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Charts of the Week

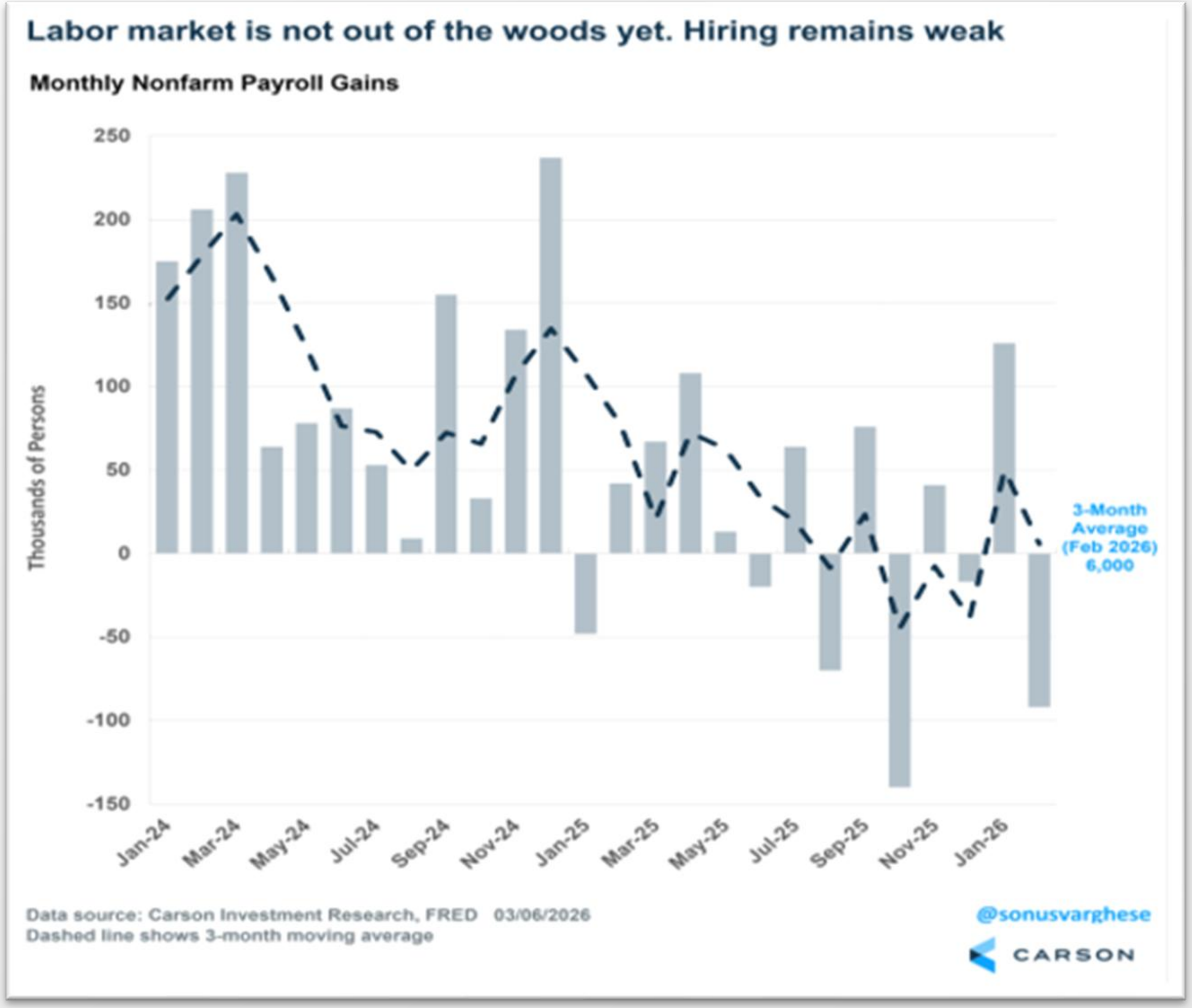
Carson Investment Research

March 9 - 13, 2025

Chart of the Week

Labor Market Is Slowing, but Layoffs Still Aren't Rising

- Payroll gains have been inconsistent recently, and the 3-month average has moved close to zero.
- Initial jobless claims, however, remain relatively low, showing layoffs haven't picked up much.
- Net job growth remains near flat as both hiring and layoffs remain low.



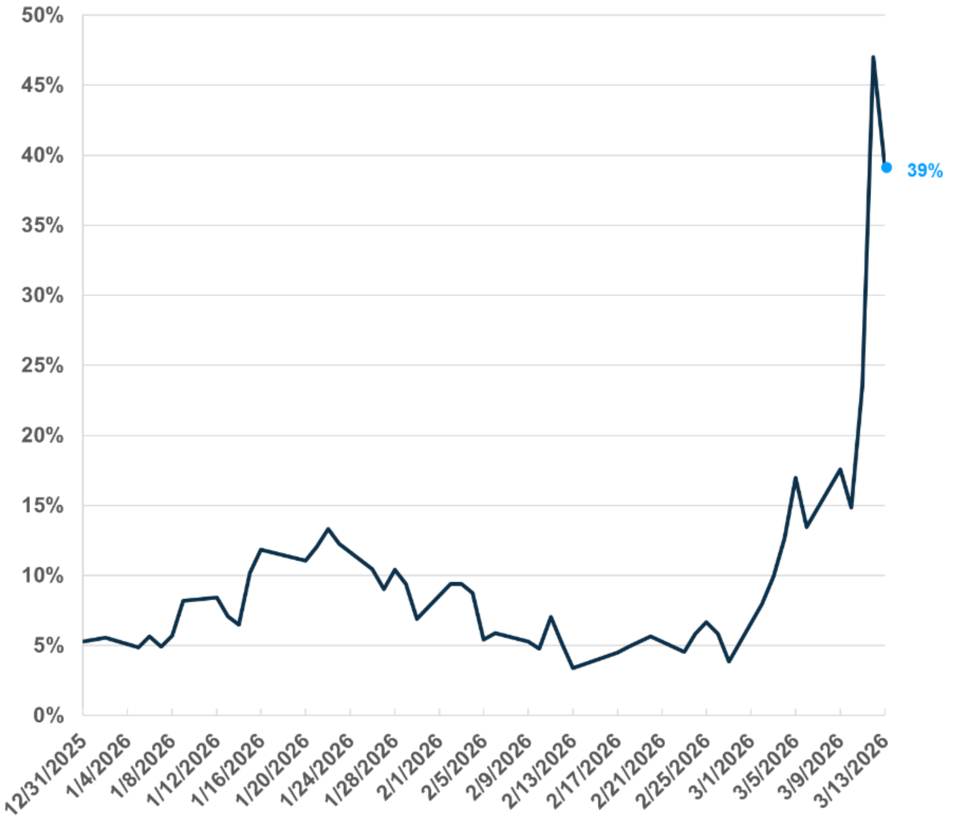
Macro

Markets Are Adjusting Rate Expectations

- Market pricing now shows a higher probability of no rate cuts in 2026.
- Expectations have shifted amidst higher energy prices due to the Iran conflict.
- While a cut this year is still more likely than not, it's moved closer to a coin flip.

The odds of no more interest rate cuts in 2026 are rising, but perhaps it should be even higher 🤔

Probability of Zero Cuts in 2026



Data source: Carson Investment Research, CME Group 03/13/2026 @sonusvarghese

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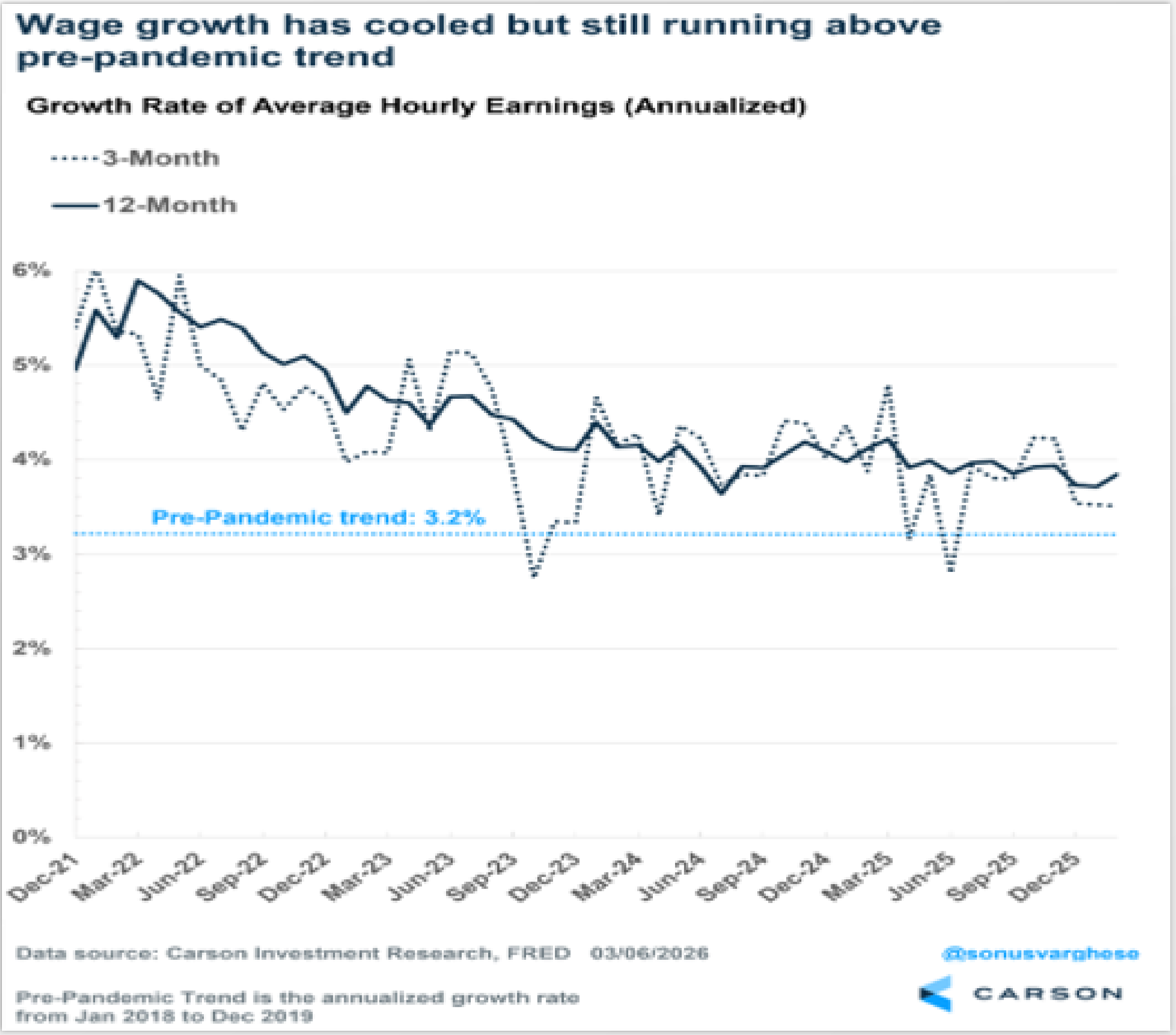
Macro

Wage Growth Has Moderated

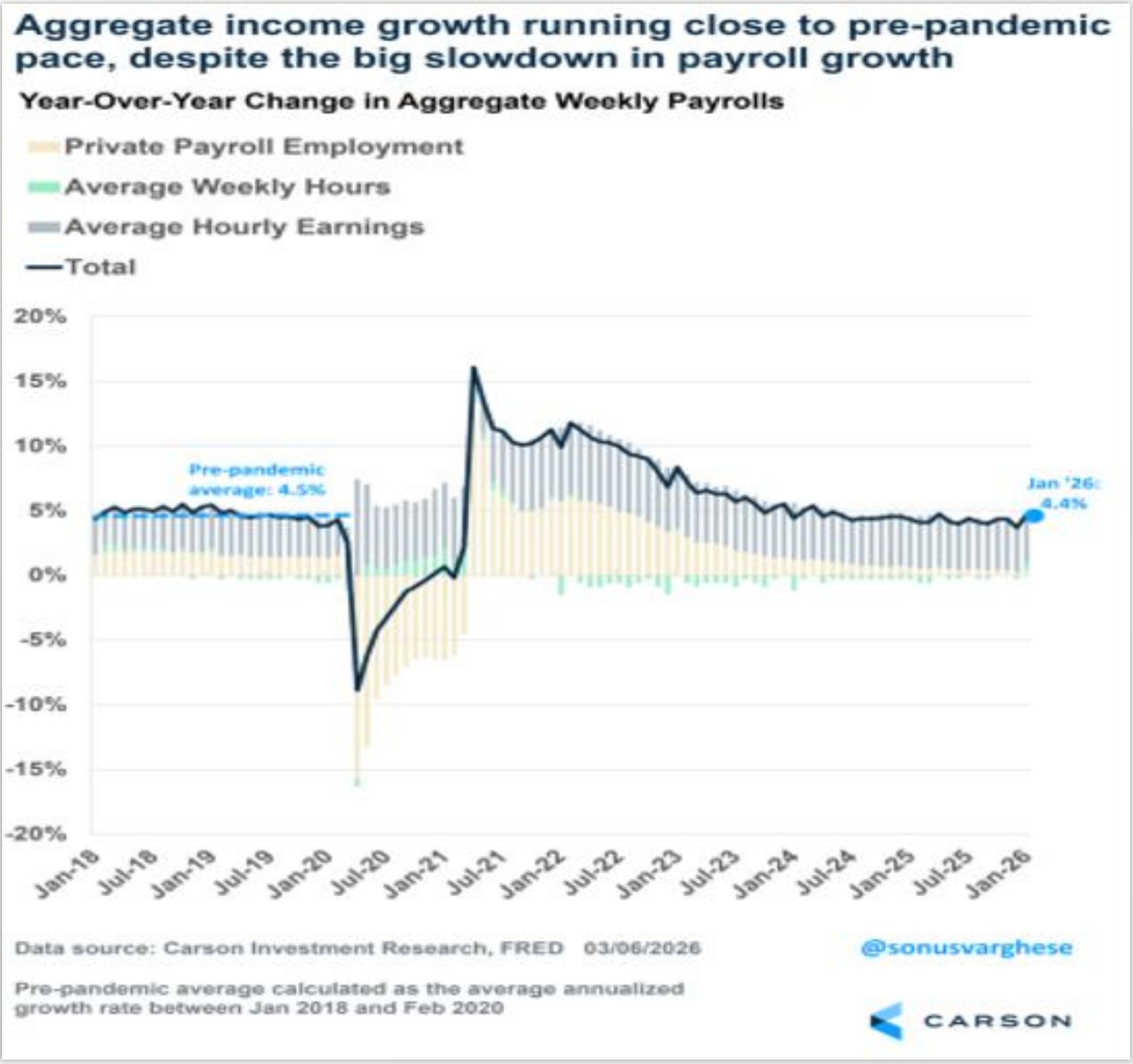
- Average hourly earnings growth has slowed compared with the highs seen earlier in the cycle.
- Wage growth remains above the pace seen before the pandemic.
- Slowing has been gradual but the recent trend since March 2025 is clear.



Macro

Aggregate Income Growth Remains Stable

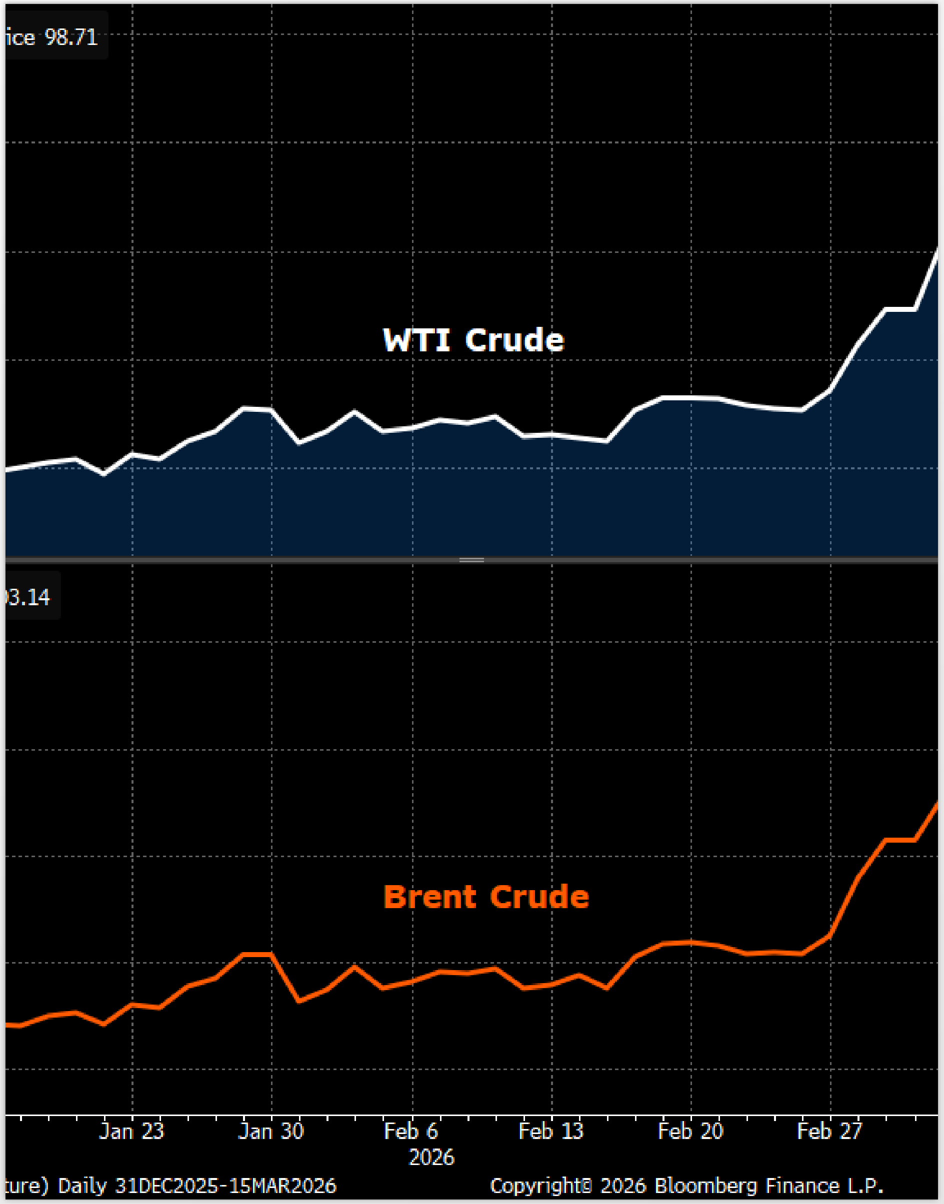
- Aggregate payroll income—which combines wage growth with the total number of hours worked—continues to increase at roughly 4–5% year over year. This measure captures the total income flowing to workers across the economy, making it a useful gauge of overall labor income trends.
- Even as hiring activity has slowed in recent months, wage gains have continued to support overall income growth. In other words, stronger pay per worker has helped offset the impact of fewer new jobs being added.



Commodities

Oil Prices Have Surged During Middle East Tensions

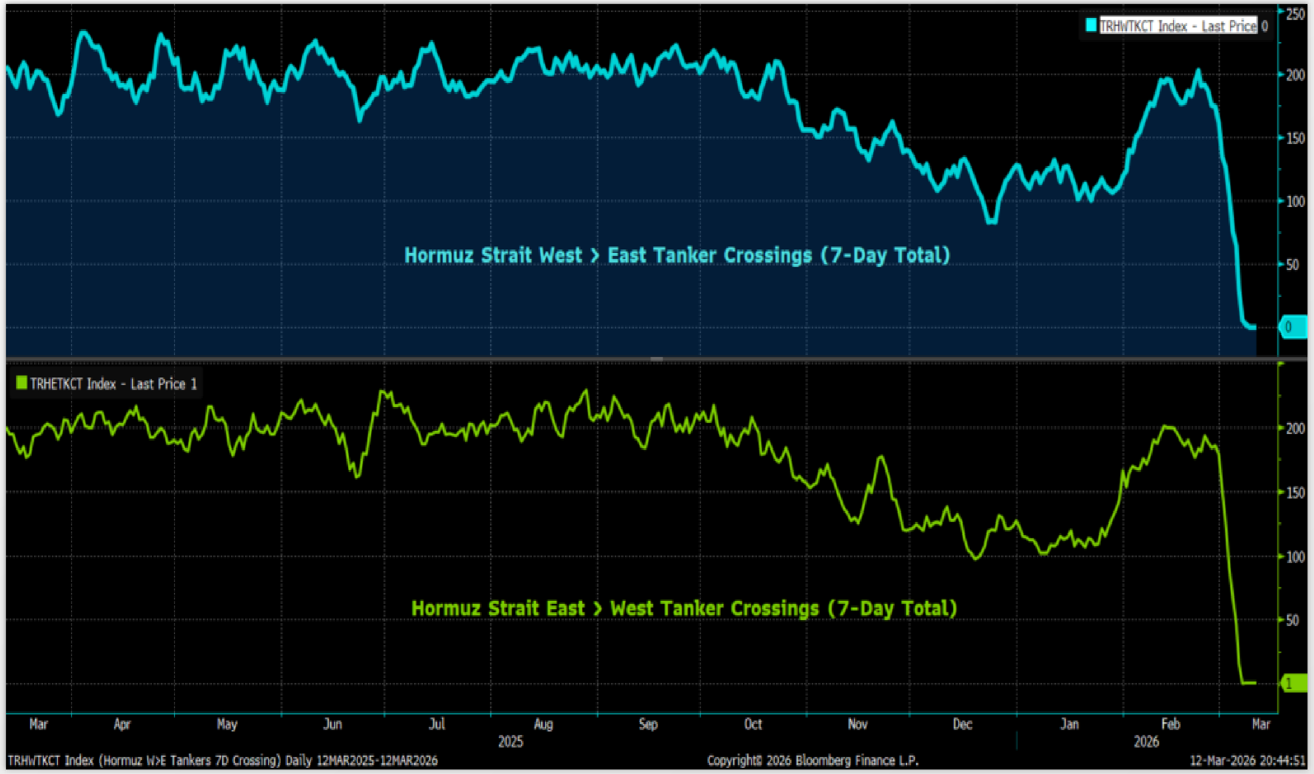
- Oil prices have risen sharply amid geopolitical tensions in the Middle East.
- Energy markets have reacted quickly due to concerns about supply disruptions.



Commodities

Hormuz Traffic Has Plummeted

- Tanker crossings through the Strait of Hormuz, which handles roughly 20% of global oil shipments, have fallen significantly.



Equities

Asset Performance Has Diverged in 2026

- Leadership across asset classes in early 2026 looks remarkably similar to what investors saw at the start of 2025. Commodities, gold, and defensive equity sectors once again appear near the top of the performance rankings.
- Meanwhile, many growth-oriented areas of the market—including technology, consumer discretionary, and higher-beta stocks—are clustered toward the bottom of the rankings.
- While every year is unique, it's worth recalling what happened over the rest of 2025.

2026 So Far Is Looking a Lot Like 2025

Ranked Selected Index Returns 12/31/2024 to 3/10/2025		
1	Bloomberg Gold	9.6%
2	MSCI EAFE	9.4%
3	S&P Health Care Select Sector	7.4%
4	Bloomberg Commodity Index	6.8%
5	S&P 500 Low Volatility	6.3%
6	S&P Consumer Staples Select Sector	5.3%
7	Bloomberg U.S. Government: Long	4.6%
8	MSCI EM (Emerging Markets)	3.9%
9	Real Estate Select Sector Index	3.4%
10	S&P Utilities Select Sector	3.3%
11	Bloomberg US Treasury Inflation Protected Notes (TIPS)	3.1%
12	S&P Energy Select Sector	2.9%
13	Bloomberg US Aggregate	2.6%
14	S&P Materials Select Sector	2.3%
15	Bloomberg U.S. Government: Intermediate	2.1%
16	Bloomberg US Aggregate Credit - Corporate - High Yield (1983)	1.6%
17	S&P Communication Services Select Sector Index	1.1%
18	Russell 1000 Value	1.0%
19	Bloomberg US Treasury - Bills (1-3 M)	0.8%
20	S&P Industrial Select Sector	0.3%
21	S&P Financial Select Sector	-0.6%
22	DJ Industrial Average	-1.1%
23	S&P 500 Momentum	-3.0%
24	S&P 500	-4.3%
25	Russell 2000 Value	-7.8%
26	Russell 2000	-9.3%
27	Russell 1000 Growth	-9.3%
28	NASDAQ Composite Index	-9.4%
29	S&P Technology Select Sector	-10.0%
30	Russell 2000 Growth	-10.6%
31	S&P 500 High Beta Index	-10.7%
32	S&P Consumer Discretionary Select Sector	-11.5%

Ranked Selected Index Returns 12/31/2025 to 3/10/2026		
1	S&P Energy Select Sector	24.4%
2	Bloomberg Gold	20.7%
3	Bloomberg Commodity Index	19.1%
4	S&P Consumer Staples Select Sector	10.4%
5	S&P Materials Select Sector	10.0%
6	S&P Industrial Select Sector	9.6%
7	S&P Utilities Select Sector	9.1%
8	MSCI EM (Emerging Markets)	7.3%
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29	S&P Technology Select Sector	-2.9%
30	S&P Consumer Discretionary Select Sector	-4.1%
31	Russell 1000 Growth	-4.6%
32	S&P Financial Select Sector	-8.6%

Source: Carson Investment Research, FactSet 3/11/2026

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Equities

What Happens When the December Low Breaks

- The chart compares historical market outcomes depending on whether the December closing low was broken during Q1.
- We broke the December low this year on Thursday, March 12.
- This pattern has looked somewhat better post-1977.

If Stocks Break The December Low It Is A Warning Sign, Like 2026 Did

S&P 500 Performance When Q1 Low Breaks The December Low Close

Year	December Low	Q1 Low	Full Year Return
1953	25.61	25.29	-6.6%
1956	44.95	43.11	2.6%
1957	45.84	42.39	-14.3%
1960	58.6	53.47	-3.0%
1962	70.86	67.9	-11.8%
1966	90.59	87.35	-13.1%
1968	94.5	87.72	7.7%
1969	103.8	97.98	-11.4%
1970	89.2	85.02	-0.1%
1973	115.11	108.84	-17.4%
1974	92.16	90.66	-29.7%
1977	102.12	98.42	-11.5%
1978	92.5	86.9	1.1%
1980	105.83	98.67	25.8%
1981	127.36	126.58	-9.7%
1982	121.66	107.33	14.8%
1984	161.66	154.28	1.4%
1990	342.45	322.98	-6.6%
1991	324.31	311	26.3%
1993	429.89	429.05	7.1%
1994	461.84	445.55	-1.5%
1996	605.94	598.48	20.3%
1998	932.7	927.69	26.7%
2000	1397.72	1333.36	-10.1%
2001	1264.74	1117.58	-13.0%
2002	1119.38	1080.17	-23.4%
2003	875.4	800.73	26.4%
2005	1177.07	1163.75	3.0%
2007	1396.71	1374.12	3.5%
2008	1445.9	1273.37	-38.5%
2009	816.21	676.53	23.5%
2010	1091.94	1056.74	12.8%
2014	1775.32	1741.89	11.4%
2016	2005.55	1829.08	9.5%
2018	2629.27	2581	-6.2%
2020	3093.2	2237.4	16.3%
2022	4513.04	4170.7	-19.4%
2025	5867.08	5827.04	16.4%
2026*	6721.43	6,672.62	?
		Averge	0.2%
		Median	0.5%
		% Positive	50.0%

Source: Carson Investment Research, FactSet 03/12/2026
@ryandetrick
* Q1 low as of 3/12/2026

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