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Charts of the Week

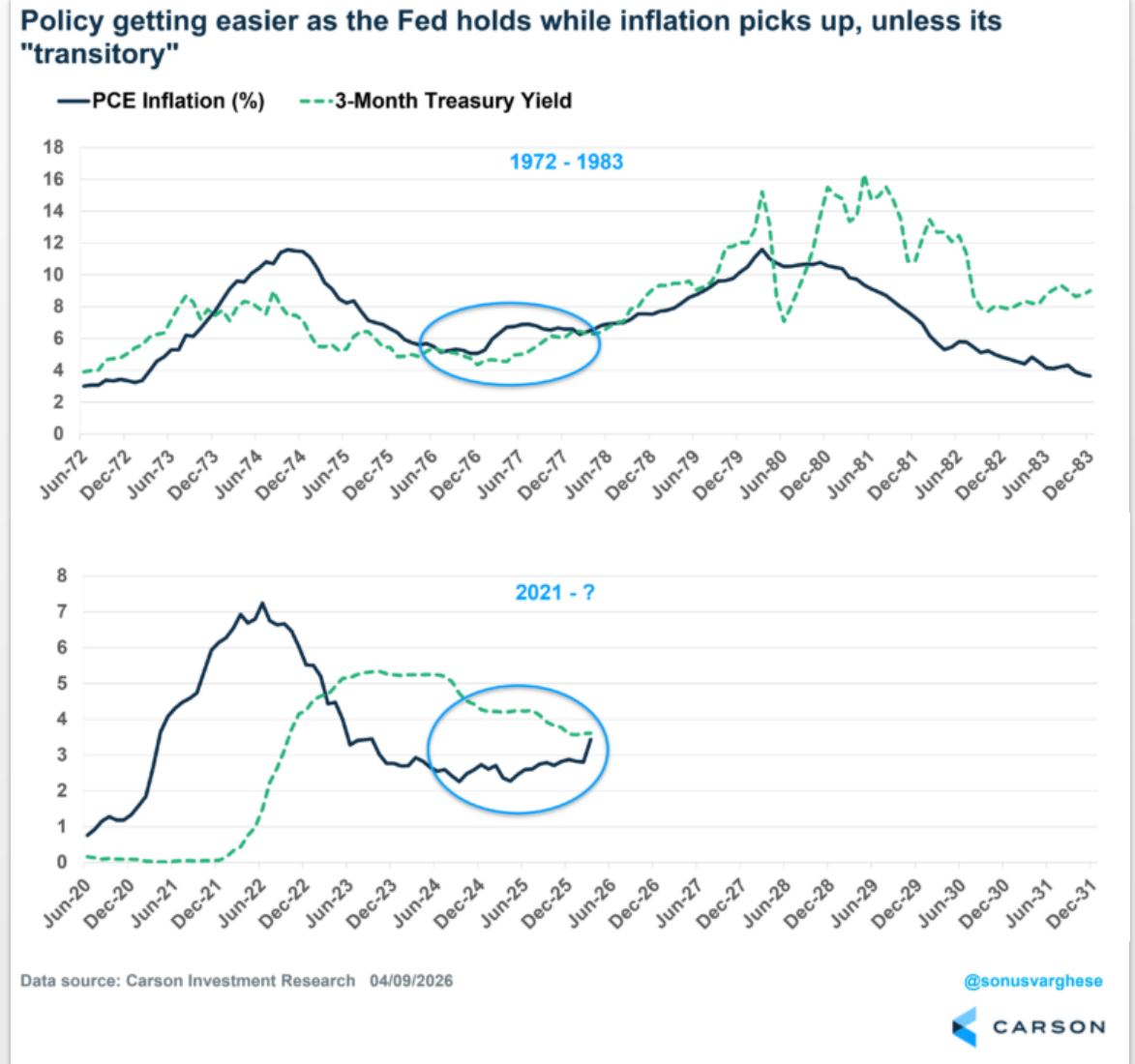
Carson Investment Research

April 13 - 17, 2025

Chart of the Week

Policy Getting Easier as the Fed Holds While Inflation Picks Up

- Inflation is no longer falling fast enough to make the Fed comfortable, but policy is no longer getting tighter either. That is a bad combo.
- When inflation firms while short rates drift lower, policy effectively gets easier even if the Fed does nothing.
- The Fed may think it is on hold, while inflation math says it is quietly falling behind again.



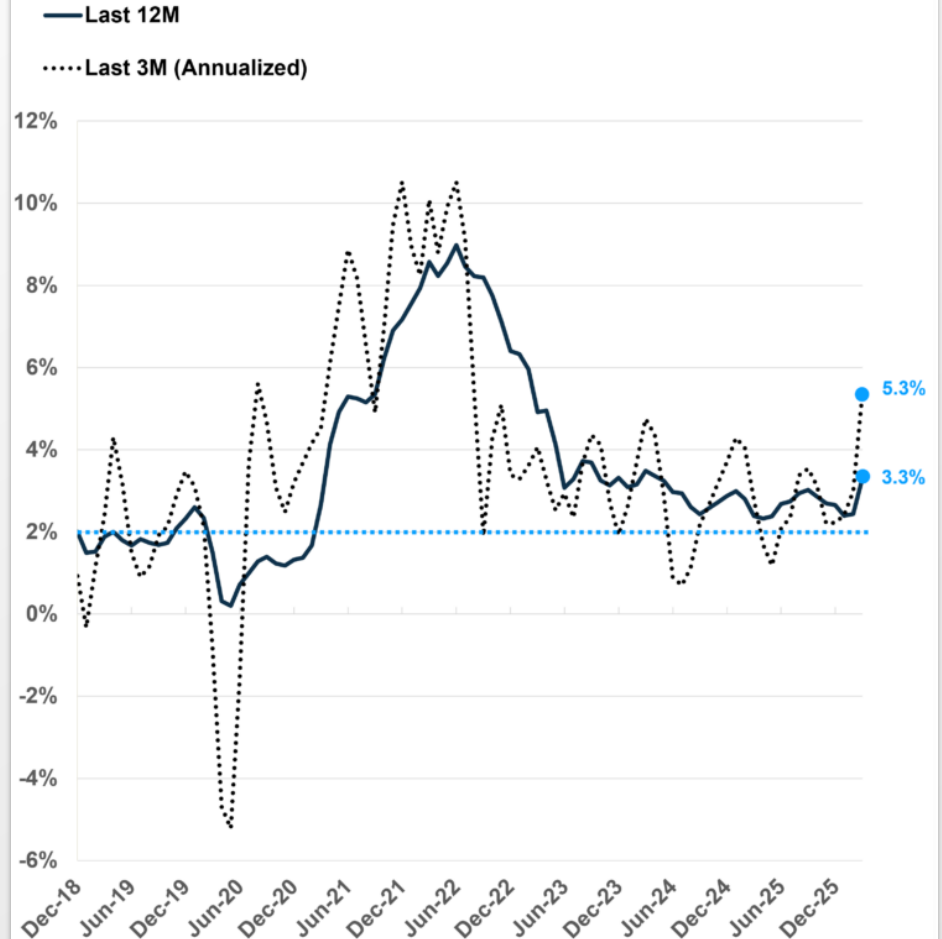
Macro

Energy Is Re-Heating Headline Inflation

- Headline CPI did not just tick up. The 3-month pace has moved up hard enough to make inflation feel alive again.
- Energy is doing the damage here, and energy matters because it moves quickly from markets into households.
- Even if core inflation stays calmer than headline, this is the kind of move that can re-open the whole inflation debate.

Headline CPI surges on the back of the energy shock, taking 3-month pace to highest since mid-2022

CPI - Headline



Data source: Carson Investment Research, BLS 04/10/2026

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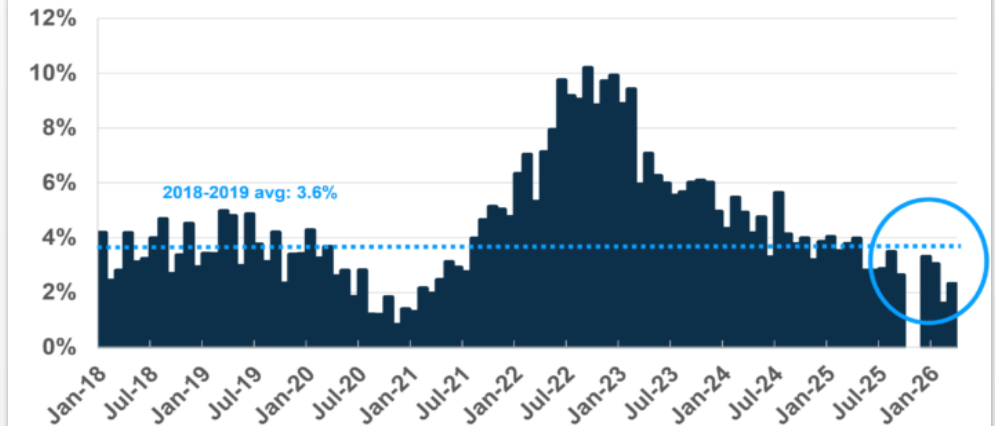
Macro

Shelter Inflation Is Now Below Pre-pandemic Pace

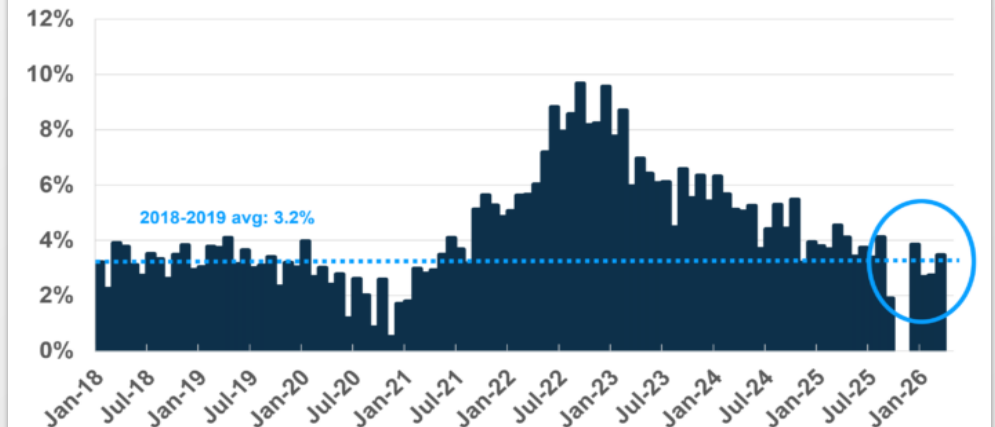
- This is one of the few places where the inflation story is genuinely getting better, not just “less bad.”
- Rent and owners’ equivalent rent were huge drivers on the way up, so seeing both now run below their 2018–2019 pace is real relief.
- The catch is that core inflation is still sticky even with shelter finally helping, which tells you the pressure has broadened elsewhere.

Shelter inflation is now below the pre-pandemic pace

CPI, Rent of Primary Residence
(Monthly Change, Annualized)



CPI, Owners' Equivalent Rent (OER)
(Monthly Change, Annualized)



Data source: Carson Investment Research 04/10/2026
FRED, Apartment List

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Macro

Core CPI Looks Better, but It Still Isn't Clean

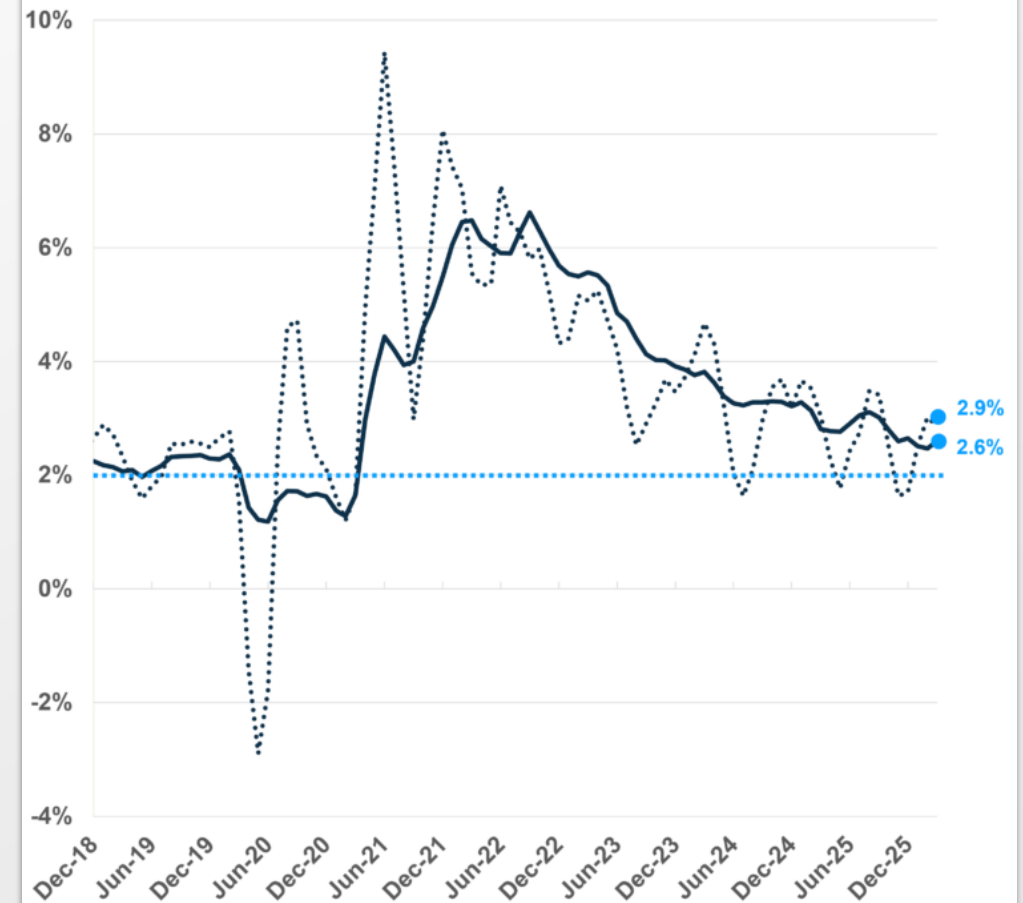
- Core CPI has eased, but the improvement is doing a lot of work through categories like rent and used cars rather than broad-based disinflation.
- Other pockets are still hot, which means the headline “core is cooling” story is true but incomplete.

Core CPI inflation eases on the back of easing rents & used car prices, but other areas remain hot

CPI - Core

— Last 12M

..... Last 3M (Annualized)



Data source: Carson Investment Research, BLS 04/10/2026

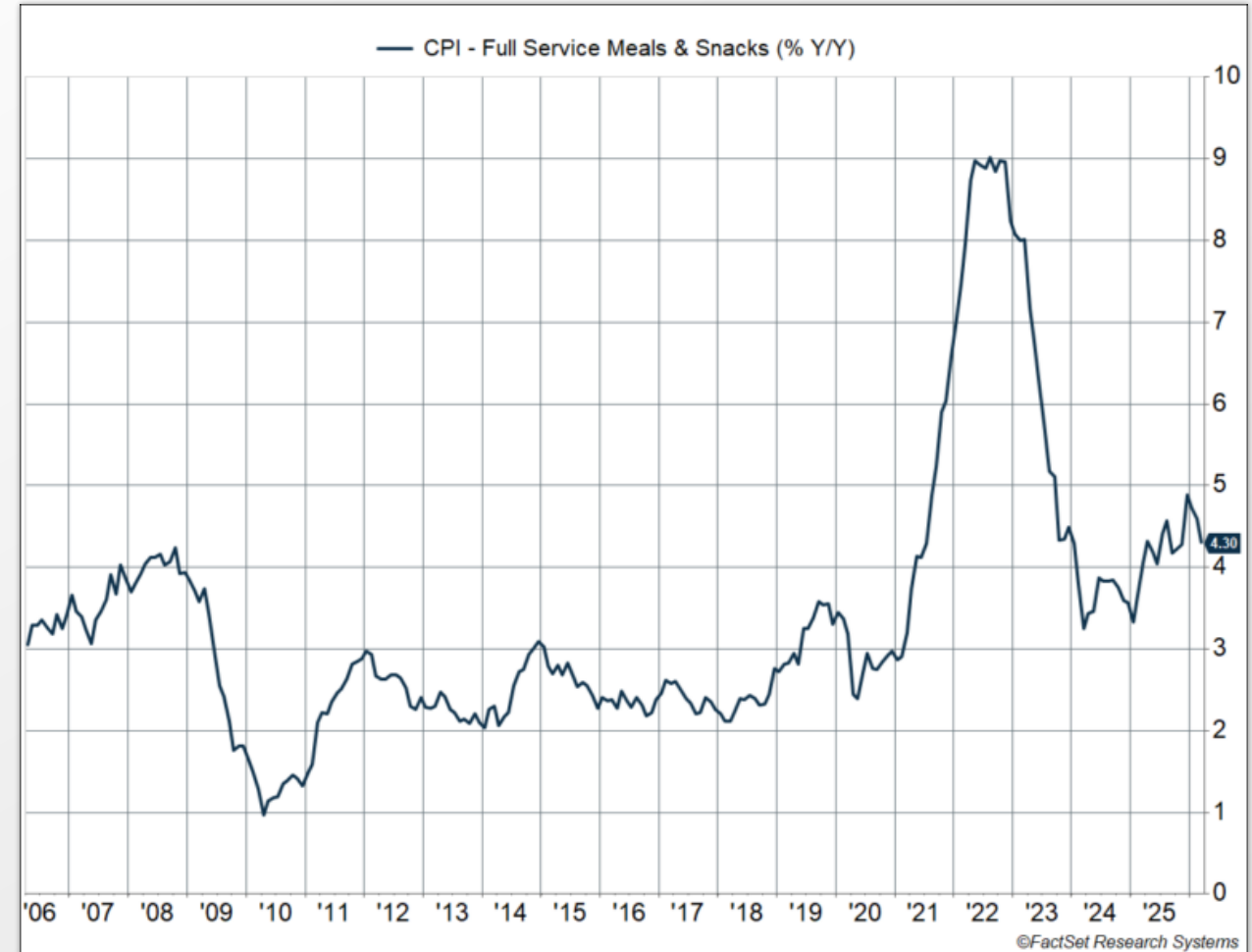
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Macro

Services Inflation Is Still Lurking in Plain Sight

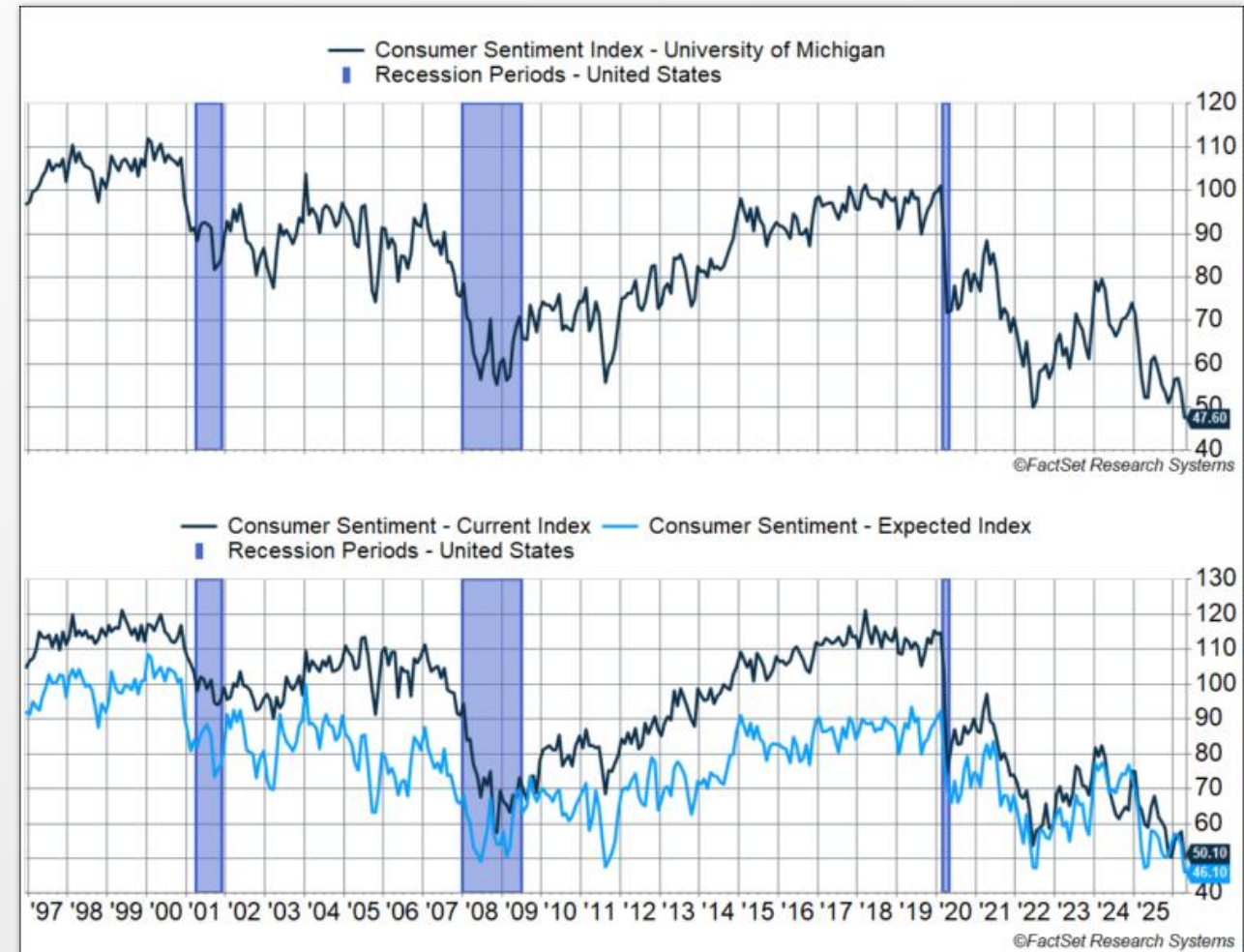
- Restaurant prices are still running hot, and wholesale food margins are not exactly giving consumers much relief either.
- This matters because services inflation tends to feel more persistent and more visible in daily life.



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Consumers Feel Terrible

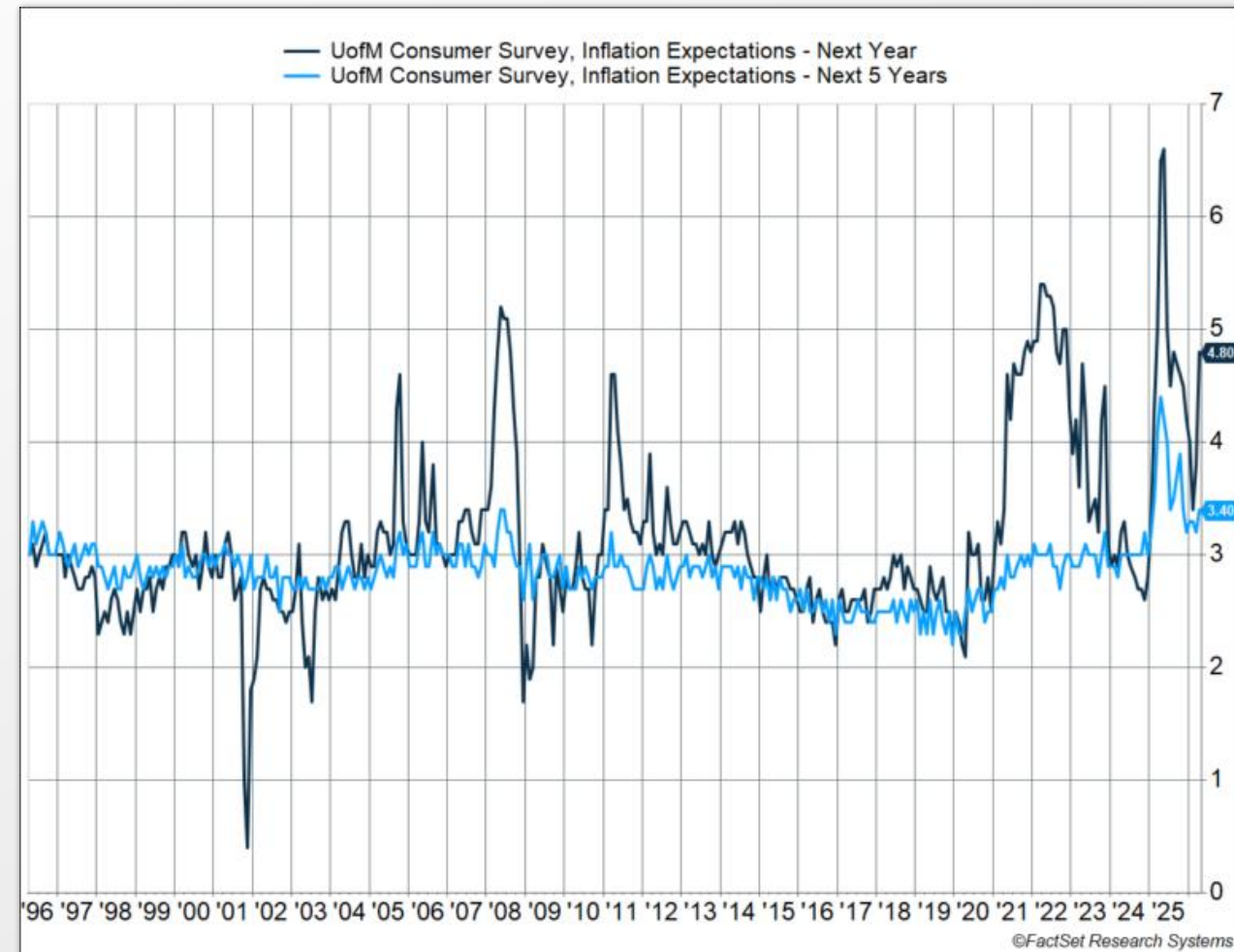
- Consumers are telling you inflation still feels awful, even if some of the official numbers have cooled from the peak.
- The collapse is not just about gas prices. Expectations are weak too, which usually means people think the pain is going to stick around.
- One caveat: sentiment has a political tint, so it can exaggerate the mood. But even with that adjustment, this is an ugly reading.



Macro

Inflation Expectations Are Up, but Hard Data Isn't There Yet

- Consumers are clearly becoming more nervous about future inflation again.
- At the same time, GDP, GDI, and income growth are still positive enough that the economy does not look like it is falling apart.
- That is an awkward combination for the Fed: rising inflation anxiety without a clean growth collapse to justify easing.



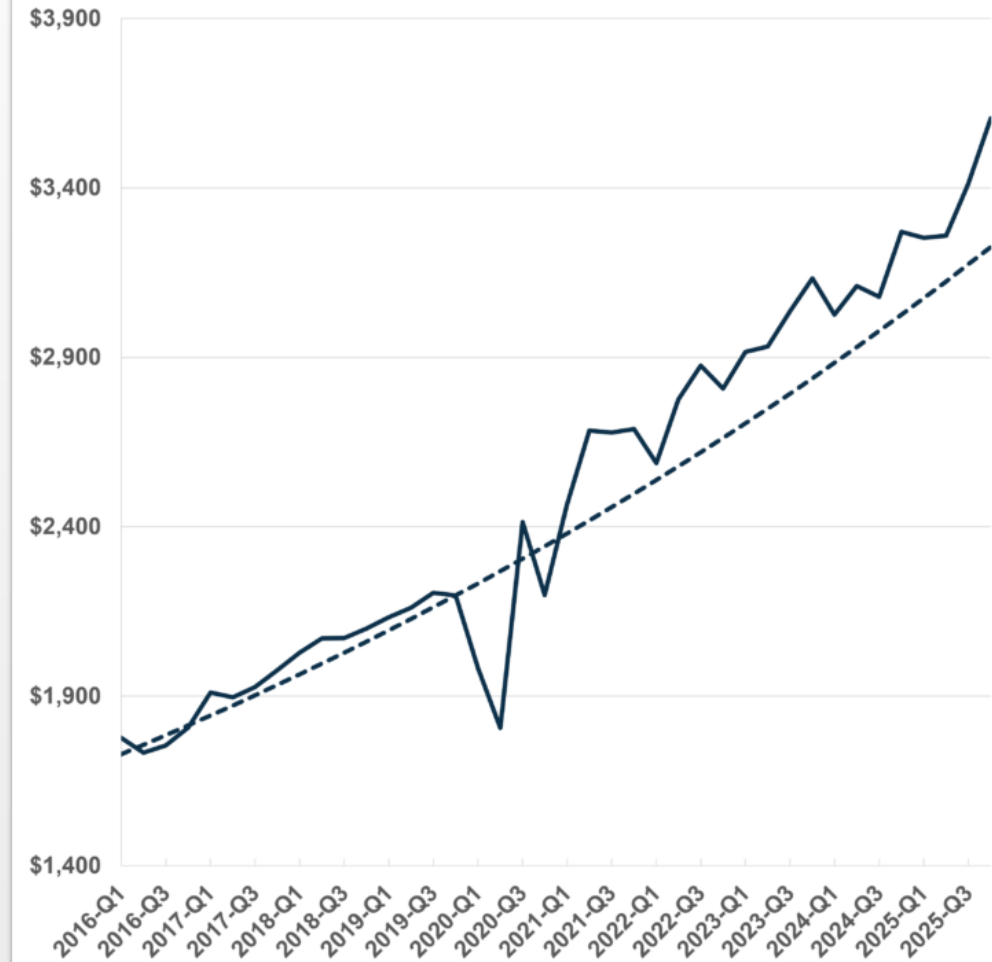
Earnings

Corporate Profits Are Booming

- For all the macro noise, profits kept climbing are still tracking above trend.
- That is a big reason the economy and markets have held up better than sentiment would suggest.

Corporate profits surged in 2025, remaining well above trend

Corporate Profits after Tax with IVA and CCAj
(SAAR, Billions, USD, Source: National Income)



Data source: Carson Investment Research, BEA 04/13/2025

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IVA is inventory valuation adjustment
CCAj is capital consumption adjustment

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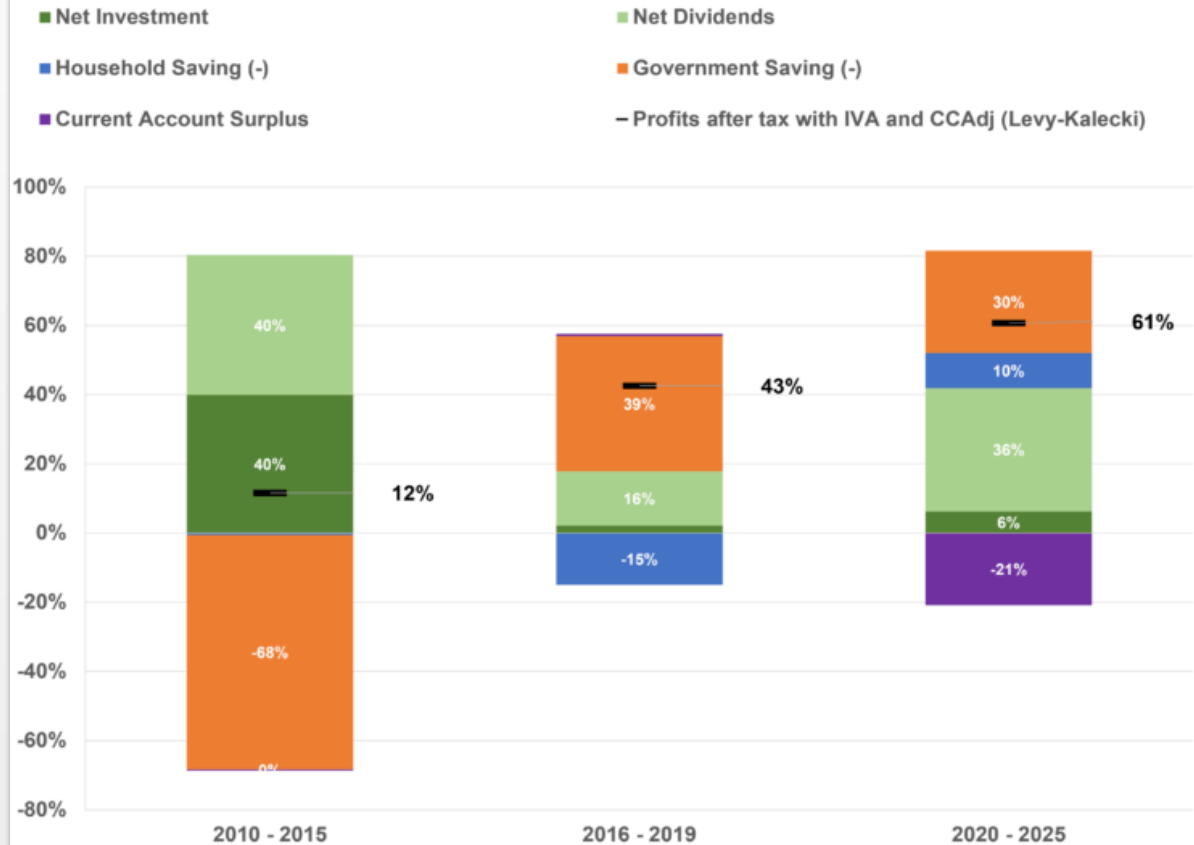
Earnings

Profits Have Been Helped by Some Unconformable Sources

- Not all profit growth has come from clean, organic private-sector strength.
- Deficits, household dissaving, and other balance-sheet support have played a bigger role than many people probably realize.

Rising deficits provided a big boost to profits over the last decade

Growth in Corporate Profits - NIPA (with Sectoral Attribution)



Data source: Carson Investment Research, BEA 04/13/2026

NIPA: National income and product accounts
 IVA: Inventory valuation adjustment. CCAdj: Capital consumption adjustment
 Note: Profits calculated using Levy-Kalecki will differ from corporate profits after tax reported as part of Gross Domestic Income by the amount of the statistical discrepancy (difference between GDP and GDI).

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Equities

The Rebound Is Starting to Earn Some Respect

- Getting back above the 200-day moving average matters because it tells you this bounce is becoming more than just a reflex rally.
- Add in the seven-day win streak and the back-to-back strong weekly gains, and the weight of the evidence is starting to shift more bullish.
- None of that guarantees a straight line higher, but it does suggest the lows may have already been made.

Back Above The 200-Day Moving Average



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