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Charts of the Week

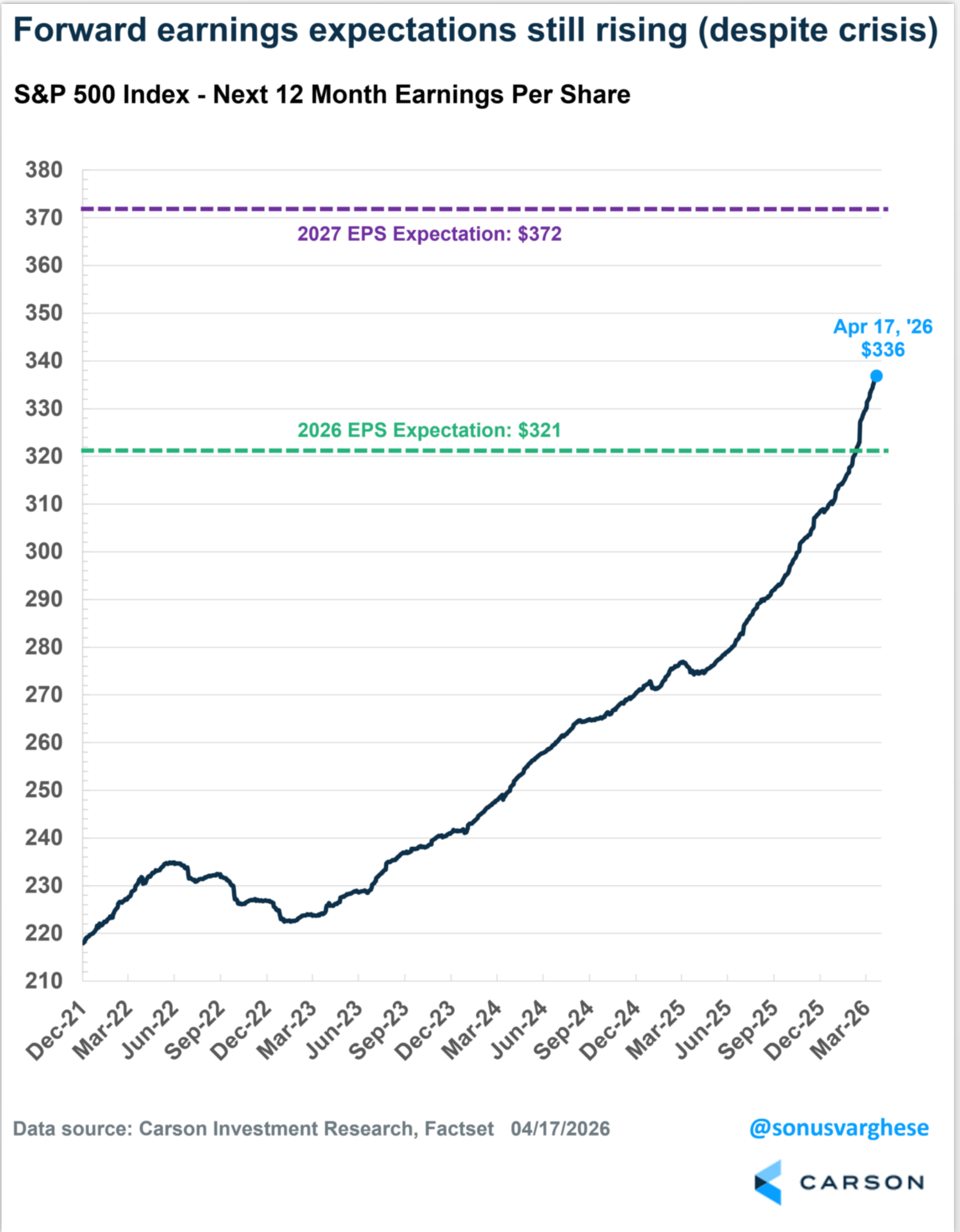
Carson Investment Research

April 20 - 24, 2026

Chart of the Week

Earnings Keep Winning the Argument

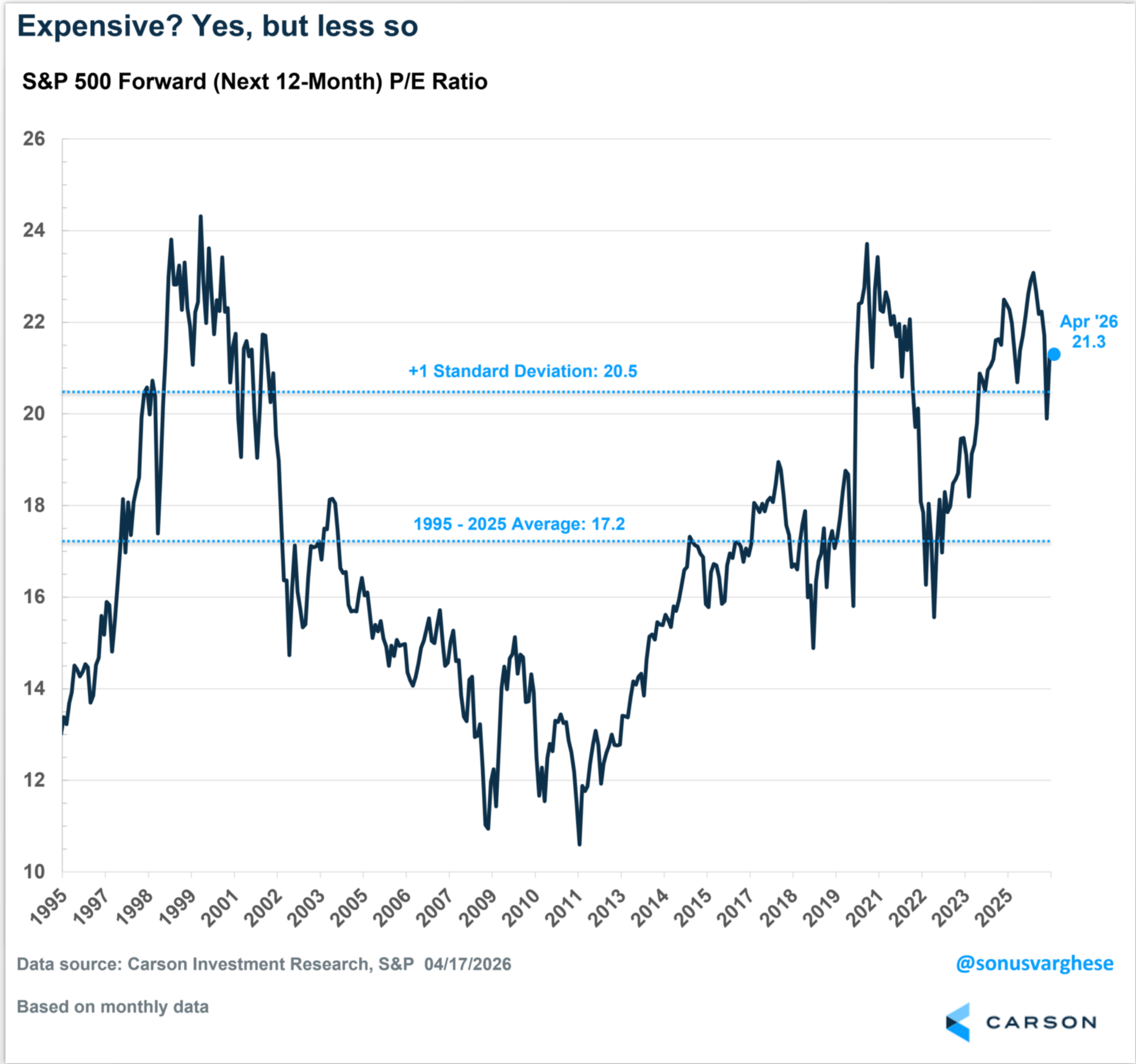
- The cleanest reason the S&P is back at highs is that forward earnings keep moving higher, even with the Middle East crisis still unresolved.
- This is not a valuation-driven melt-up. Multiples are lower than they were a few months ago, which means fundamentals are doing the heavy lifting.
- As long as 2026 and 2027 estimates keep rising, the market has a real earnings cushion under it.



Equities

New Highs, Lower Multiple

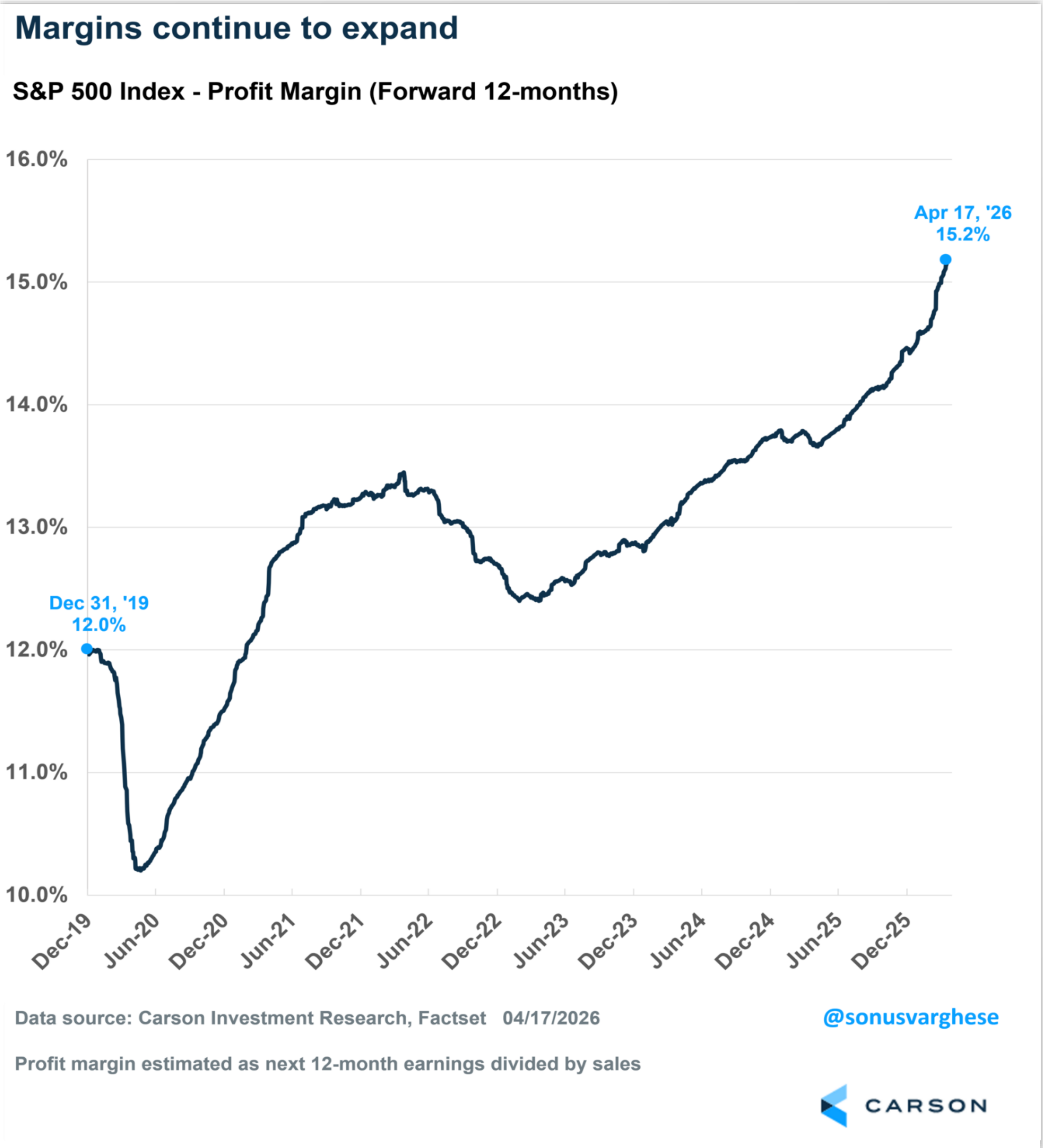
- The market is at fresh highs, but the forward P/E is lower than it was at the January peak.
- Said differently, investors are paying a little less for a stream of earnings that has gotten better.
- Valuations are still elevated versus history, so this is not “cheap,” but it is less stretched than it looked a few months ago.



Equities

Margins Are Still the Secret Sauce

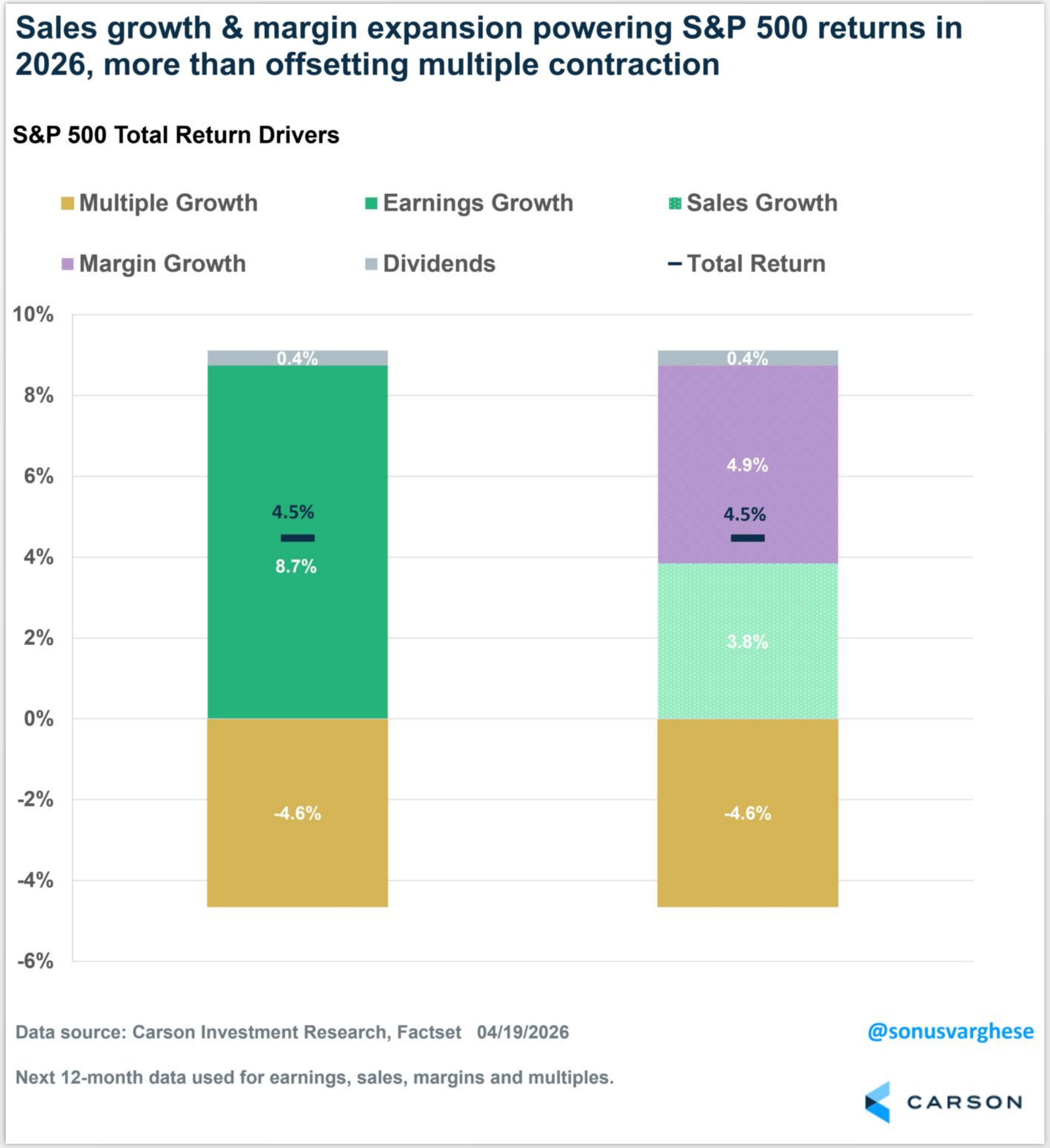
- Profit margins have kept expanding, and that is a huge reason EPS expectations are rising so fast.
- That also explains why nominal growth matters more than real growth for stocks. Companies can still grow profits in an inflationary environment if they protect margins.



Equities

This Year's Gains Are Coming From Fundamentals

- Earnings growth, sales growth, and margin expansion have more than offset the hit from multiple contraction.
- That is a much better market than one being pulled higher only by optimism.
- The key point is simple: fundamentals are overcoming valuation pressure.



Equities

Tech Is Leading, But It Is Not Alone

- Tech is the biggest earnings tailwind, which matters because it is such a huge chunk of the index.
- But this is not just a tech story. Energy and materials revisions have also moved sharply higher, which broadens out the support.
- When the biggest sector is leading and cyclical sectors are helping, it is hard to call this a flimsy rebound.

	Weight	2026 EPS Estimate			2027 EPS Estimate		
		12/31/2025	4/17/2026	Change	12/31/2025	4/17/2026	Change
S&P 500	100%	308.61	321.16	**4.1%**	355.05	372.54	**4.9%**
Technology	35%	212.73	236.77	**11.3%**	255.89	294.42	**15.1%**
Financials	12%	56.05	56.65	**1.1%**	62.56	63.12	**0.9%**
Comm. Services	11%	20.28	20.48	**1.0%**	23.23	23.57	**1.5%**
Cons. Disc.	10%	65.13	62.36	**-4.3%**	76.44	73.37	**-4.0%**
Industrials	9%	54.81	53.85	**-1.8%**	63.26	63.43	**0.3%**
Health Care	9%	97.3	95.17	**-2.2%**	108.55	109.12	**0.5%**
Cons. Staples	5%	39.4	38.67	**-1.9%**	42.55	41.83	**-1.7%**
Energy	3%	43.36	59.33	**36.8%**	51.59	58.08	**12.6%**
Utilities	2%	24.27	24.32	**0.2%**	26.52	26.58	**0.2%**
Materials	2%	30.24	32.6	**7.8%**	34.21	37.45	**9.5%**
Real Estate	2%	14.92	14.73	**-1.3%**	15.96	15.7	**-1.6%**

Data: Factset 04/17/26

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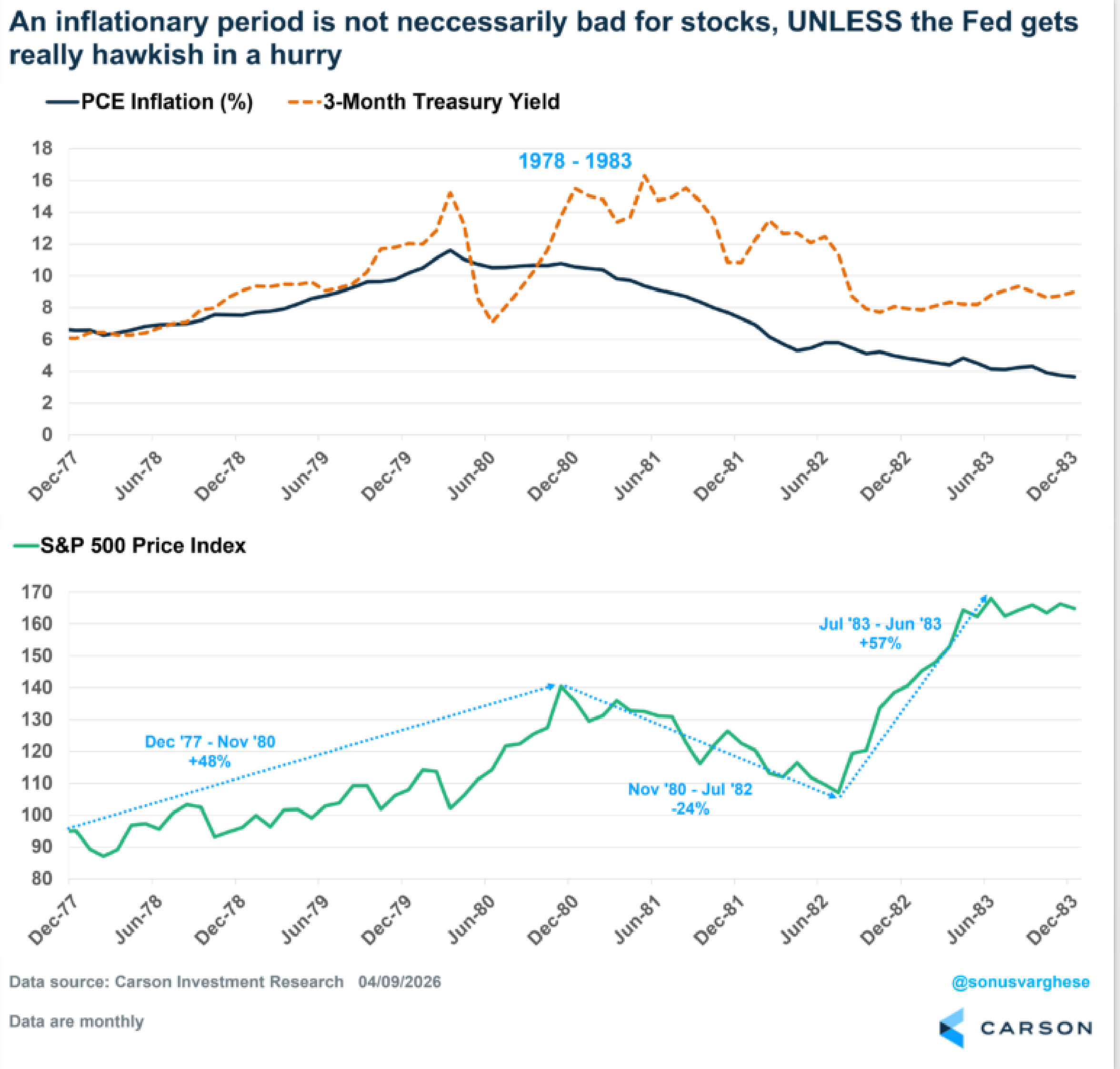
Macro

Will The Fed Adopt a Hawkish View?

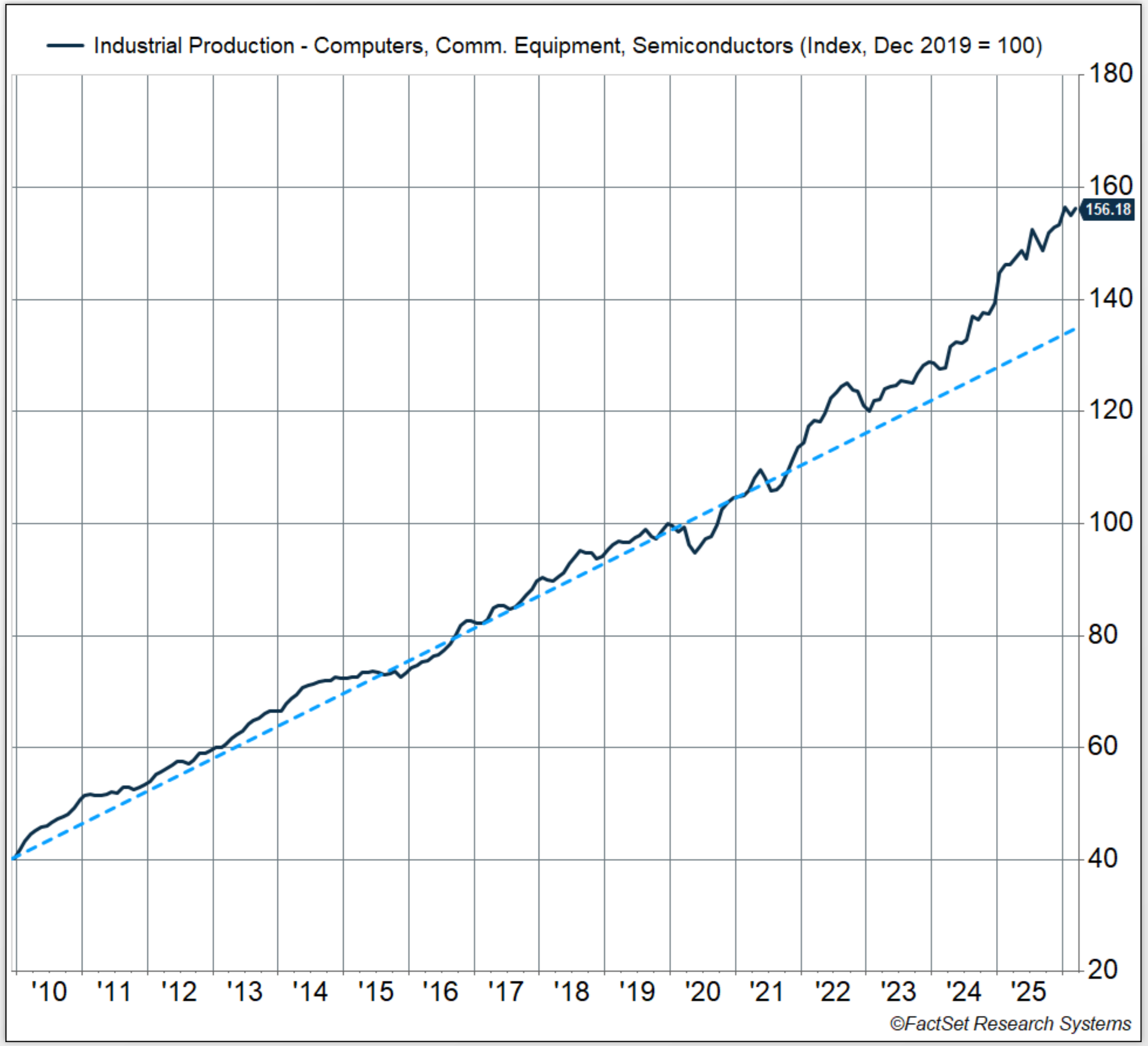
- The late-1970s comparison is useful because it shows stocks can still work in an inflationary backdrop for a while.
- What tends to really break the market is when the Fed gets forced into an aggressive catch-up act and real rates surge.
- Sticky inflation alone is not fatal, but a suddenly hawkish Fed could be.



Macro

The AI Buildout Is Still Carrying Industrial Growth

- Broad manufacturing and business equipment still look pretty mediocre, but semis, computers, and communications equipment continue to run far above trend.
- The old economy is muddling along, while the digital buildout is still the part with real momentum.

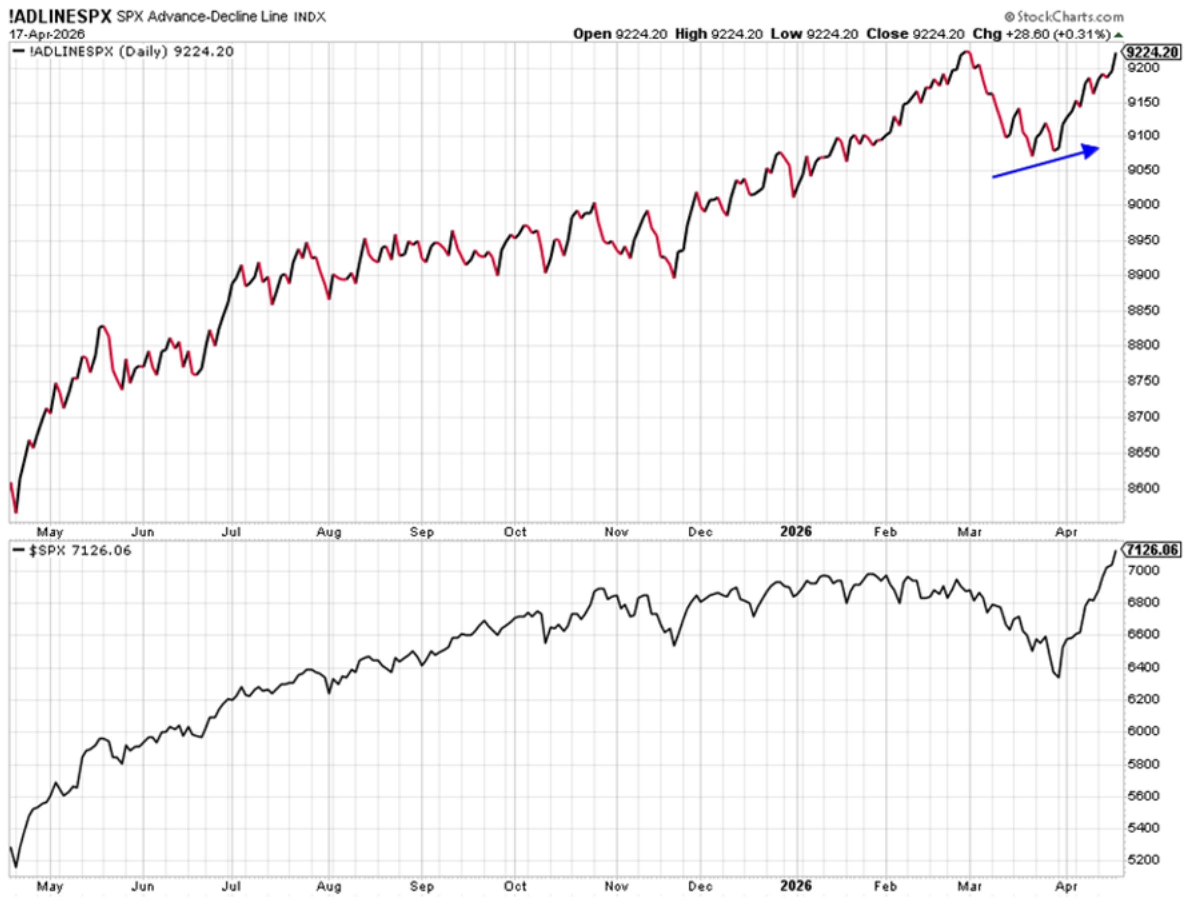


Macro

Broad Participation Is Back

- The advance-decline line is making new highs, which tells us more stocks are participating in the rally rather than just a few mega-cap leaders.
- That kind of broadening out is an encouraging sign for the durability of the move, since healthier rallies are usually supported by wider participation under the surface.
- While not everything, these are the clues we look for that gives us the impression that the lows might be in.

New Highs in Breadth is Bullish



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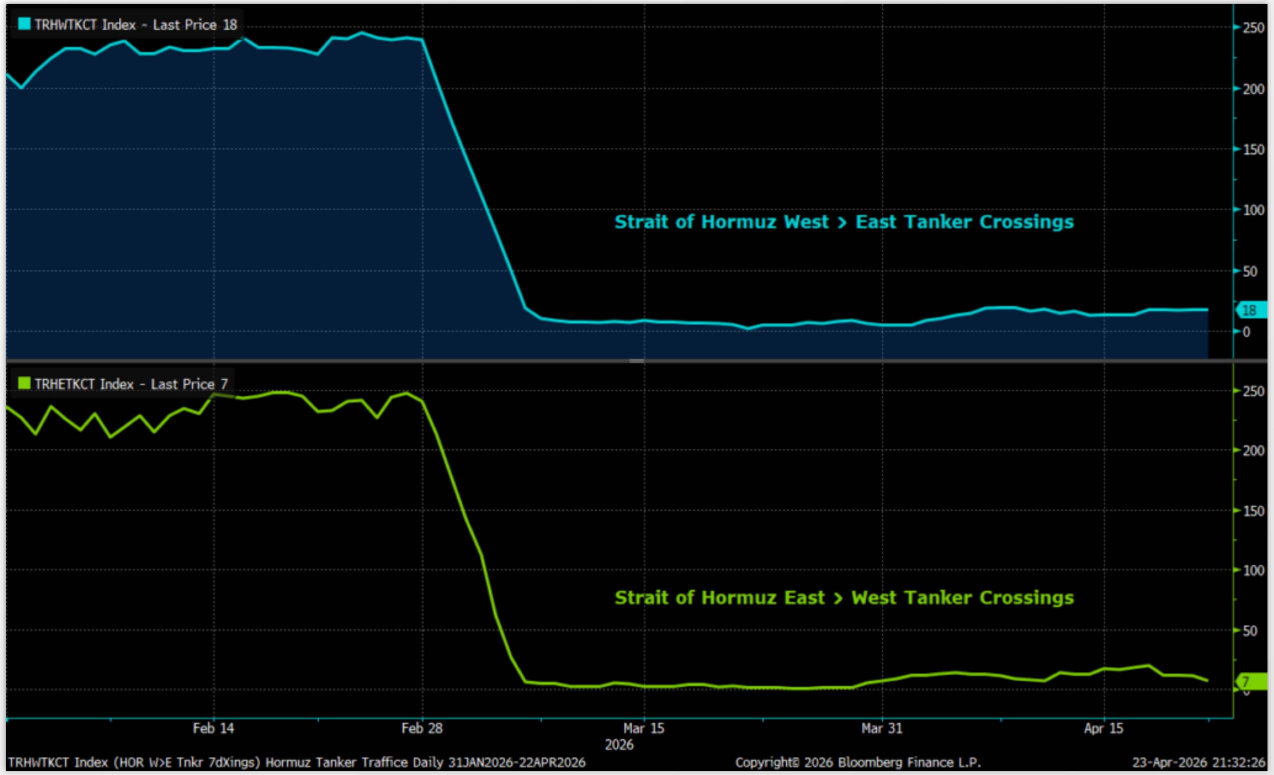
The Strait Still Is Not Really Open

- The news may say “ceasefire,” but tanker traffic says we still have a massive supply problem.
- That is why oil has kept grinding higher: the physical flow problem has not actually been fixed.
- The longer crossings stay depressed, the harder it is to argue this is just a short-lived scare.



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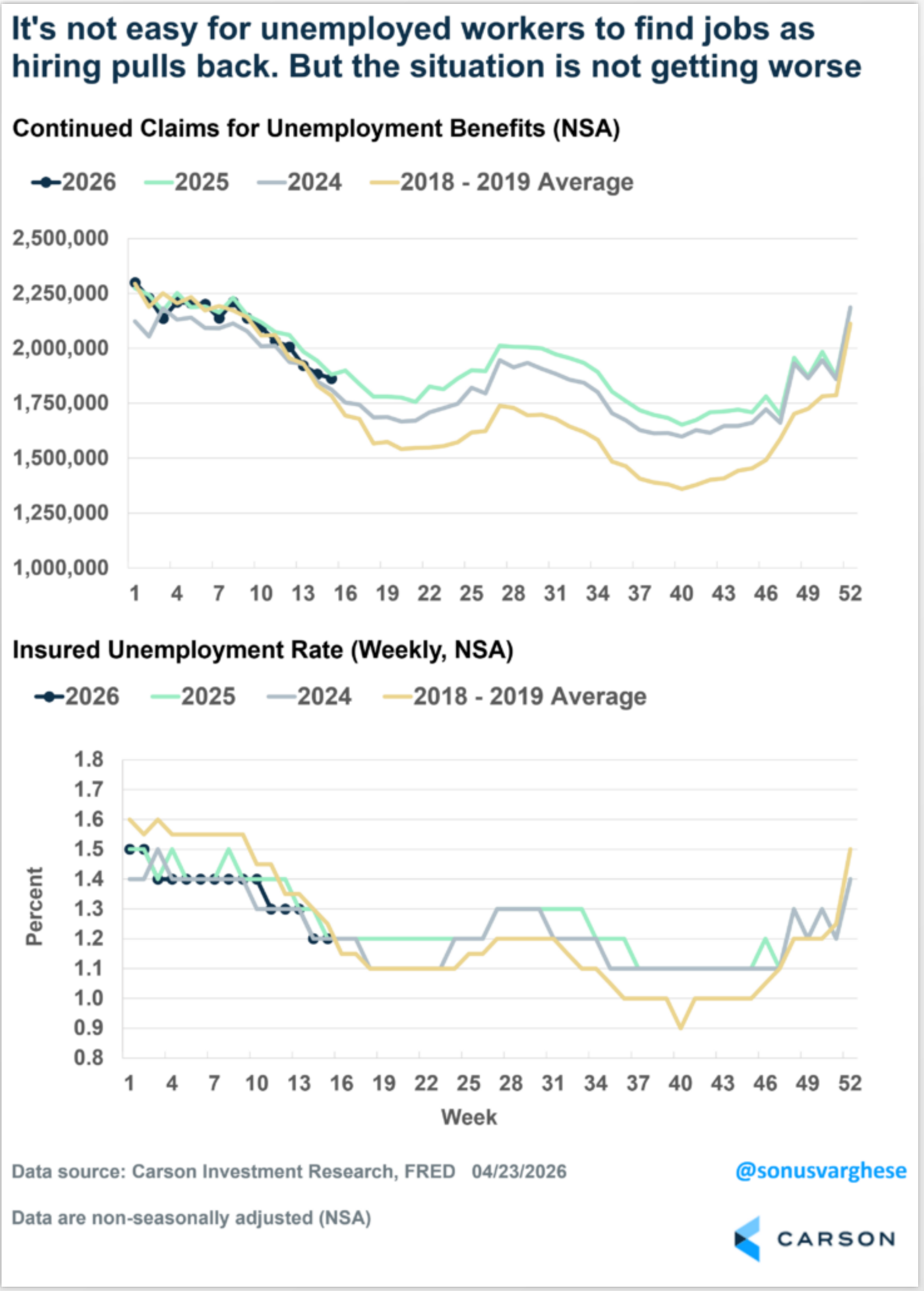
Layoffs Are Low, Even If Hiring Is Not Great

- Initial claims still point to very low layoffs, which keeps the labor market from looking recessionary.
- Continuing claims say the job search is still harder than it should be, but even there the trend has improved over the last six months.
- So, the story remains the same: low firing, mediocre hiring, but not a labor market that is breaking down.



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