



CARSON

Charts of the Week

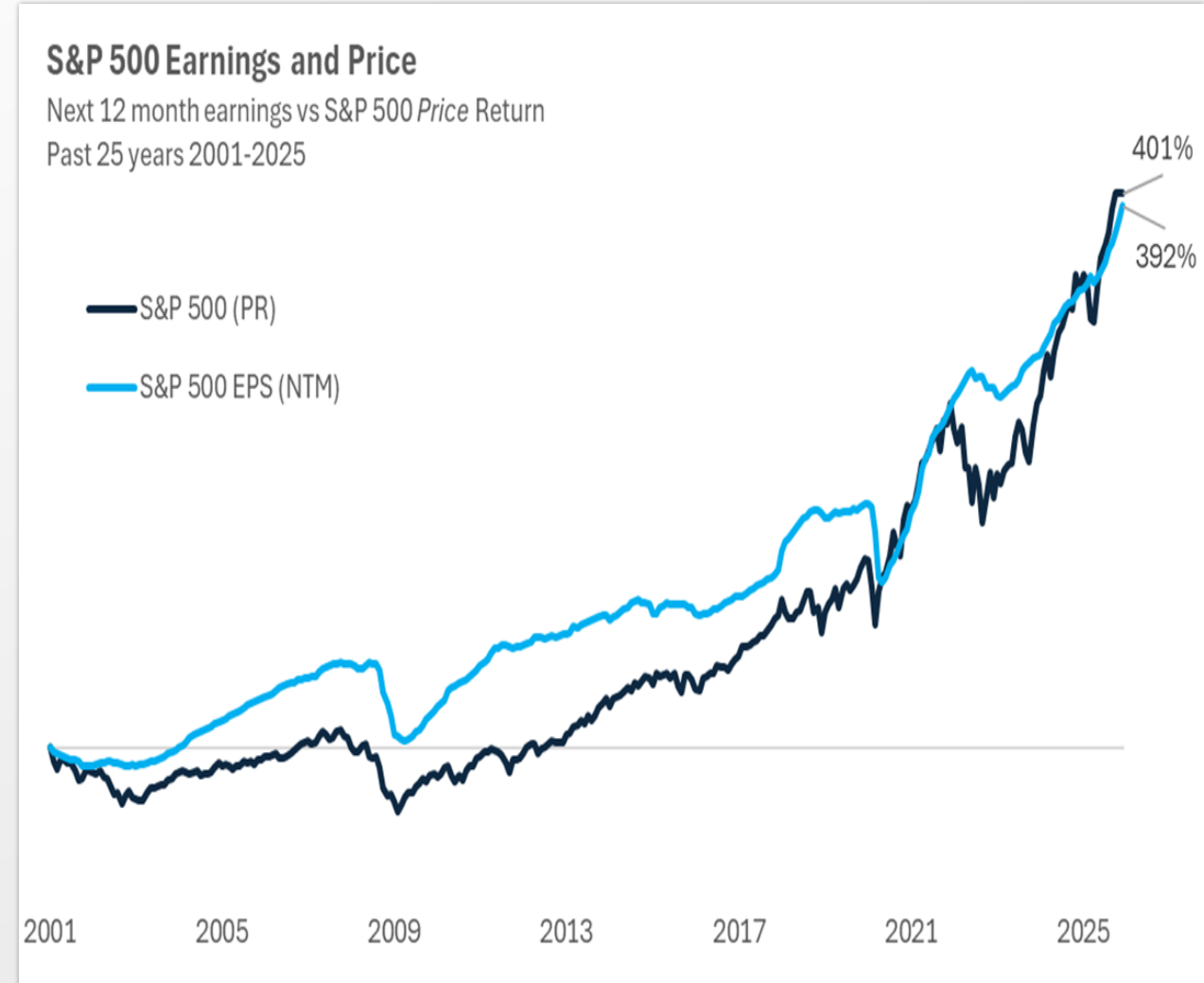
Carson Investment Research

January 12 - 16, 2025

Chart of the Week

Earnings Are Still the Long-Term Gravity

- Over the past 25 years, S&P 500 prices and forward earnings have moved together despite multiple macro shocks.
- Periods where prices outpace earnings have historically resolved through earnings catching up, not permanent multiple expansion.
- This reinforces the outlook's core message: fundamentals, not headlines, drive long-term equity outcomes.



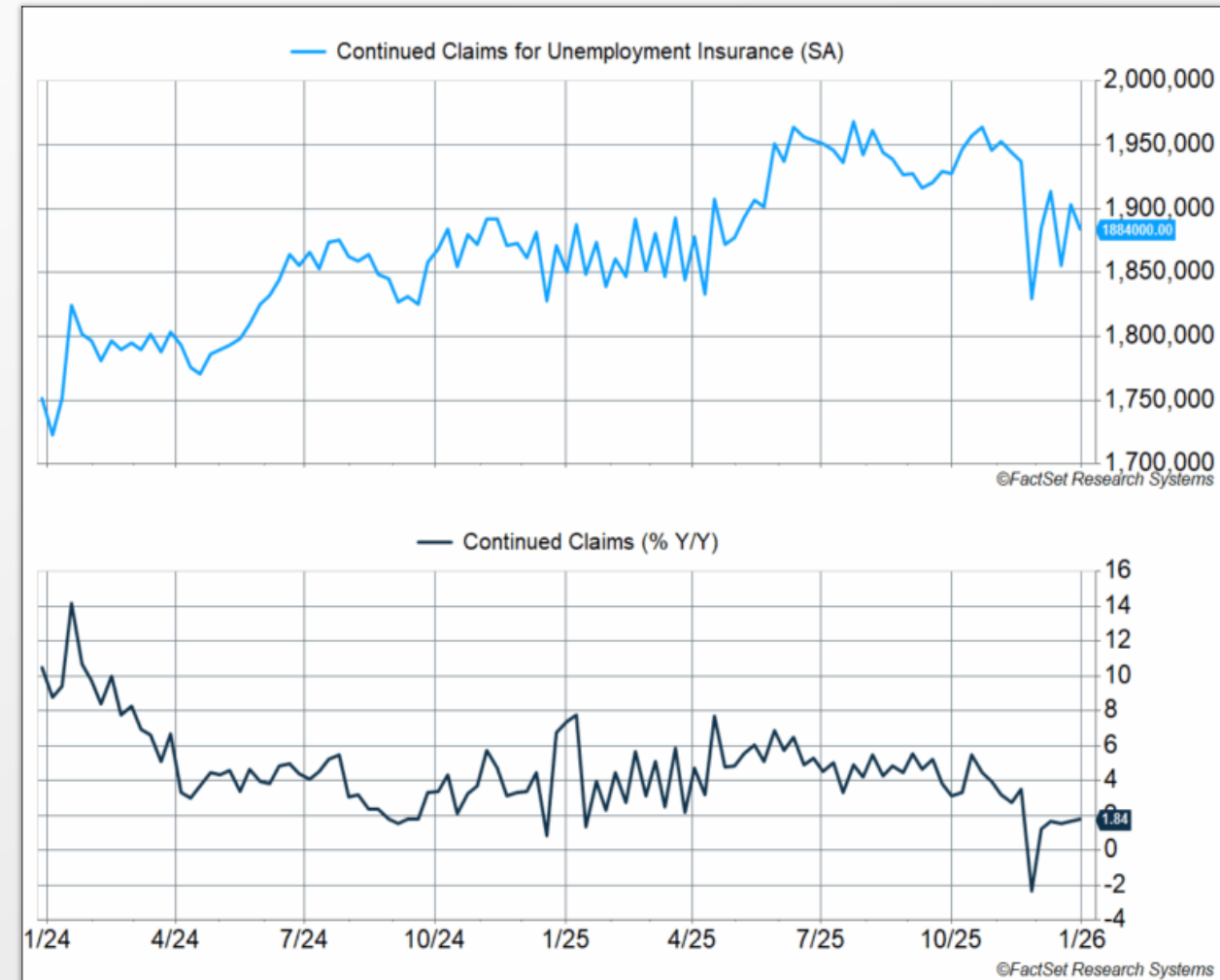
Sources: Carson Investment Research, FactSet



Macro

The Labor Market Is Looser, But Not Broken

- Continued claims have risen, but remain well below levels typically seen ahead of recessions.
- The year-over-year change has rolled over, suggesting the pace of deterioration is slowing.
- This looks like friction in re-hiring, not a labor market unraveling.



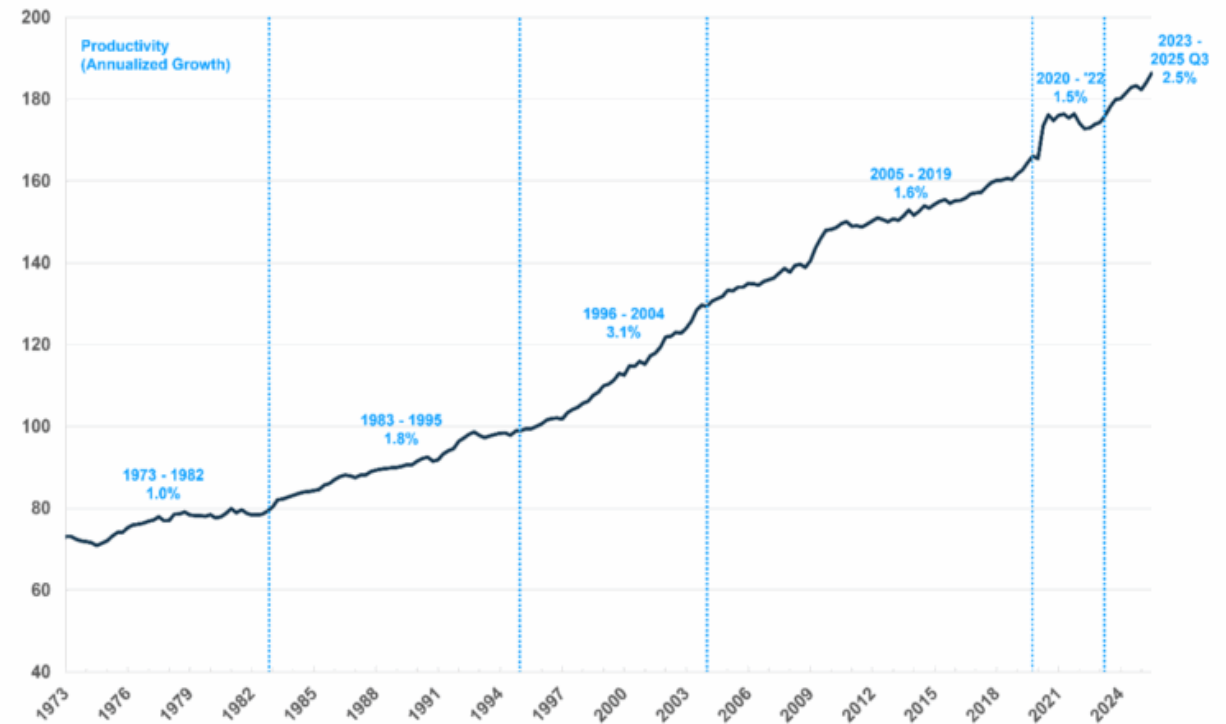
Macro

Productivity Is Quietly Re-Accelerating

- Productivity growth since 2020 is materially higher than the 2005–2019 expansion.
- That prior period coincided with sluggish real growth and persistent margin pressure.
- A higher productivity baseline changes what “trend growth” looks like this cycle.

A potential regime shift for productivity growth

Nonfarm Business: Labor Productivity (Index, Q4 1995 = 100)



Data source: Carson Investment Research, FRED 01/08/2025

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Macro

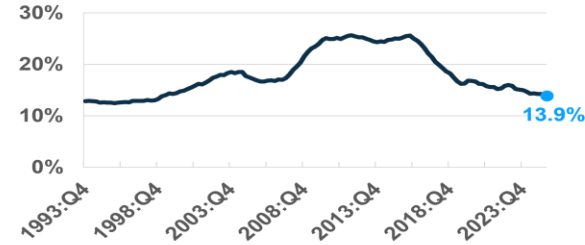
This Is Not a Levered Consumer Cycle

- Leverage is lower across every income cohort compared to prior cycle peaks.
- The improvement is broad-based, not concentrated at the top of the income distribution.
- That materially reduces the odds of a consumer-led downturn driven by forced balance sheet repair.

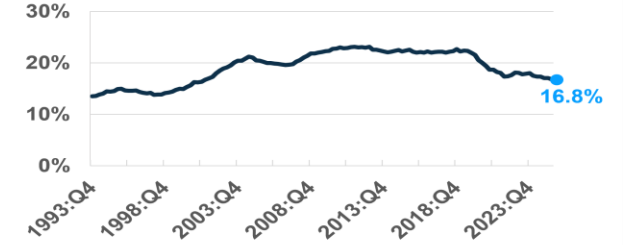
Every income group is significantly less levered relative to history

Liabilities as a Percent of Assets

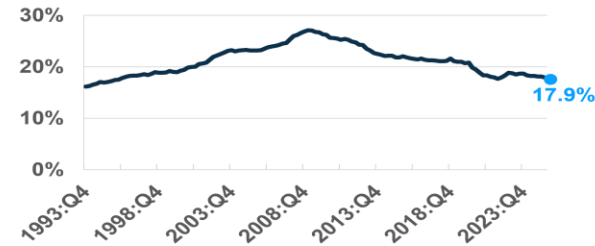
Income Percentile: 0 to 20



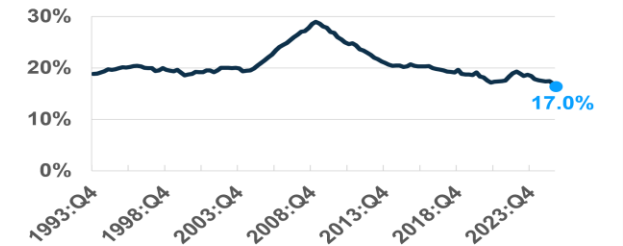
Income Percentile: 20 to 40



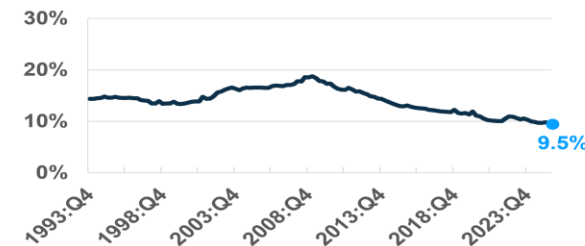
Income Percentile: 40 to 60



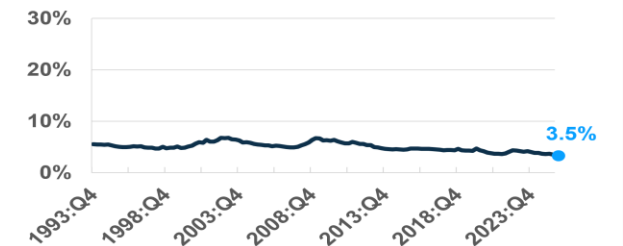
Income Percentile: 60 to 80



Income Percentile: 80 to 99



Income Percentile: 99 to 100



Data source: Carson Investment Research, Federal Reserve 09/19/2025

Data are as of Q3 2024

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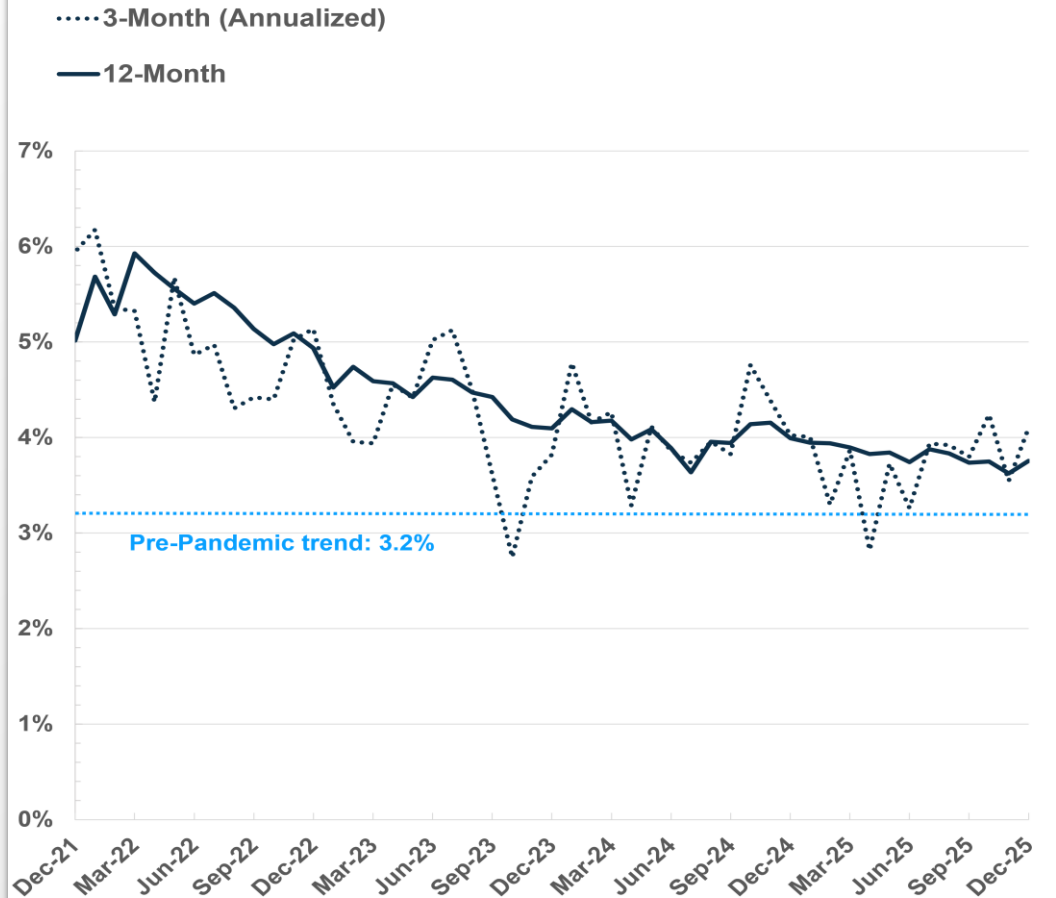
Macro

Wage Growth Is Cooling, Not Collapsing

- Wage growth has decelerated steadily without a sharp break lower.
- Current levels remain consistent with positive real income growth as inflation cools.
- This is the difference between demand slowing and demand breaking.

Wage growth running above pre-pandemic trend

Growth Rate of Average Hourly Earnings (Annualized)



Data source: Carson Investment Research, FRED 01/09/2026

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Pre-Pandemic Trend is the annualized growth rate from Jan 2018 to Dec 2019



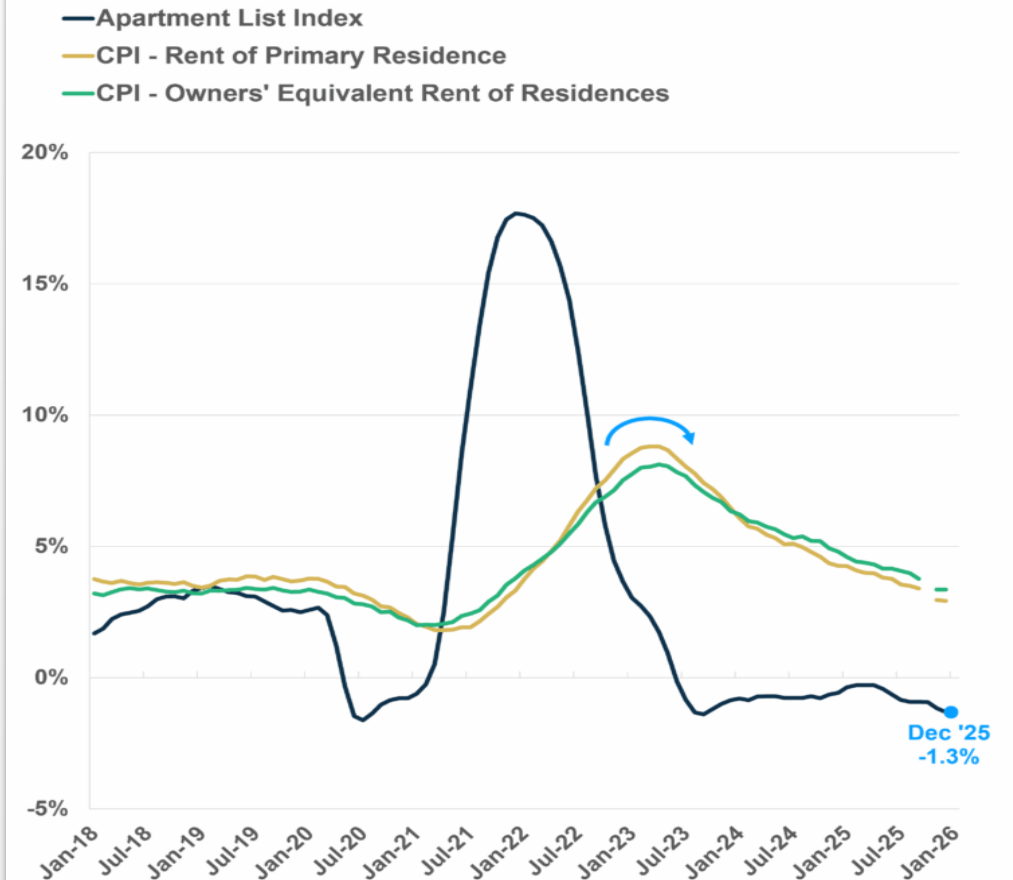
Macro

Shelter Is Finally Working With the Fed

- Private rent inflation turned negative well ahead of CPI shelter.
- CPI shelter is now following the same path with a predictable lag.
- The chart implies additional disinflation already baked into official inflation measures.

Shelter disinflation is happening, and likely more to come

Private vs Official Rental Price Changes (Year-Over-Year)



Data source: Carson Investment Research 01/13/2026
FRED, Apartment List

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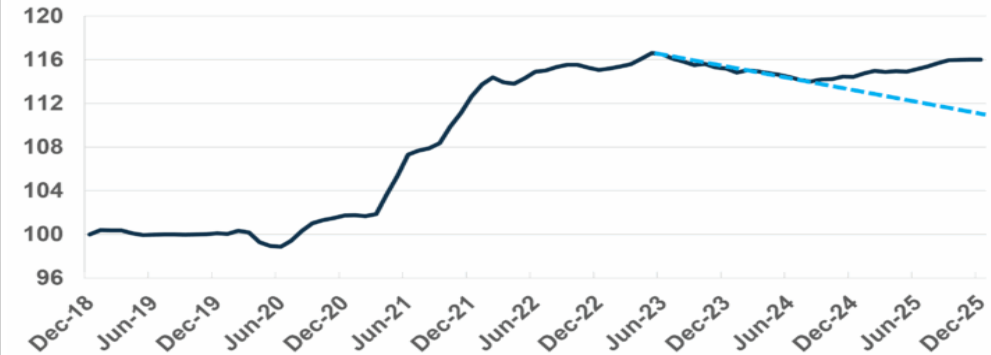
Macro

Goods Inflation Isn't The Problem Anymore

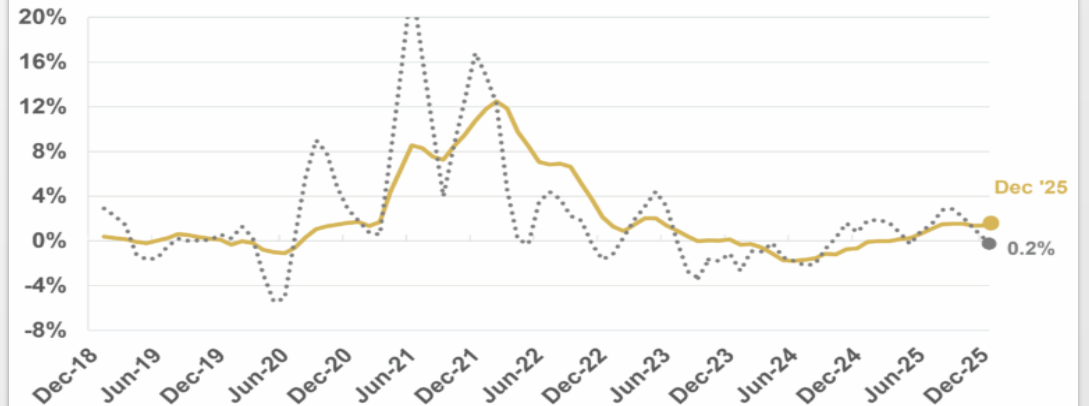
- Core goods prices surged early in the cycle and then flattened.
- Recent year-over-year readings are near zero, not accelerating.
- Any remaining inflation pressure is increasingly coming from services, not goods.

Core goods prices rose on the back of tariffs

CPI - Commodities Ex Food and Energy
(Index, Dec 2018 = 100)



— % Y/Y % 3M (Annualized)



Data source: Carson Investment Research, FRED 01/13/2026

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Harmonic mean of September and November 2025 used to approximate data for October 2025



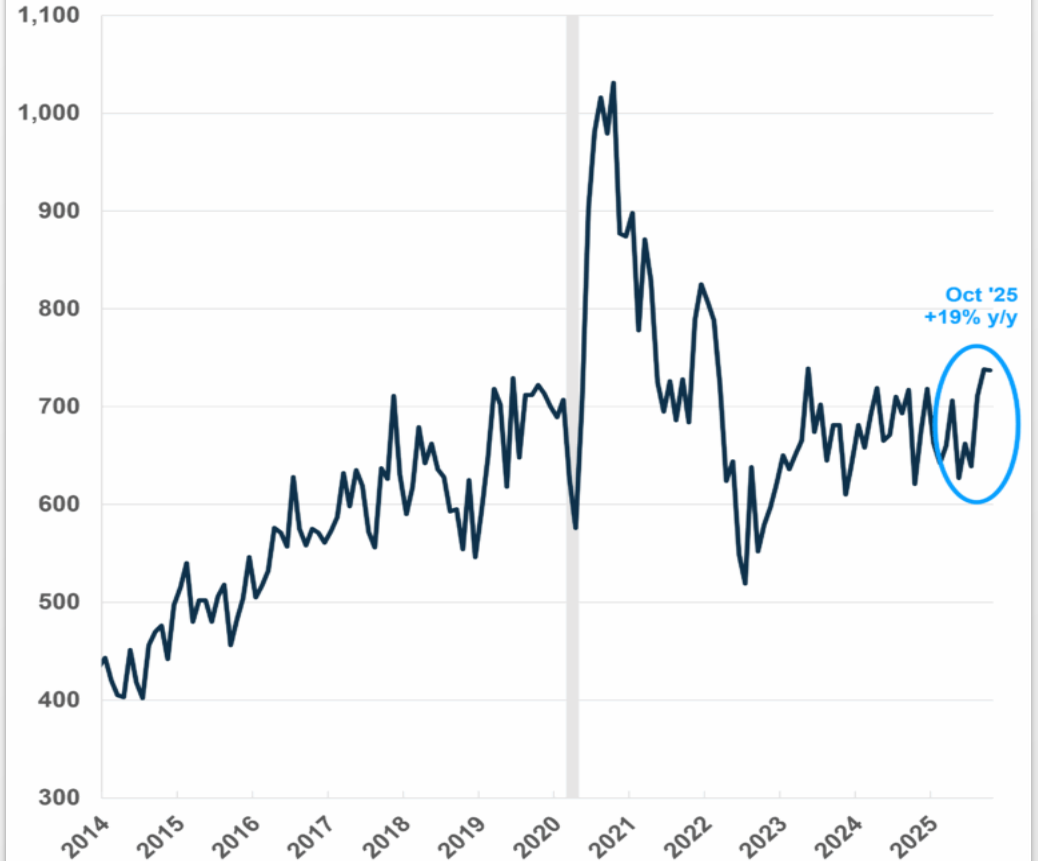
Housing

New Home Demand Has Stabilized

- New home sales have rebounded meaningfully from their 2022–2023 lows.
- Activity remains below the highs of the last cycle, but the downtrend has clearly stalled.
- Housing demand appears to be stabilizing, not re-accelerating just yet.

New home sales have jumped recently to the highest level since May 2023

New Home Sales
(Seasonally Adjusted Annualized Rate)



Data source: Carson Investment Research, Factset 01/14/2025

Shaded area indicates U.S. recession

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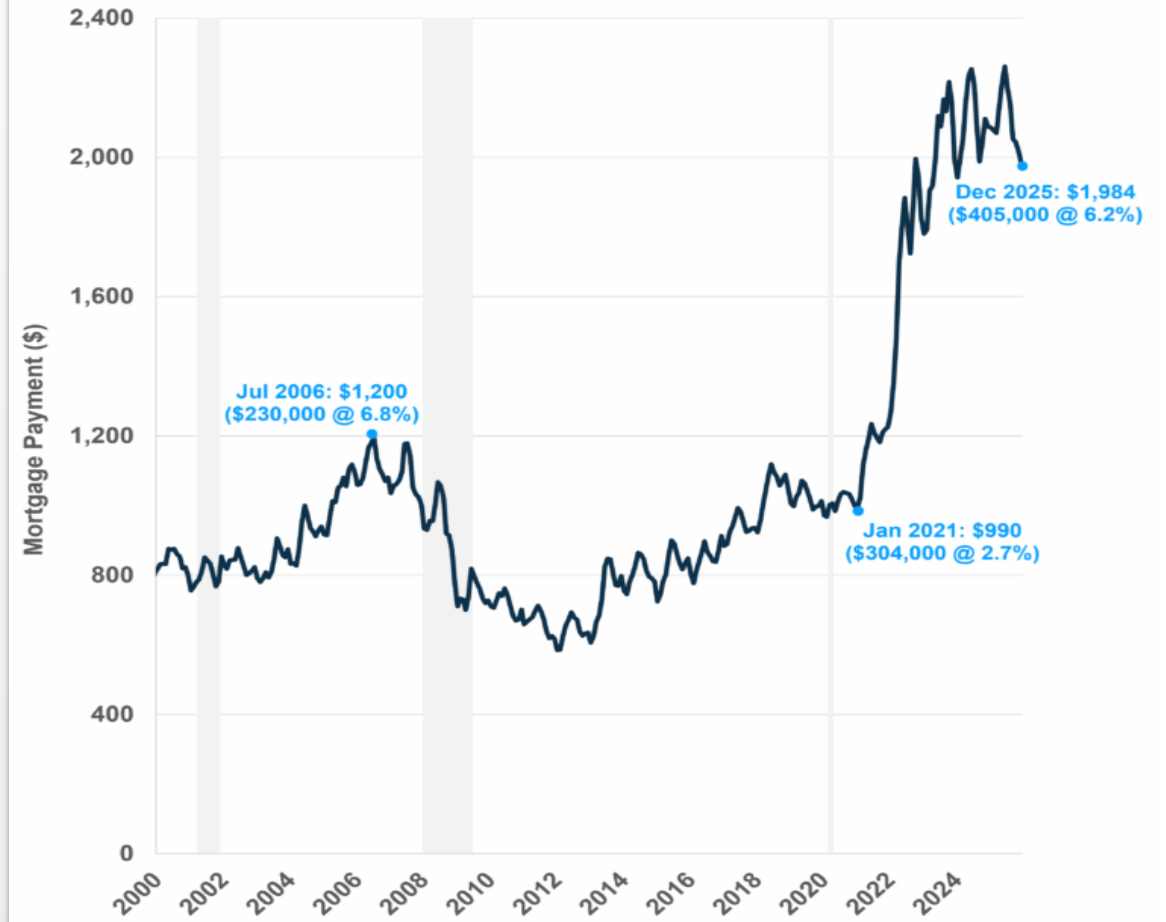
Housing

Affordability Has Improved, But It's Still Tight

- Mortgage payments remain near historical highs despite recent improvement.
- The chart shows relief from peak stress, not a return to normal affordability.
- Housing remains constrained even as conditions stop worsening.

Home affordability improves a bit

Monthly Mortgage Payment For Median Existing Home
(With 20% Down and Average 30-Year Fixed Rate Mortgage)



Data source: Carson Investment Research 01/14/2026
Factset, FRED

Shaded area indicate U.S. recessions

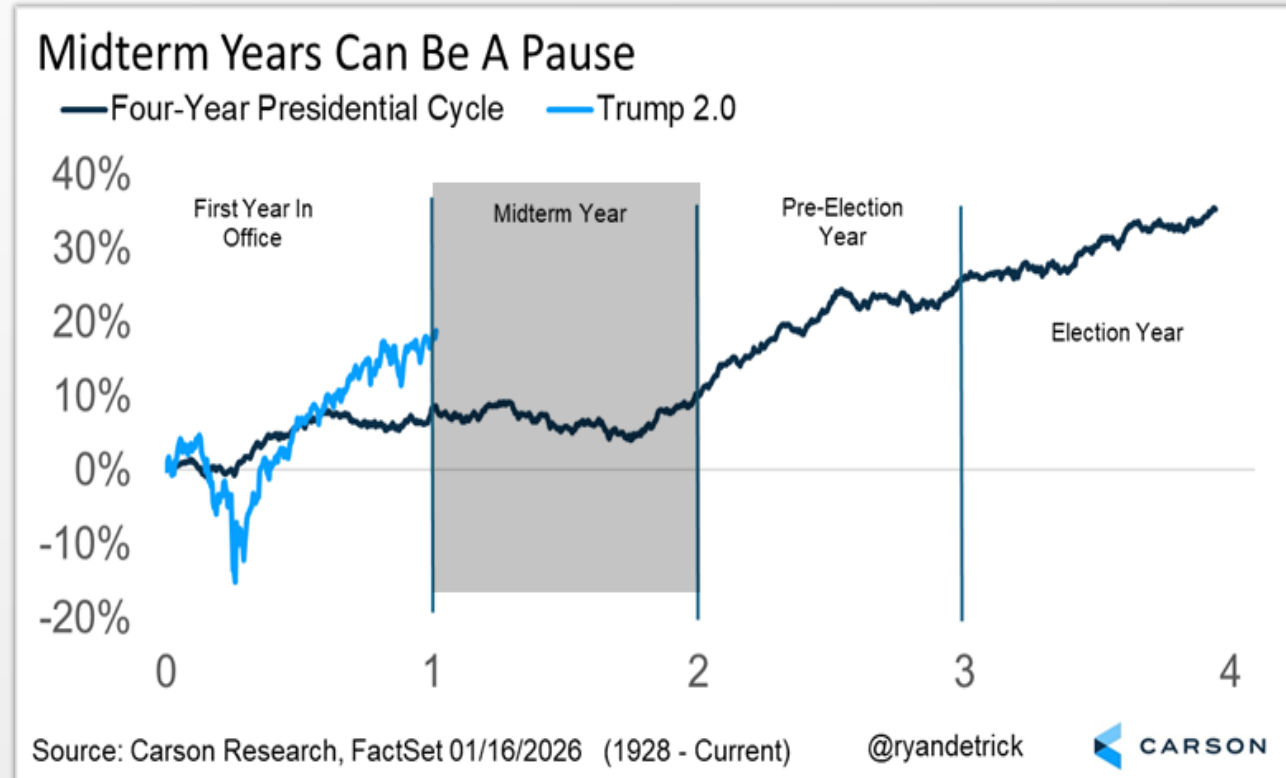
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Markets

Midterm Years Could Have Some Chop

- Historically, the midterm year has been a period of consolidation rather than sustained downside.
- Volatility often rises, but forward returns improve as policy uncertainty clears.
- Patience during the “boring” part of the cycle has been rewarded the following year.



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