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Charts of the Week

Carson Investment Research

March 30 – April 3, 2025

Chart of the Week

This Still Doesn't Look Like a Bear Market Start

- Bear markets usually get ugly fast. This pullback took 35 trading days to reach down 5%, versus about 14 on average for actual bear markets.
- That matters because panic-driven selloffs tend to reveal themselves early, and this one simply has not.
- It does not mean stocks cannot fall more, but history says this has looked much more like a correction than the start of a true bear regime.

Bear Markets Usually Hit Down 5% Quickly

S&P 500 Index Bear Markets (1950 - Current)

Bull Market Peak	Bear Market Low	S&P 500 Change	Trading Days To Decline 5%
8/2/1956	10/22/1957	(21.6%)	20
12/12/1961	6/26/1962	(28.0%)	19
2/9/1966	10/7/1966	(22.2%)	14
11/29/1968	5/26/1970	(36.1%)	24
1/11/1973	10/3/1974	(48.2%)	18
11/28/1980	8/12/1982	(27.1%)	6
8/25/1987	12/4/1987	(33.5%)	8
3/24/2000	10/9/2002	(49.1%)	14
10/9/2007	3/9/2009	(56.8%)	21
2/19/2020	3/23/2020	(33.9%)	4
1/3/2022	10/12/2022	(25.4%)	11
Average		(34.7%)	14.5
Median		(33.5%)	14.0

Current Mild Pullback

1/27/2026	3/30/2026*	(9.1%)	35
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Source: Carson Investment Research, Y Charts 03/30/2026
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* The current mild pullback hasn't become a bear market yet

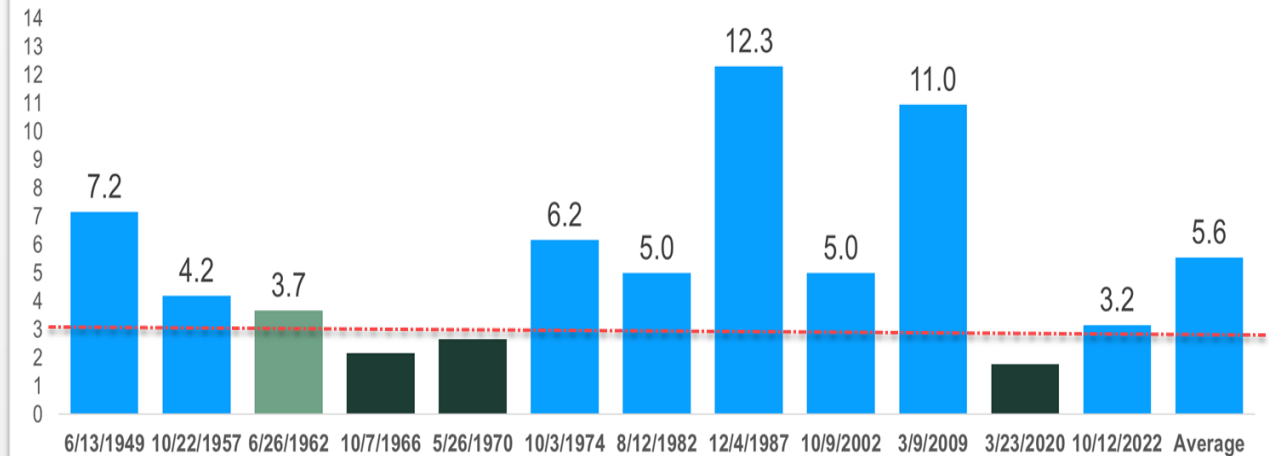


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Bull Markets That Reach 3 Years Often Have More Left

- Bull markets don't usually die of old age alone.
- Historically, once a bull market makes it to year three, it has often kept going for another year or more.

Once A Bull Turns Three, They Usually Get to Four
Length of Bull Markets (Years)



Source: Carson Investment Research, FactSet 03/27/2026

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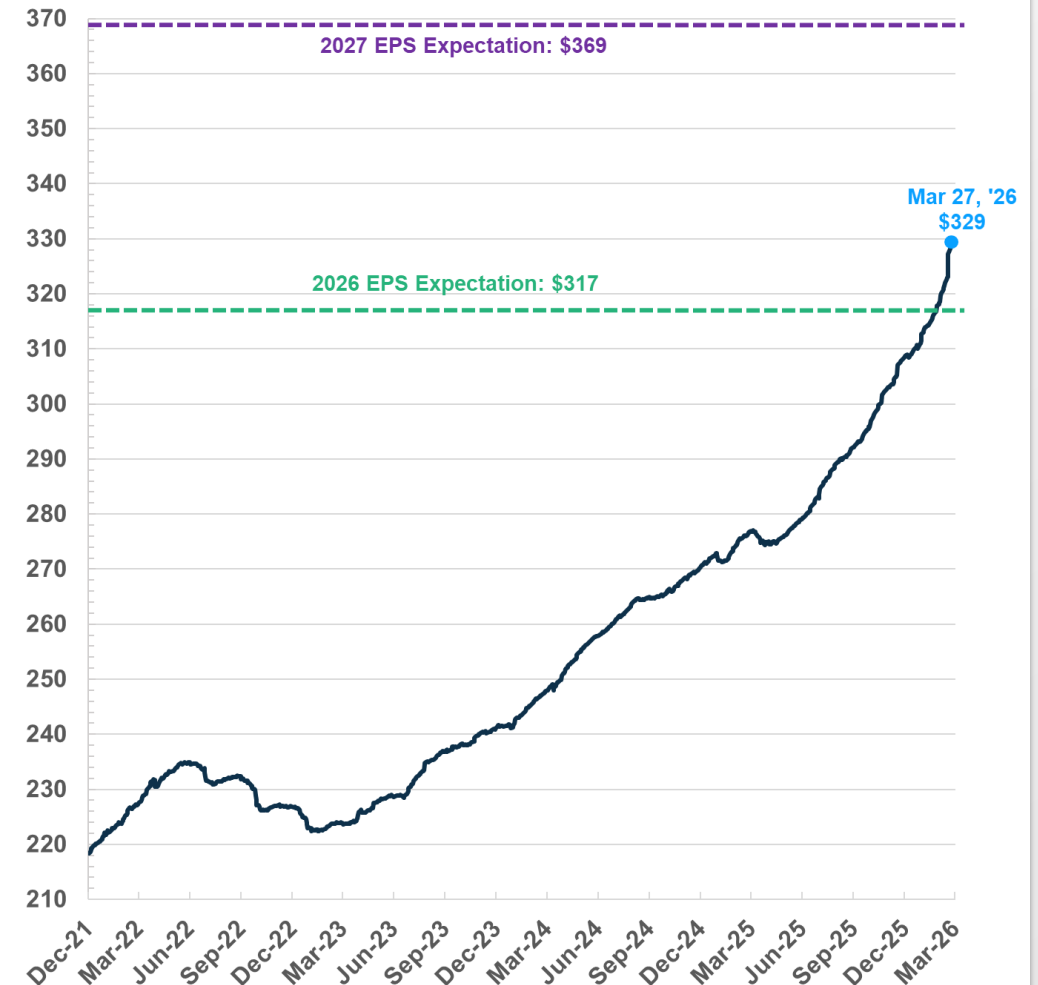
Earnings Are Still Moving the Right Way

- The most important bullish fact is that forward earnings keep rising even as stocks have pulled back.
- That tells you the market weakness is not being driven by a collapse in profit expectations.
- As long as earnings estimates keep climbing, it is hard to make the case that stocks are breaking for fundamental reasons.

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Forward earnings expectations still rising

S&P 500 Index - Next 12 Month Earnings Per Share



Data source: Carson Investment Research, Factset 03/27/2026

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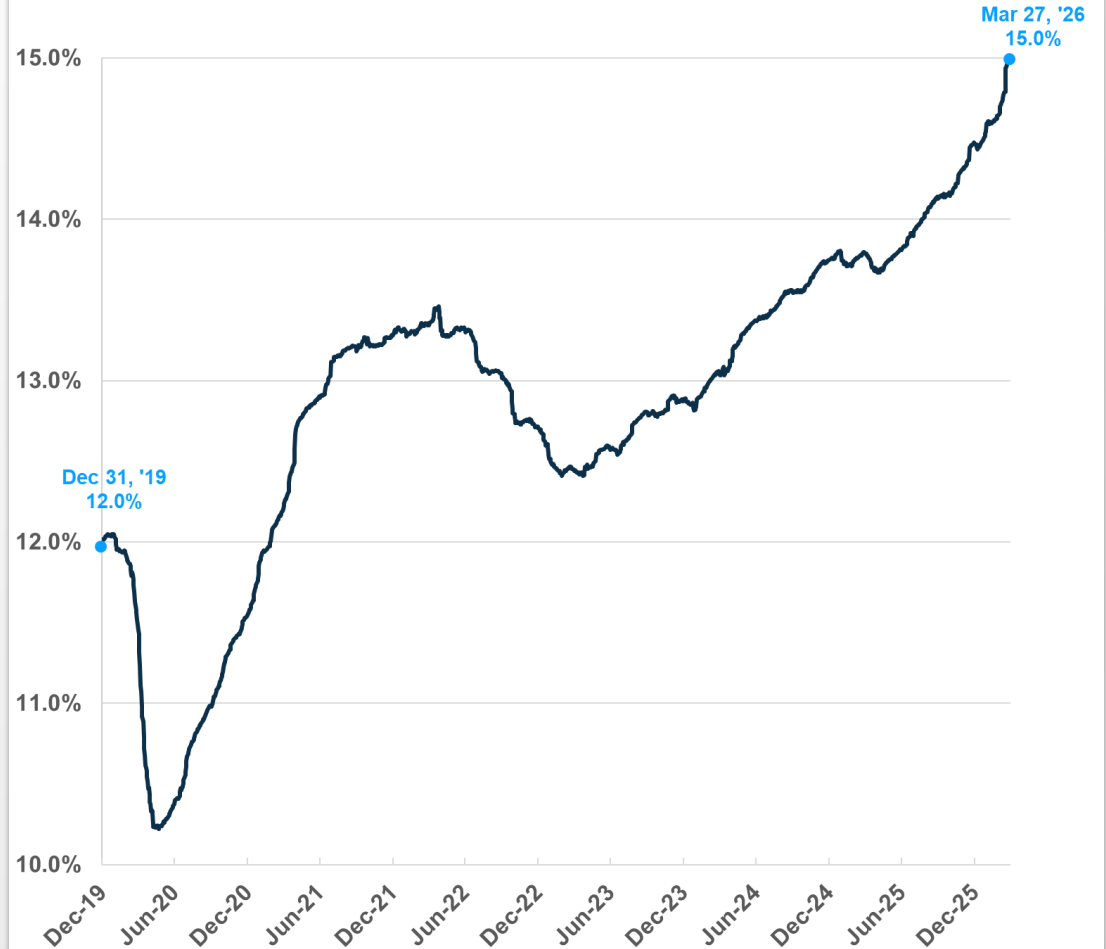
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Profit Margins Keep Giving Stocks a Tailwind

- Margins at new highs matter because they tell you companies are still protecting profitability even in a tougher environment.
- Strong sales growth is good, but strong sales plus expanding margins is what really drives earnings power.
- It is hard to get overly bearish when corporate America is still finding ways to earn more on each dollar of revenue.

Margins continue to expand

S&P 500 Index - Profit Margin (Forward 12-months)



Data source: Carson Investment Research, Factset 03/27/2026

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Profit margin estimated as next 12-month earnings divided by sales



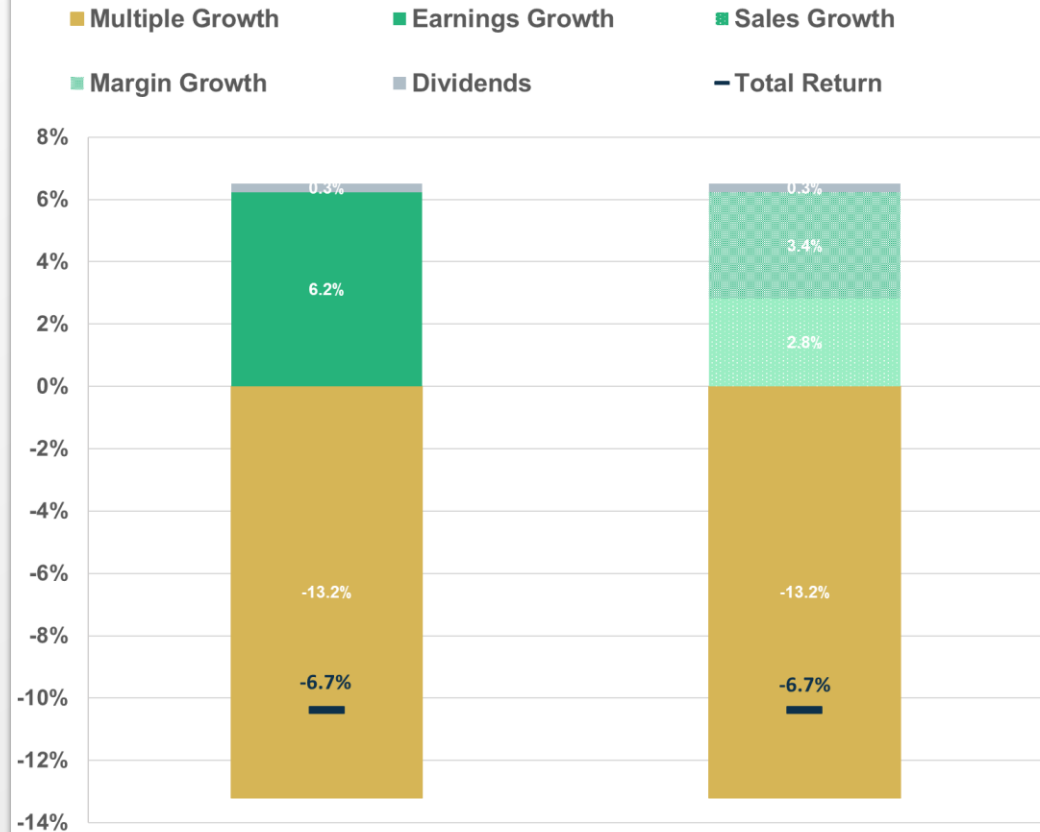
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The Pullback Has Been About Valuation, Not Fundamentals

- This breaks the selloff into what actually matters: earnings, sales, and margins have helped, but multiple contraction has been the big drag.
- Put simply, investors are paying less for future earnings, not suddenly expecting much less earnings.

Multiple contraction has been a drag for S&P 500 returns in 2026, but sales growth and margin expansion a positive

S&P 500 Total Return Drivers



Data source: Carson Investment Research, Factset 03/27/2026

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Next 12-month data used for earnings, sales, margins and multiples.



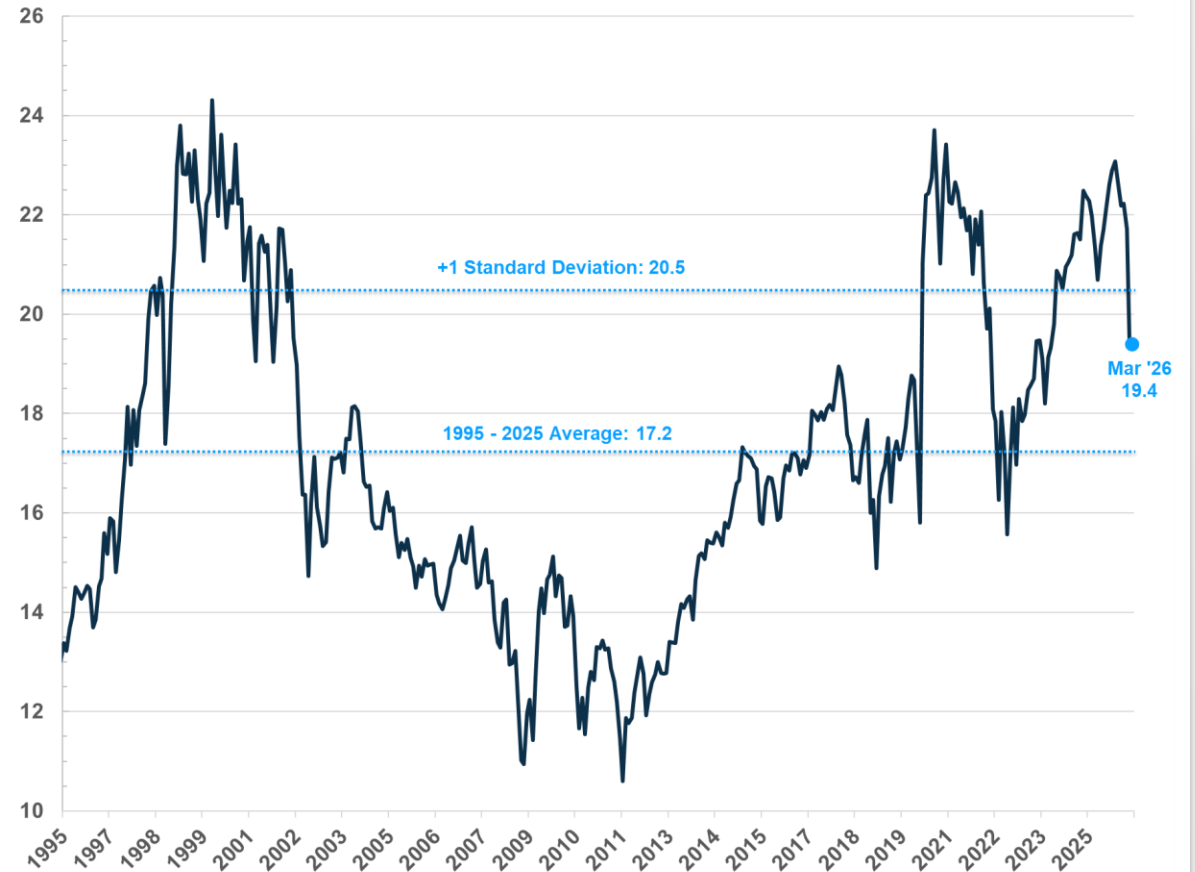
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Stocks Are Cheaper...

- The market is no longer as stretched as it was a few months ago, which is good news.
- But at 19.4x forward earnings, valuations are still above the long-term average, so this is more “less expensive” than “cheap.”

Expensive? Yes, but less so

S&P 500 Forward (Next 12-Month) P/E Ratio



Data source: Carson Investment Research, S&P 03/27/2026

Based on monthly data

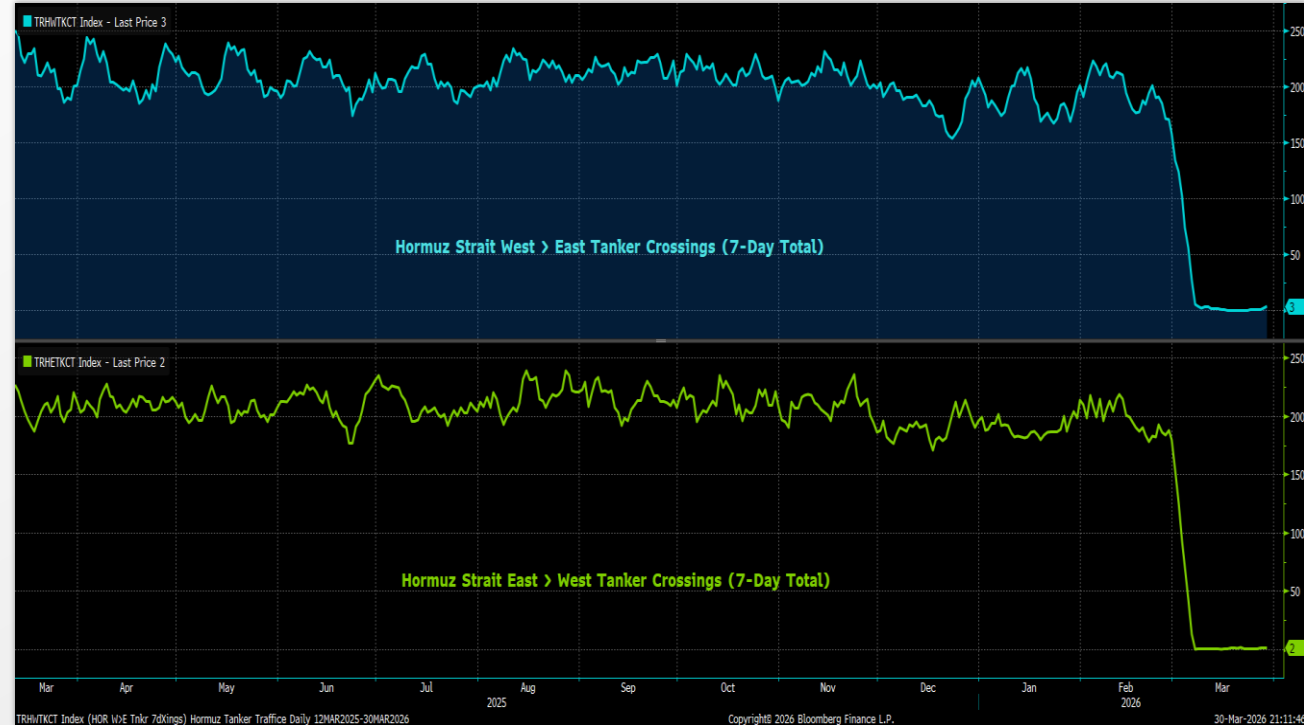
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The Strait of Hormuz Still Looks Effectively Shut

- The tanker traffic chart is about as blunt as it gets: the normal flow through Hormuz has basically collapsed.
- The longer this stays frozen, the harder it is to dismiss higher energy prices as a short-lived spike.

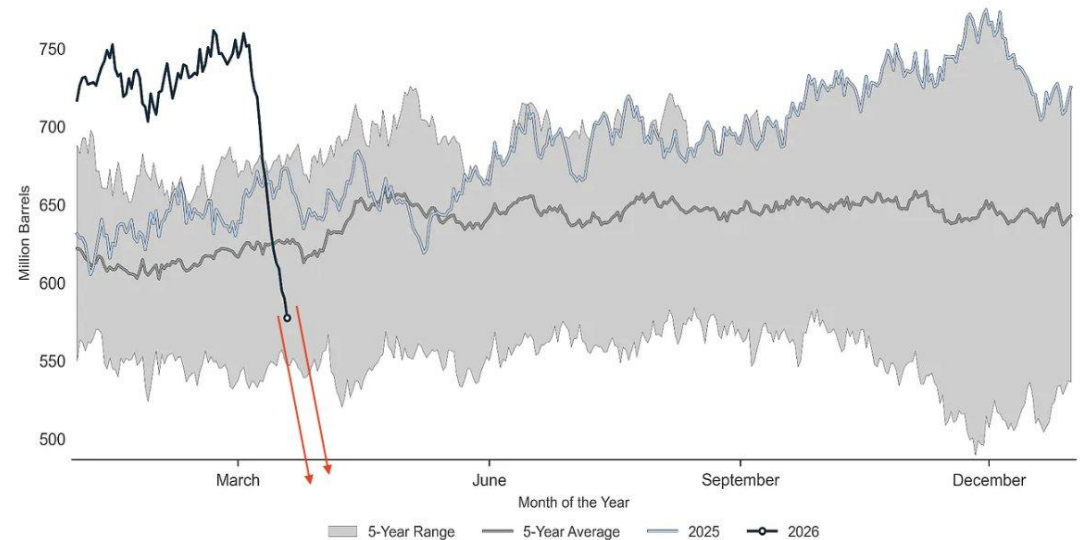


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Floating Supply Is Shrinking Fast

- The world had a cushion in the form of oil sitting on water, and that cushion is disappearing quickly.
- That matters because once stored barrels are drawn down, shortages start to show up more visibly in prices and availability.
- Markets can handle fear for a while. They handle missing inventory much worse.

Middle Eastern Oil On Water Collapsing As Hormuz Stoppage Continues and Shut-Ins Mount March 20, 2026



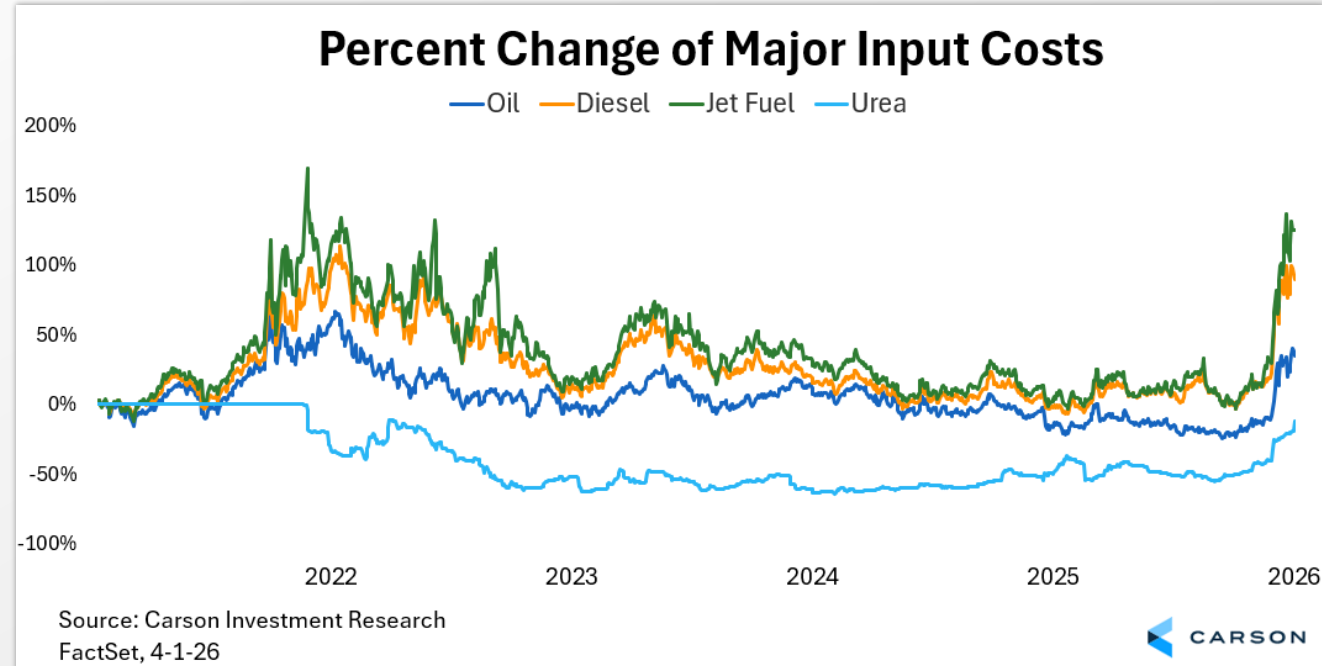
Source: Commodity Context, Vortexa.
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The Energy Shock Is Spreading Beyond Crude

- Oil gets the headlines, but jet fuel, diesel, and other inputs matter just as much for the real economy.
- When several input costs surge together, the inflation risk broadens far beyond what drivers see at the pump.
- That is when higher energy prices start filtering into freight, travel, food, and manufactured goods.



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Huge Up Days Usually Happen in Ugly Markets

- Huge one-day rallies are usually a sign of extreme volatility, not proof that the all-clear has been given.
- Many of the biggest Dow up days happened during periods when markets were under real stress.
- Sharp rebounds can be powerful, but they often happen because positioning and sentiment got stretched, not because the risk is gone.

The Largest Dow Point Gains Ever

1,000 Point Advances For The Dow (1896 - Current)

Date	Dow Intraday Point Decline	President
12/26/2018	1086.25	Trump
3/2/2020	1293.96	Trump
3/4/2020	1173.45	Trump
3/10/2020	1167.14	Trump
3/13/2020	1985.00	Trump
3/17/2020	1048.86	Trump
3/24/2020	2112.98	Trump
3/26/2020	1351.62	Trump
4/6/2020	1627.46	Trump
11/10/2022	1201.43	Biden
11/6/2024	1508.05	Biden
4/9/2025	2962.86	Trump
4/22/2025	1016.57	Trump
5/12/2025	1160.72	Trump
2/6/2026	1206.95	Trump
3/31/2026	1125.37	Trump

Source: Carson Group, Factset 03/31/2026
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