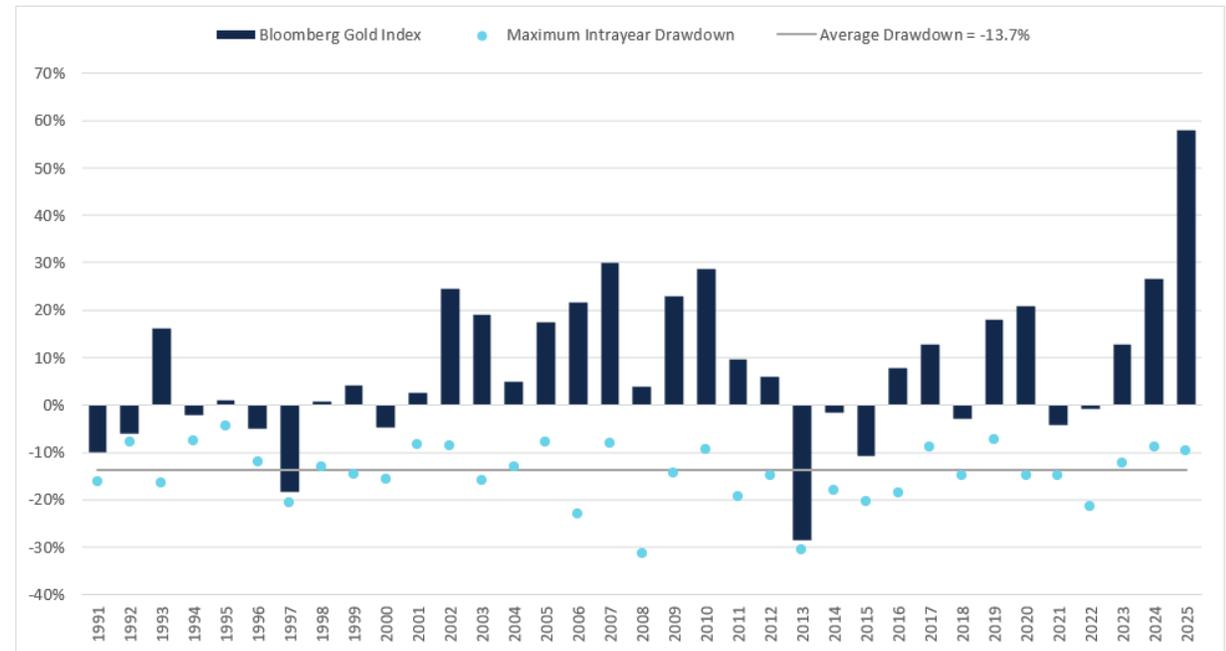


Markets

Gold's Drawdowns Are Similar to Stocks

- Gold exhibits similar intra-year volatility to equities, but negative full-year returns remain infrequent.
- The unusually strong 2025 gain reflects real-rate volatility and geopolitical risk, not just trend-following flows.
- Despite path volatility, gold maintains long-term hedging value due to a low correlation with traditional assets.

Gold's Drawdowns Are Similar to Stocks but It Can Be an Effective Hedge
2025 gains are unusual but the environment may remain supportive in 2026.



Source: Carson Investment Research, FactSet 12/4/2025



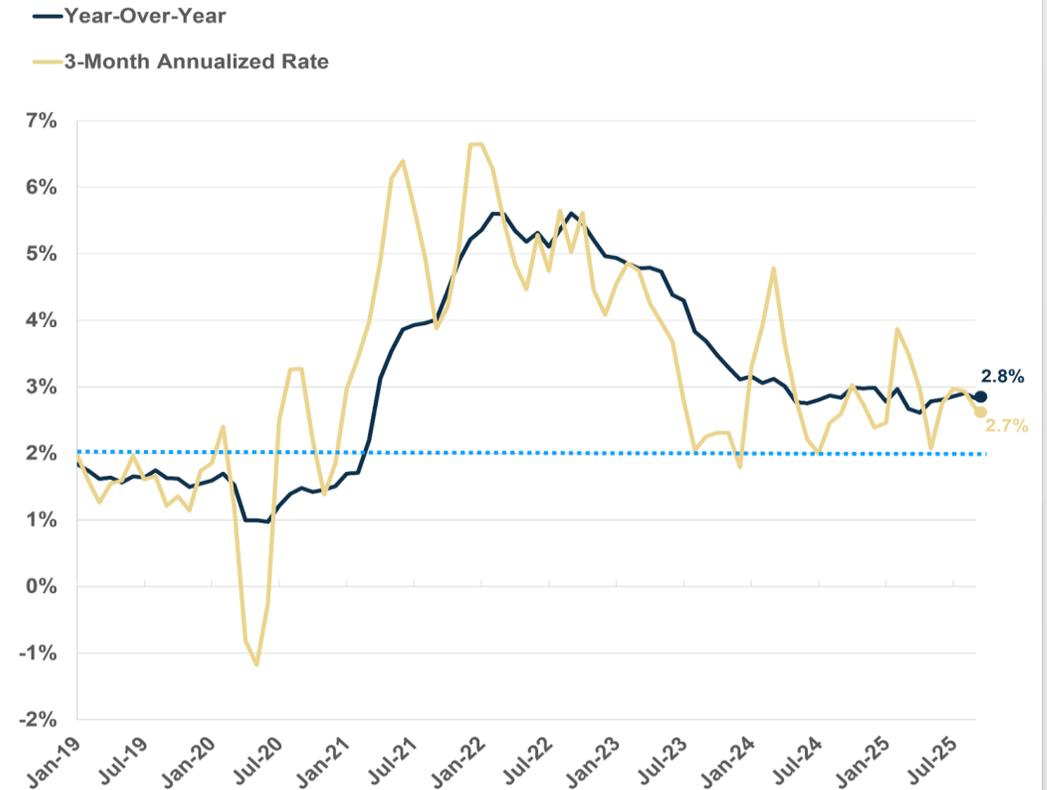
Macro

Core Inflation Is Cooling but Still Sticky

- Core PCE has moderated substantially but remains above the Fed's target.
- Short-term annualized trends show continued cooling, supporting a gradual disinflation path.
- The Fed can consider cuts, but not aggressive easing.

Core inflation stays stubbornly high, though there is some sign of momentum slowing

Personal Consumption Expenditure Price Index Excluding Food and Energy (September 2025)



Data source: Carson Investment Research, FRED 12/05/2025

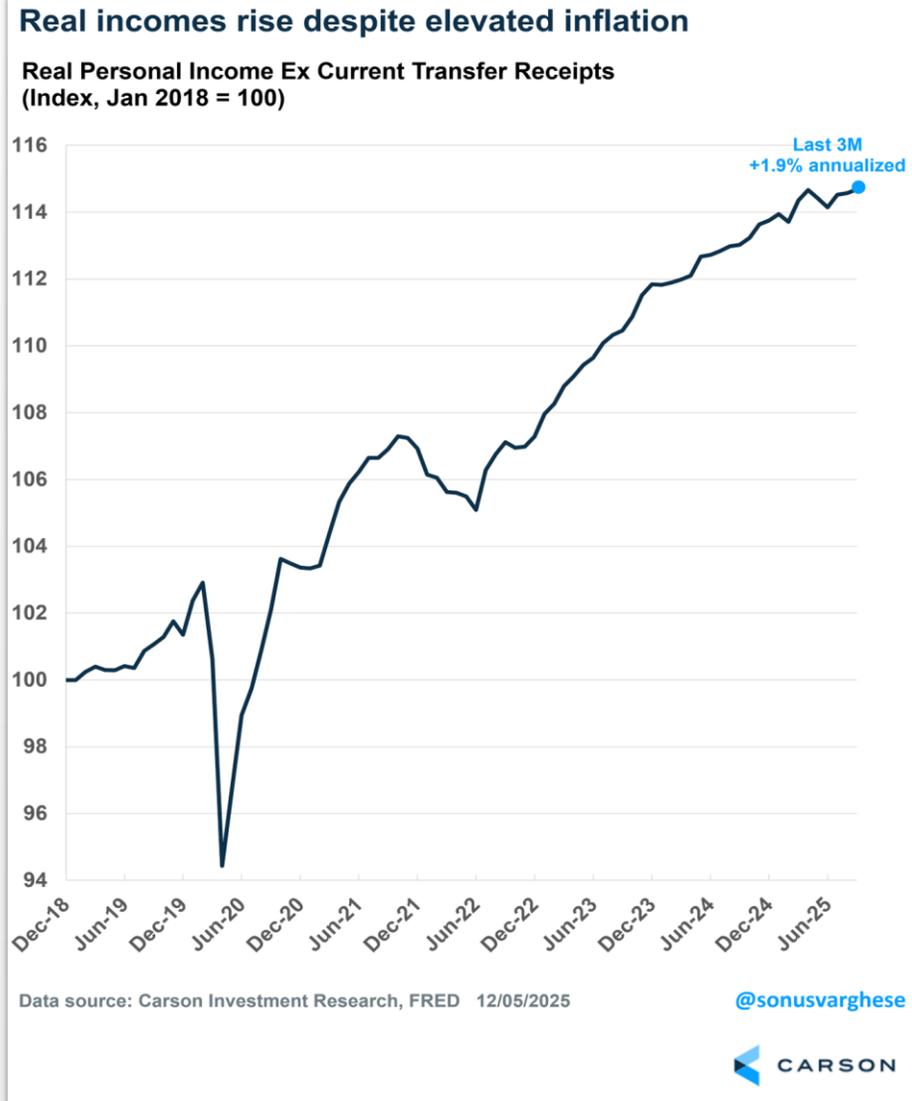
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Real Incomes Keep Rising Despite Elevated Inflation

- Real incomes continue to hit new highs, strengthening purchasing power despite persistent inflation.
- Both 3-month and 12-month trends indicate firm income growth.
- Income strength remains a key recession buffer.



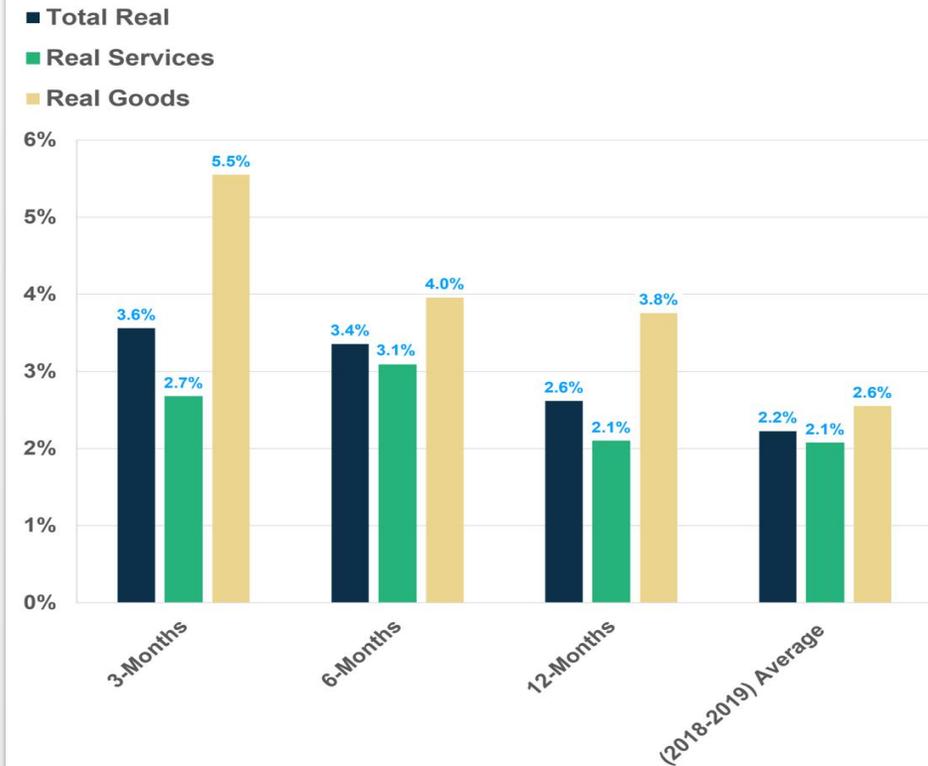
Macro

Consumers Are Spending More

- Real spending accelerated across both goods and services in Q3.
- Goods consumption posted a meaningful rebound.
- Broad-based consumption remains a stabilizing force for GDP.

Real consumption picked up pace in Q3, both on the goods and services side

Annualized Growth Rates of Real Personal Consumption (Through September 2025)



Data source: Carson Investment Research, FRED 12/05/2025

Pre-crisis average calculated using growth rate between Feb 2018 and Feb 2020

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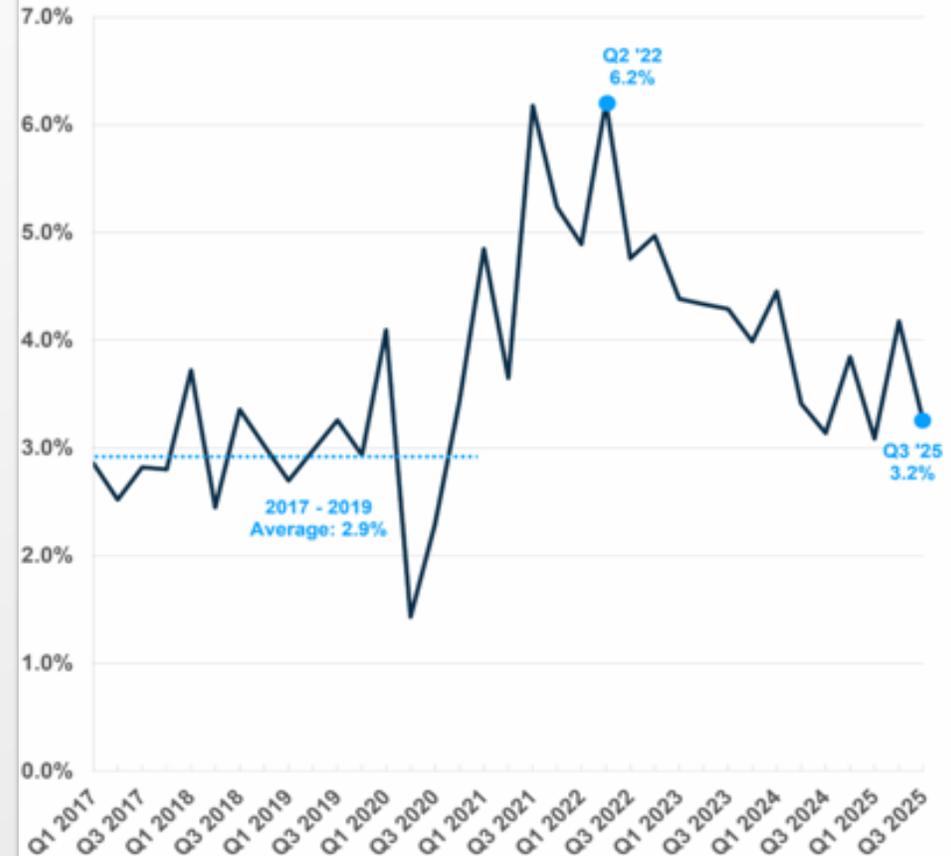
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Wage Growth Has Normalized and Is No Longer Inflationary

- Wage growth has cooled to roughly pre-pandemic norms (~3%).
- Incentive-driven spikes from 2021–22 have fully unwound.
- Service inflation pressure should continue easing as wage normalization persists.

Wage growth has normalized, and isn't a source of inflationary pressure

Employment Cost Index: Wages and Salaries
Private Industry Workers (Q/Q Annualized)



Data source: Carson Investment Research, FRED 12/11/2025

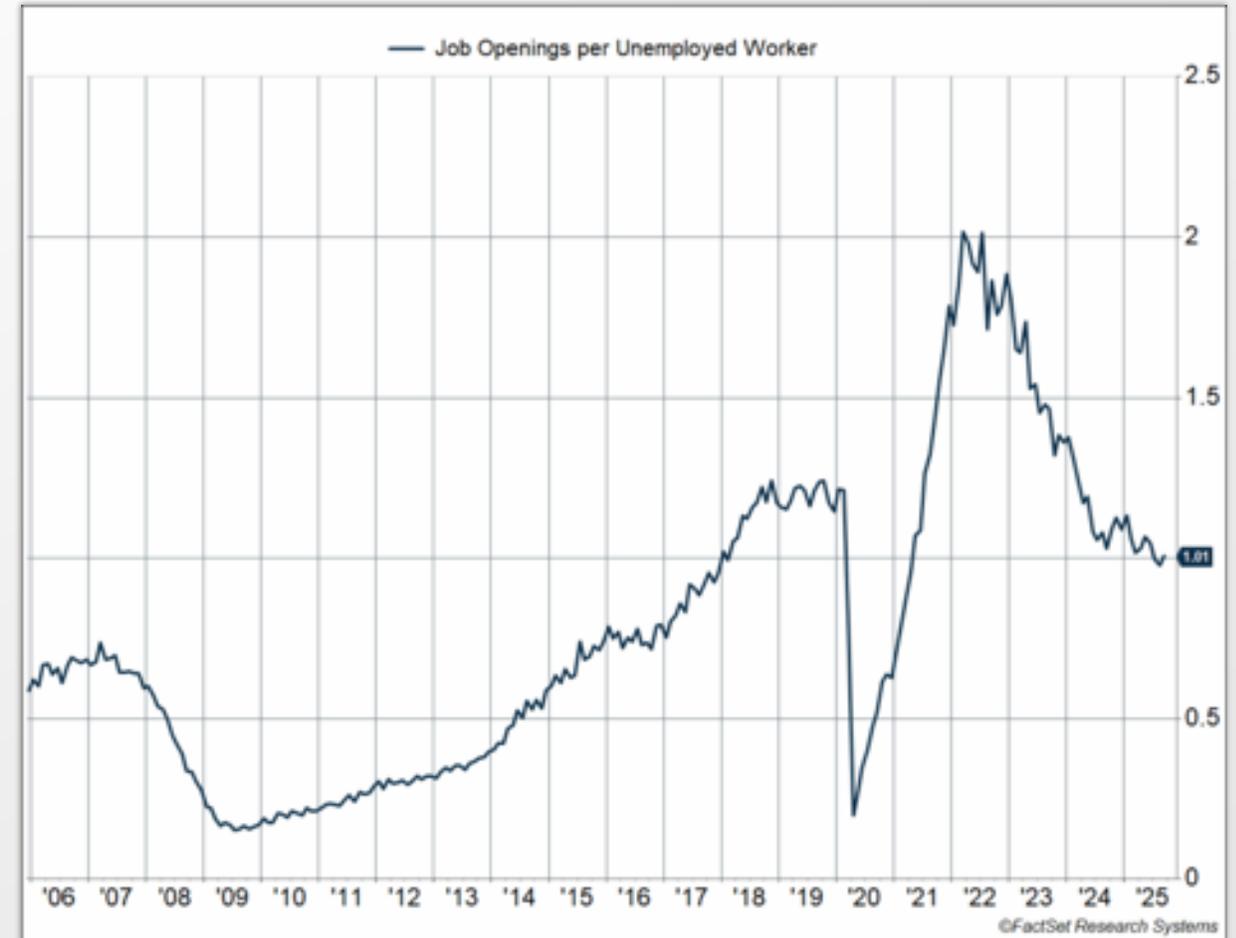
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Job Openings per Unemployed Worker Continue to Ease

- Openings-to-worker ratios continue declining but remain above pre-COVID levels.
- Labor cooling is orderly and consistent with a soft landing.



Macro

Market Expects Lower Rates

- Market pricing reflects additional policy easing in 2026 before short-term rates start to rise again.
- Near-term expectations price moderate easing, while the term premium is expanding in longer maturities.
- This mismatch remains a central macro tension heading into 2026.

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