Charts of the Week

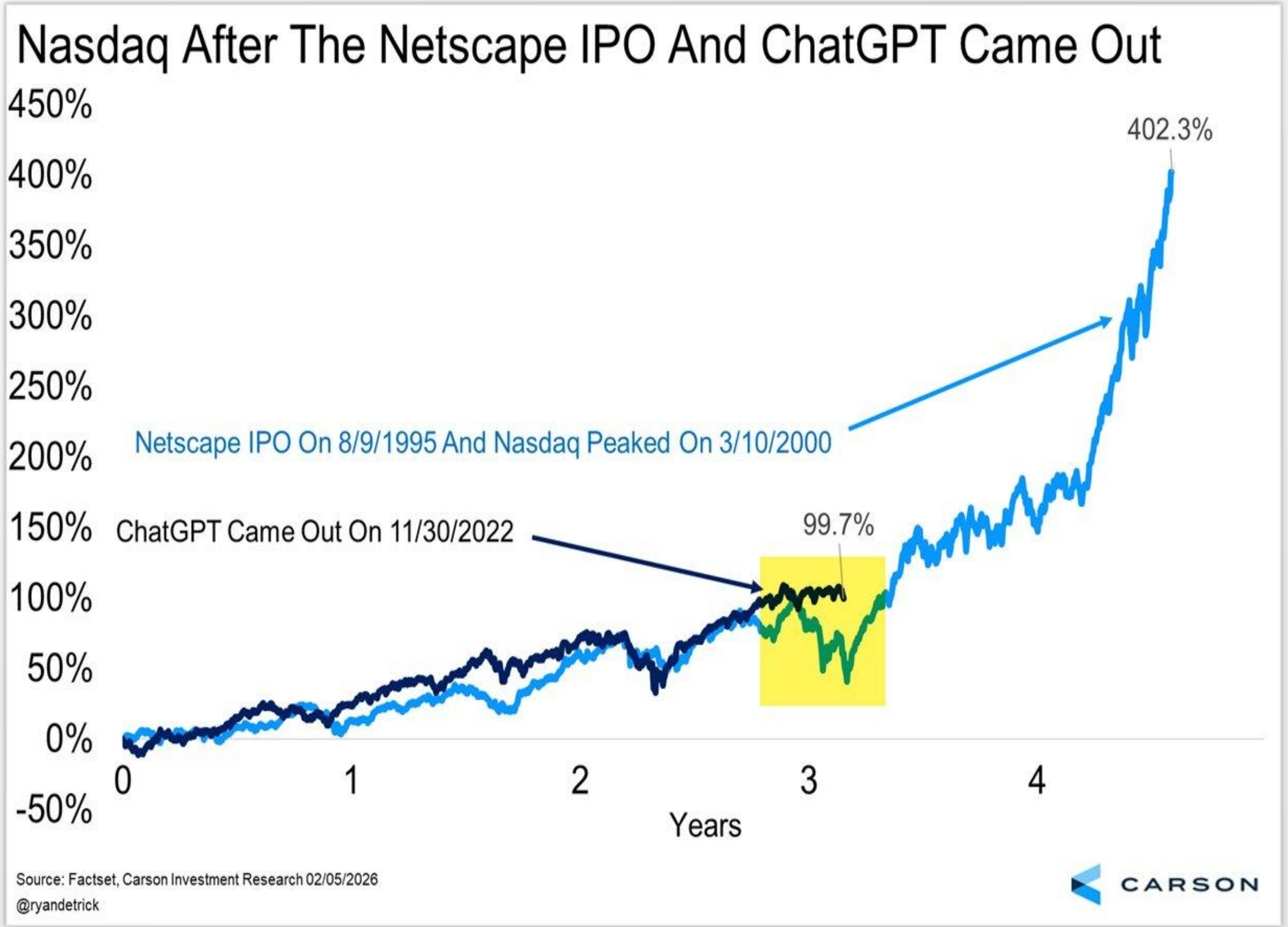
Carson Investment Research

February 2 - 6, 2025

Chart of the Week

Nasdaq's AI Moment Might Be Starting to Look Familiar

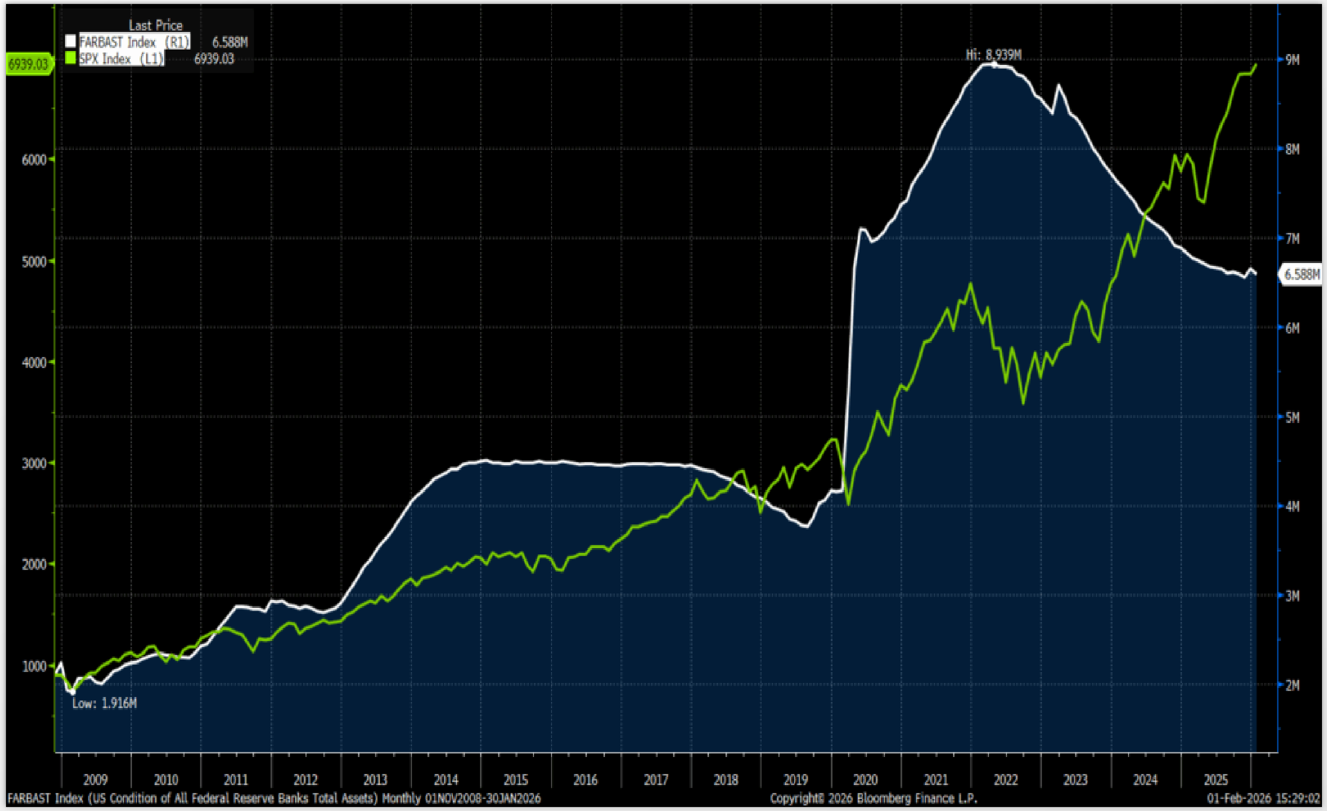
- Both cycles show the same rhythm: big early gains, a nasty mid-cycle shakeout, then the real acceleration.
- The lesson isn't "it's 1999 again." It's that breakthrough narratives can drive multi-year trends even with scary drawdowns.
- If AI is a true platform shift, the bigger risk is overreacting to the pullbacks, not missing the first 20%.



Macro

QE Didn't "Create" the Bull Market, Earnings Did

- The chart looks like "Fed balance sheet up → stocks up," but timing doesn't prove causality, stocks rose with profit growth.
- If the Fed was artificially inflating prices, you'd expect returns to be mostly P/E expansion; historically, it's been mostly EPS + dividends.
- Bottom line: balance sheet matters at the margins, but Warsh's "QE = inequality = stock bubble" is simply an oversimplification.

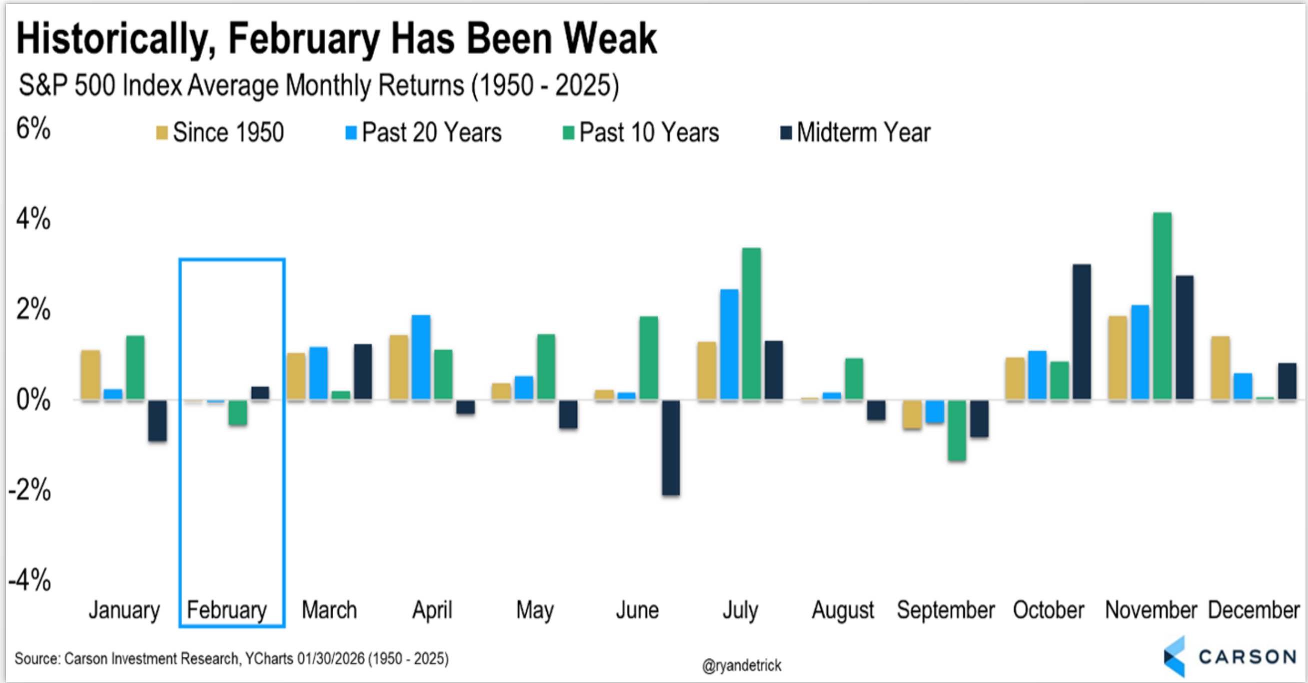


Source: Bloomberg 02/06/2026

Equities

February Is Often the Speed Bump

- Across long history, February has been one of the weakest months on average.
- If we chop or dip, don't be surprised, it's just "normal February."



Equities

January Strength Historically Improves the Odds

- When January is positive, the remaining 11 months have historically been strong more often than not.
- When January is negative, forward returns have been weaker on average, not always down, just lower.

So Goes January, Goes The Year

The January Barometer Says A Positive January For Stocks Is A Good Sign

	S&P 500 Index Return Rest Of Year (Final 11 Months)			
	Positive January	>2% January	Negative January	All Years
Average	12.2%	12.3%	2.1%	8.2%
Median	13.4%	13.3%	3.5%	9.9%
% Higher	87.0%	84.8%	60.0%	76.3%
Count	46	33	30	76

Source: Carson Investment Research, FactSet 01/30/2026 (1950 - Current)
The January Barometer Looks At S&P 500 Returns Based On January Returns
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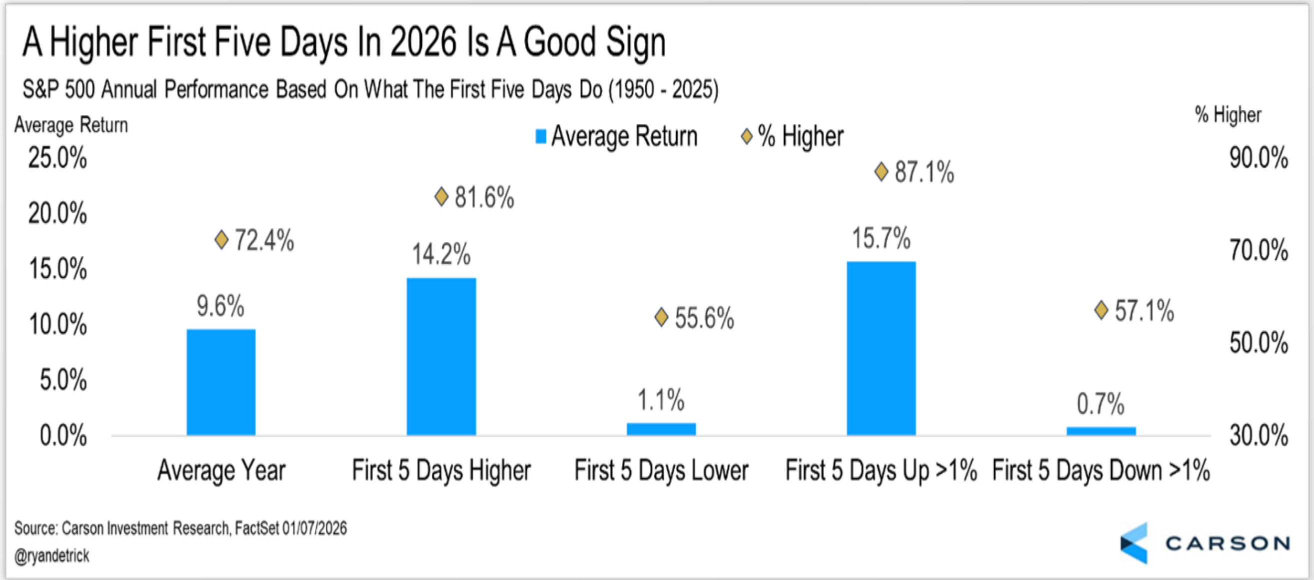
Equities

A Strong First Week Has Historically Been a Tailwind

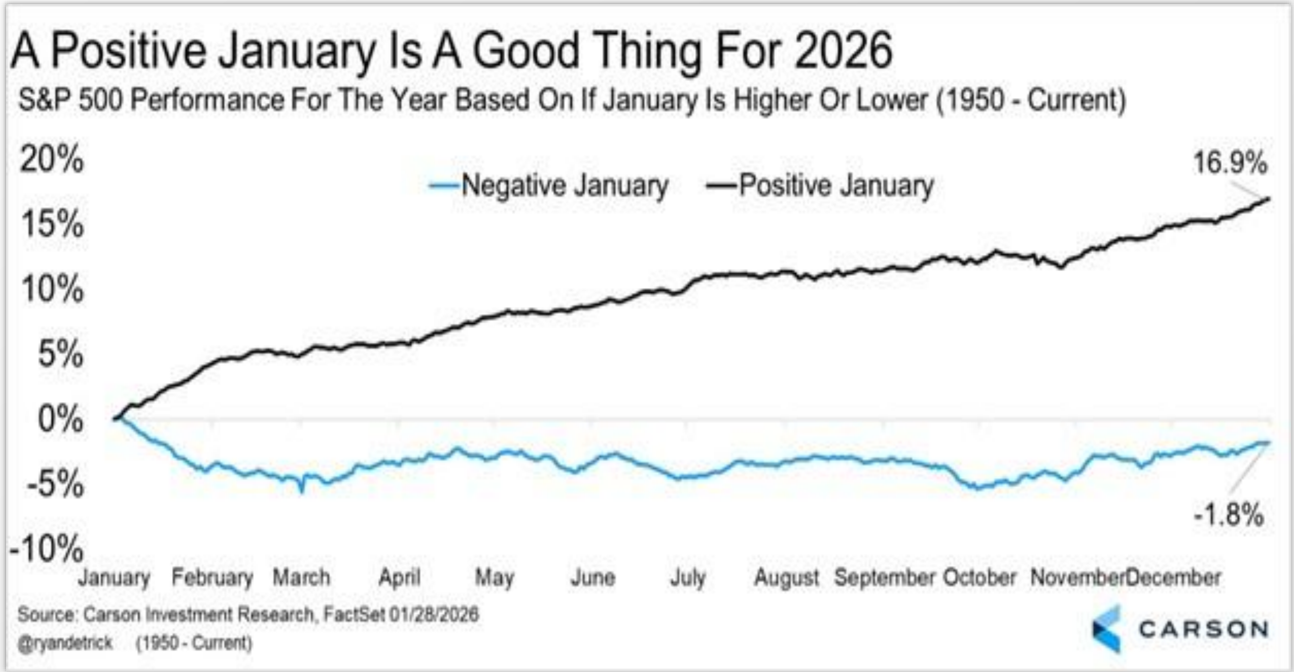
- When the first 5 days are up, the year has tended to finish higher more frequently than average, around 81.6% of the time.
- Strong early breadth/momentum often reflects positioning + sentiment shifting risk-on, which can persist.



Equities

History Dictates, A Positive January May Be a Good Thing for 2026

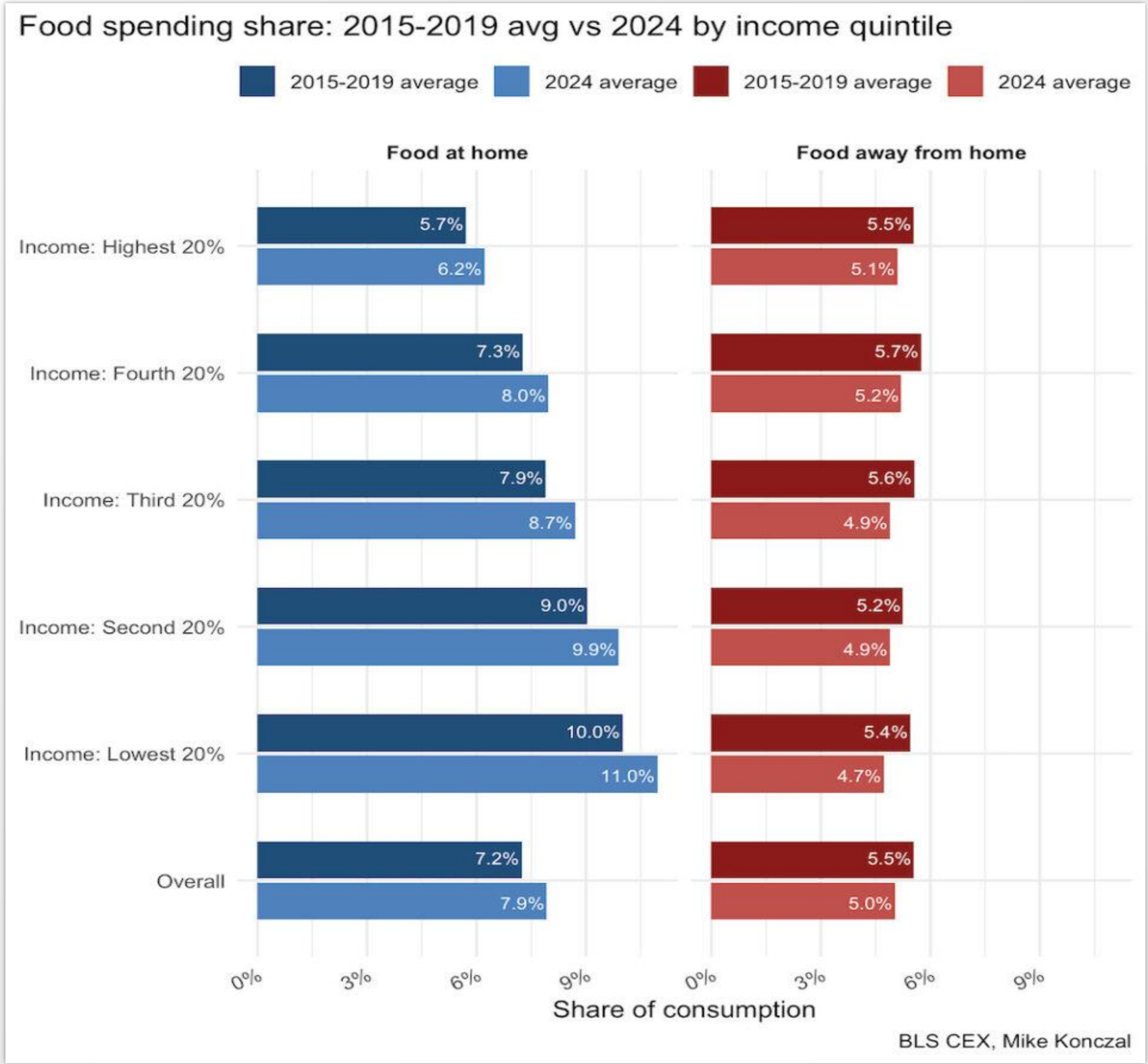
- Historically, positive Januarys lead to a much better rest-of-year path than negative Januarys.
- The gap is big: positive January years trend up through the year, while negative January years stay underwater on average.
- Takeaway: January isn’t destiny, but it’s a solid early read on whether breadth/momentum is working.



Consumer

Food Budgets Shifted Back to Groceries

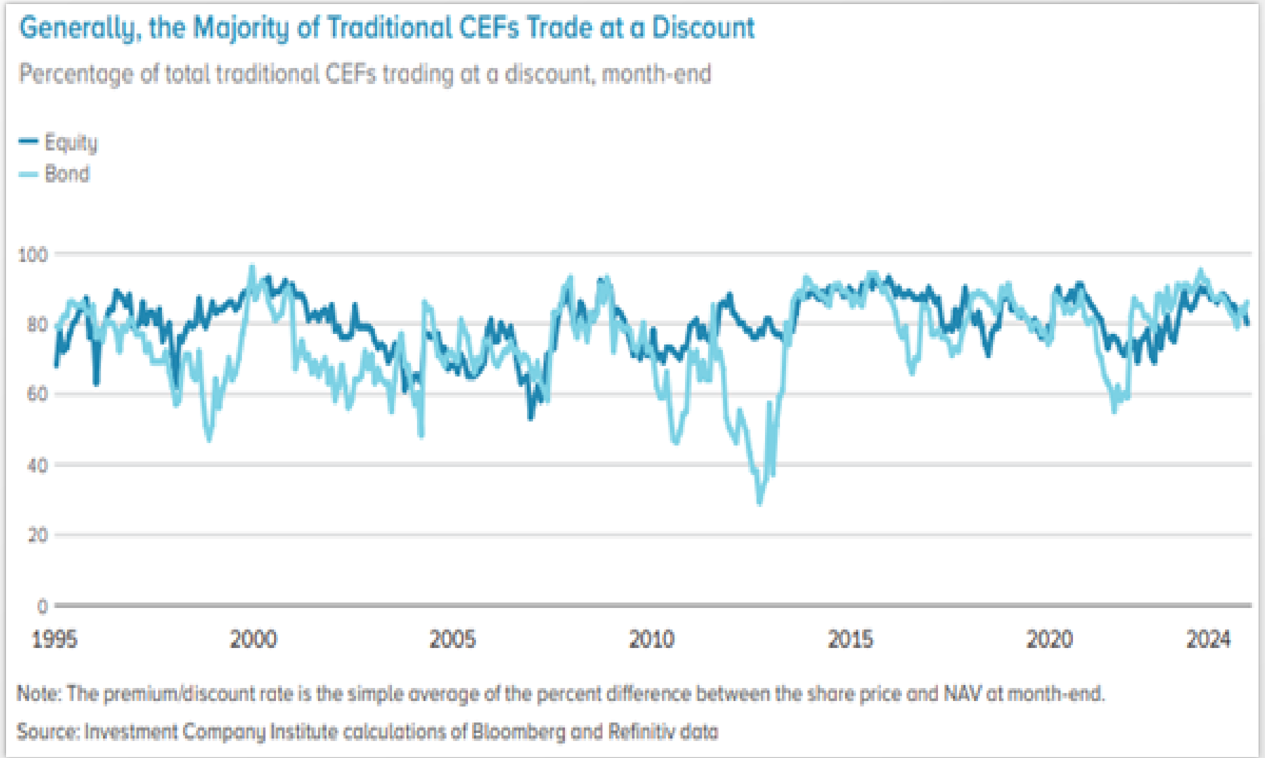
- The chart shows a composition shift: more share to food at home, less to food away from home (which includes takeout/delivery).
- The shift is bigger for lower-income households.
- Key insight: if more budget is going to a category that usually falls as incomes rise, that’s consistent with an affordability squeeze.



Alternatives

CEF Discounts = Market Structure, Not Credit

- Most CEFs trade at discounts most of the time which is normal.
- Discounts widen when liquidity/sentiment worsens and narrow when risk appetite improves. Equity-market pricing dynamics applied to bond-like cash flows.
- Focus on discount vs history and distribution sustainability, not the discount alone.



Super Bowl

A Fun Pattern…

- If the NFC wins, history says stocks tend to do a little better: 10.2% vs 8.1% for the AFC.
- Either way, the market has been up ~73% of the time after the Super Bowl…
- Reminder: this is entertainment, not a trading strategy, but it's a great way to start a market convo at a party.

The Super Bowl Indicator

The S&P 500 Historically Does Better When The NFC Wins

	S&P 500 Full Year Return		
	Average Year	NFC Wins	AFC Wins
Average	9.2%	10.2%	8.1%
Up Years	43	23	20
Down Years	16	7	9
Total Super Bowl Wins	59	30	29
% Higher	72.9%	76.7%	69.0%

Source: Carson Investment Research, FactSet 01/31/2026 (1967 - 2025)
Carson Investment Research does not advocate to investing based on who wins or loses the Super Bowl
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Super Bowl

How Does the S&P 500 Do When Your Team Wins?

- Apparently, Tampa Bay = strong bull market (best average S&P return on the list).
- Correlation ≠ causation, but it's still hilarious how "your team wins" lines up with returns sometimes.

How Does The S&P 500 Do When Your Team Wins?

S&P 500 Performance Under All 22 Super Bowl Winners

Team	Super Bowl Wins	S&P 500 Average Return	Rank
Baltimore Colts	1	10.8%	11
Baltimore Ravens	2	8.3%	13
Chicago Bears	1	14.6%	7
Dallas Cowboys	5	8.5%	12
Denver Broncos	3	18.6%	4
Green Bay Packers	4	14.7%	6
Indianapolis Colts	1	3.5%	16
Kansas City Chiefs	4	15.9%	5
L.A. Rams	1	-19.4%	21
Miami Dolphins	2	-23.5%	22
New England Patriots	6	6.0%	14
New Orleans Saints	1	12.8%	8
New York Giants	4	0.8%	17
New York Jets	1	-11.4%	20
Oakland Raiders	3	-6.6%	18
Philadelphia Eagles	2	5.1%	15
Pittsburgh Steelers	6	21.0%	2
San Francisco 49ers	5	19.2%	3
Seattle Seahawks	1	11.4%	9
St. Louis Rams	1	-10.1%	19
Tampa Bay Buccaneers	2	26.6%	1
Washington Redskins	3	11.4%	10

Source: Carson Investment Research, FactSet 01/30/2026
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My Cincinnati Bengals still aren't on here. Thank you to the totally inept Brown family for being the model of failure
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