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Charts of the Week

Carson Investment Research

May 11 - 15, 2026

Chart of the Week

Inflation Is Hot No Matter How You Slice It

- Every slice of the data tells the same story. Headline, core, trimmed mean, sticky, services ex-shelter: all running above the 2017-2019 trend, and the 3-month annualized readings are worse than the 12-month.
- Stripping out the volatile stuff doesn't save you. Even the "sticky" basket is running at 2.8%, well above its 1.6% pre-pandemic pace.
- This chart frames why bond yields are at cycle highs and why the Fed's "look-through" stance is getting harder to defend.

Inflation's elevated no matter how you cut the data

Inflation Metric	Last 3M (Annualized)	Last 12M	2017 - 2019 Trend (Annualized)
Headline CPI	7.3%	3.8%	2.2%
Core CPI	3.2%	2.7%	2.1%
CPI - Commodities Ex Food and Energy	0.9%	1.1%	-0.1%
CPI - Core Services Ex Shelter	4.0%	3.4%	2.2%
CPI - 16% Trimmed Mean	3.4%	2.8%	2.2%
Sticky CPI Ex Food, Energy, Shelter	2.3%	2.8%	1.6%

Data source: Carson Investment Research 05/12/2026

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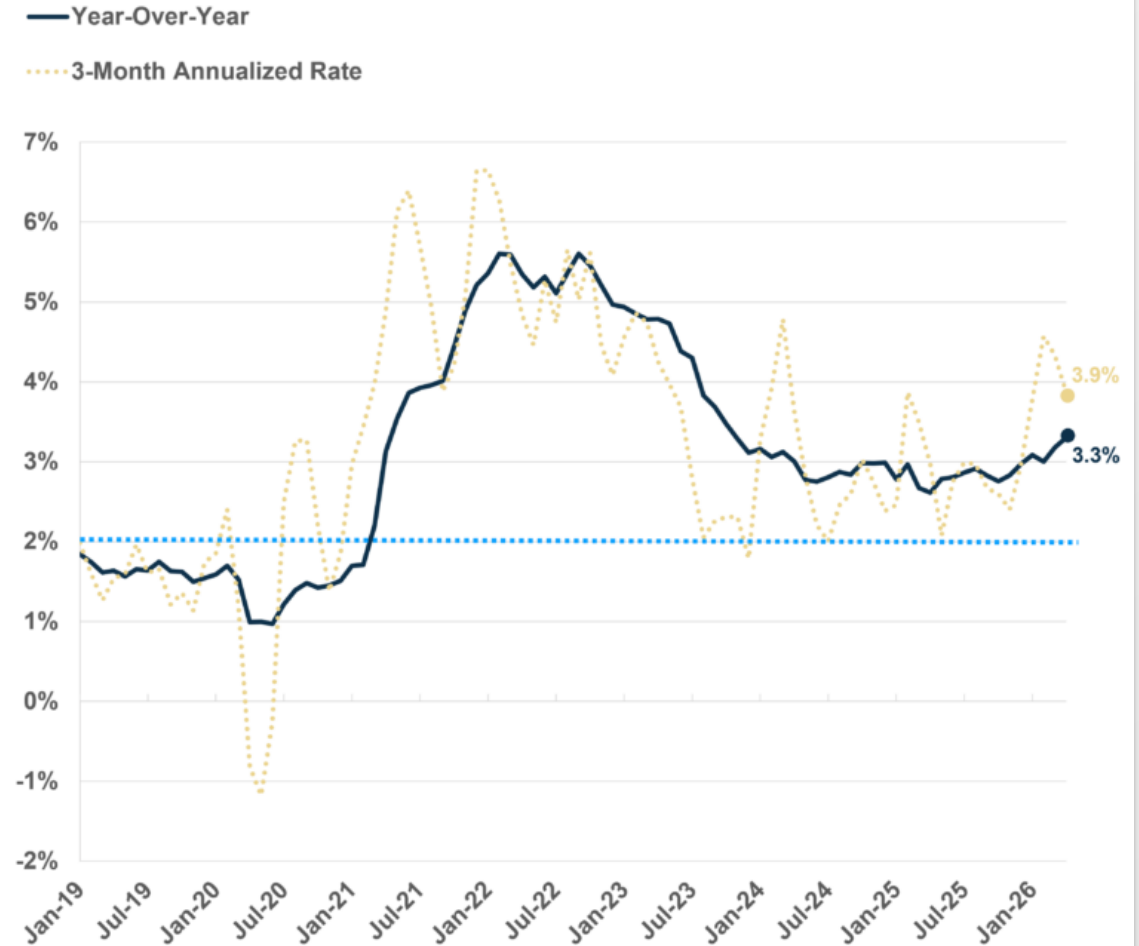
Macro

Core PCE Has Stopped Improving

- The Fed's preferred gauge is back to 3.3% YoY, and the 3-month annualized rate at 3.9% says the recent trend is worse than the trailing year.
- The Fed targets PCE for a reason: it covers more of the basket than CPI, and it's pointing the wrong direction.

Core inflation stays stubbornly high, and it's moving in the wrong direction

Personal Consumption Expenditure Price Index Excluding Food and Energy (March 2026)



Data source: Carson Investment Research, FRED 05/13/2026

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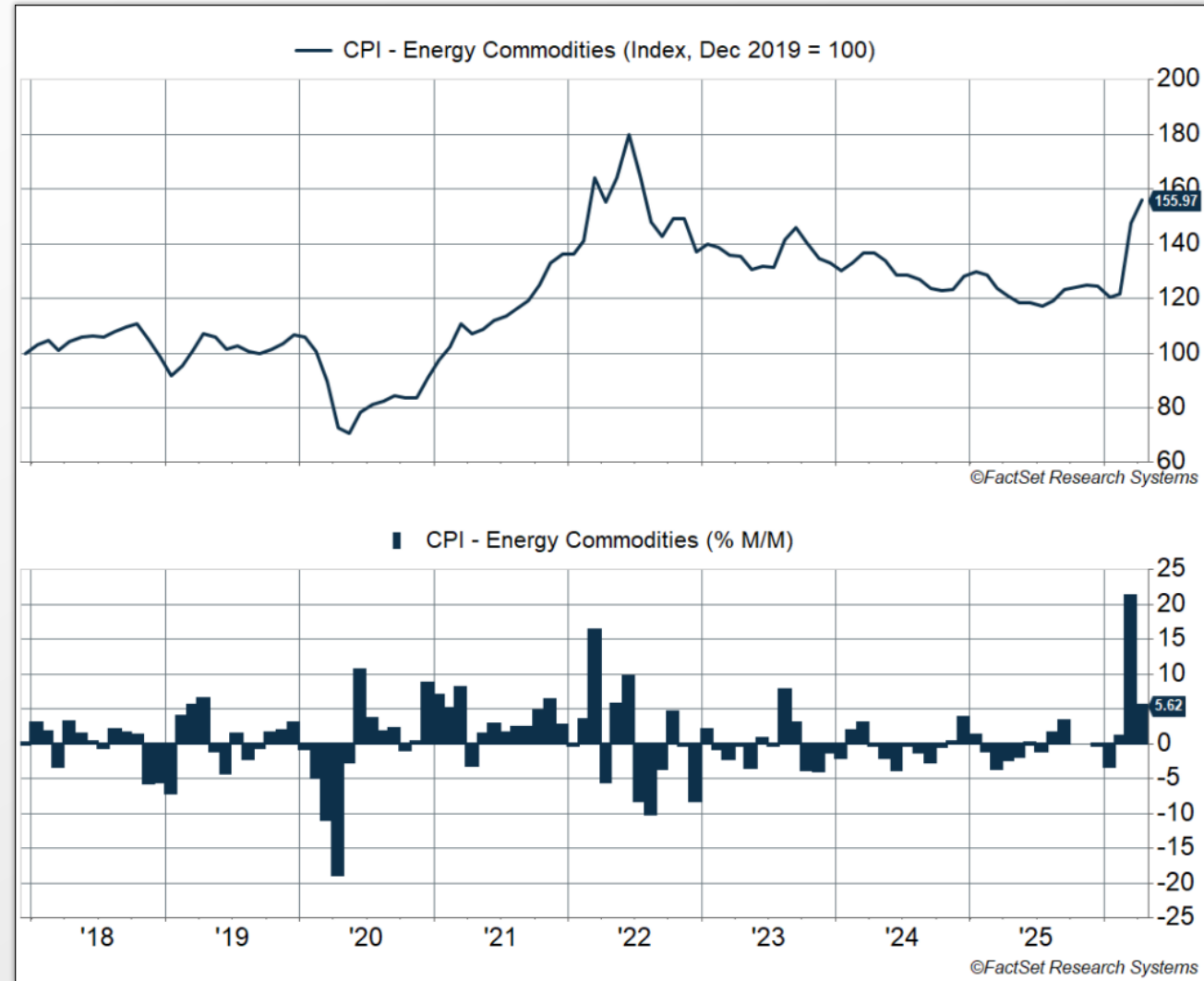
March 2026 data using estimates from Employ America



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Energy the Biggest Inflation Driver

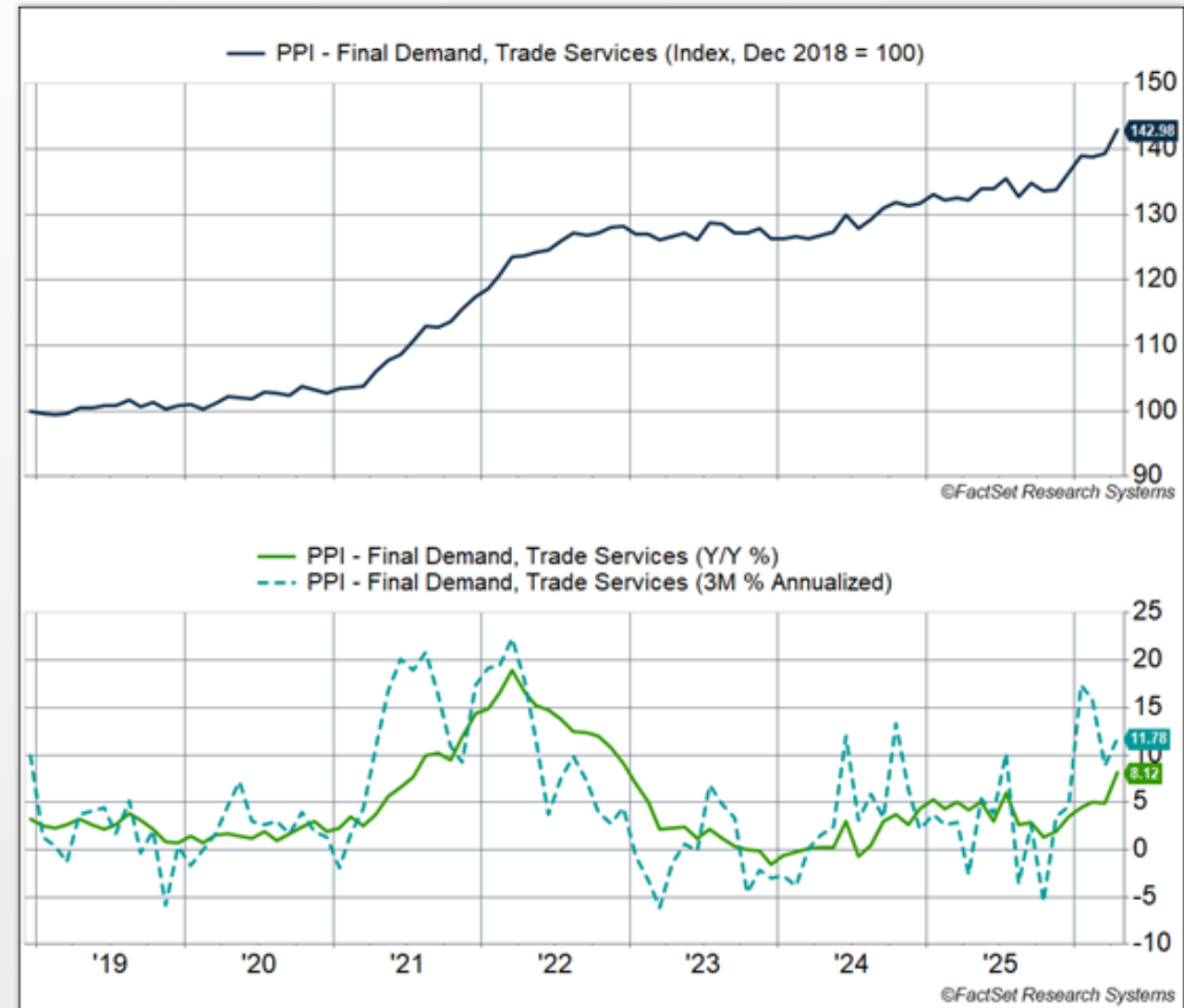
- Energy commodities prices jumped about 6% month over month in April, which is one of the largest moves outside of 2020-2022.
- Energy services are running 9% annualized over the last three months, more than double the YoY pace.



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Retailers Found Their Pricing Power

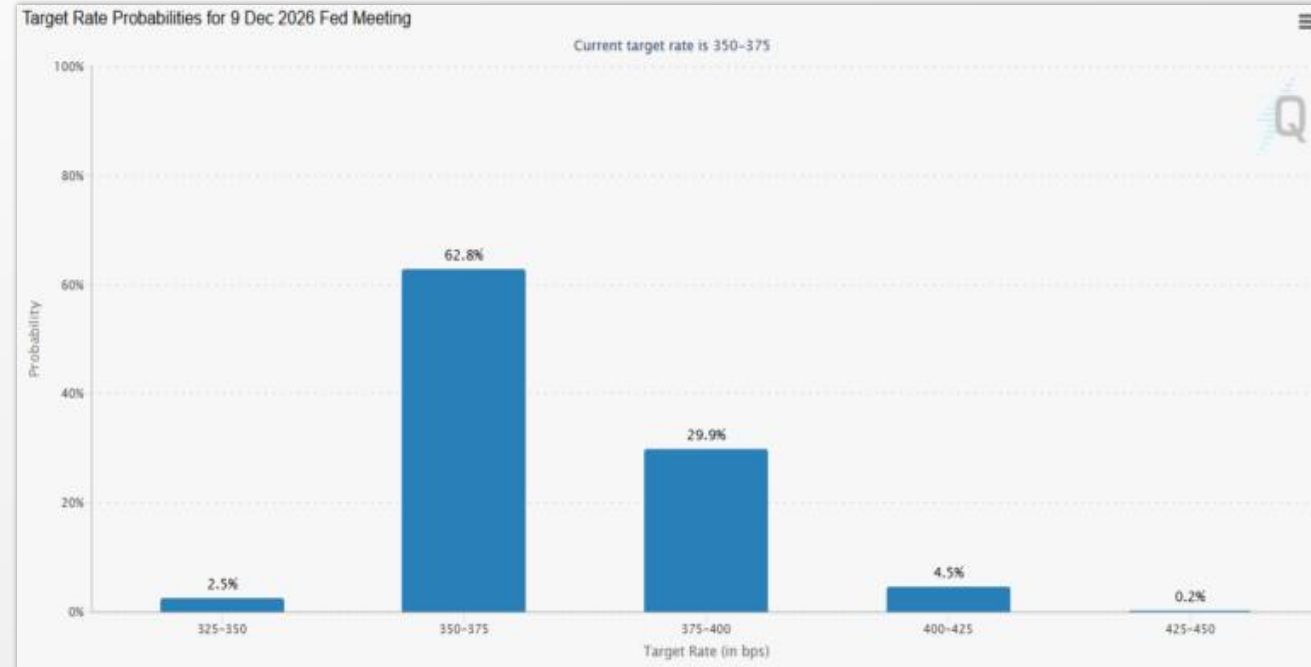
- The PPI trade services index measures retailer and wholesaler margins. It's running 8% YoY and 12% annualized over three months, which is the fastest pace since late 2022.
- Margins are now 43% above pre-pandemic levels.
- Retailers are widening spreads because they believe customers will absorb it, which is itself a signal about how sticky inflation is.



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December Meeting Odds:

- The December meeting odds show ~30% probability of a hike to 375-400, vs. just 2.5% for a cut. No change is still the base case at 63%, but the skew is entirely to the upside.
- Look further out and the picture sharpens. The market is now pricing in more than one hike by mid-2027, with a second hike about a third of the way priced.
- A few months ago, this conversation was about how many cuts we'd get. The Fed hasn't moved, but the market has.



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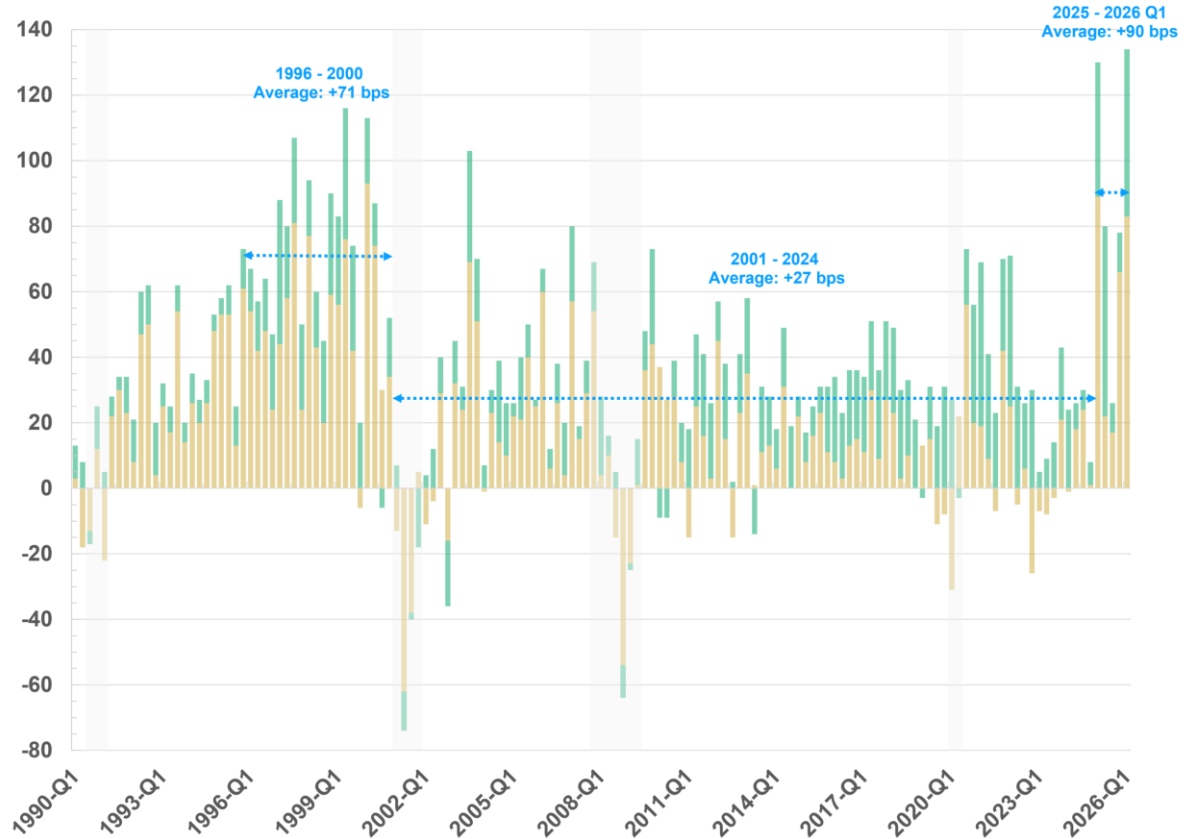
AI Capex Is the Whole Game

- The 2026 capex estimate for the big five hyperscalers is now \$740B, about 2.3% of GDP. Last year's estimate for this year was \$515B.
- That's 4x the 2023 level and 7x where it was in 2019. There's no historical precedent for this kind of concentrated investment surge.
- One company's spend is another's revenue. This is the reason chipmakers and adjacent names keep ripping while broader EPS estimates stay firm.

AI-related investment provided a massive boost to the economy recently

Contributions to Real GDP Growth (Basis Points)

- Investment: Information Processing Equipment
- IP Investment - Software



Data source: Carson Investment Research, FRED 04/30/2026

Shaded area shows U.S. recessions

100 basis points = 1%-point

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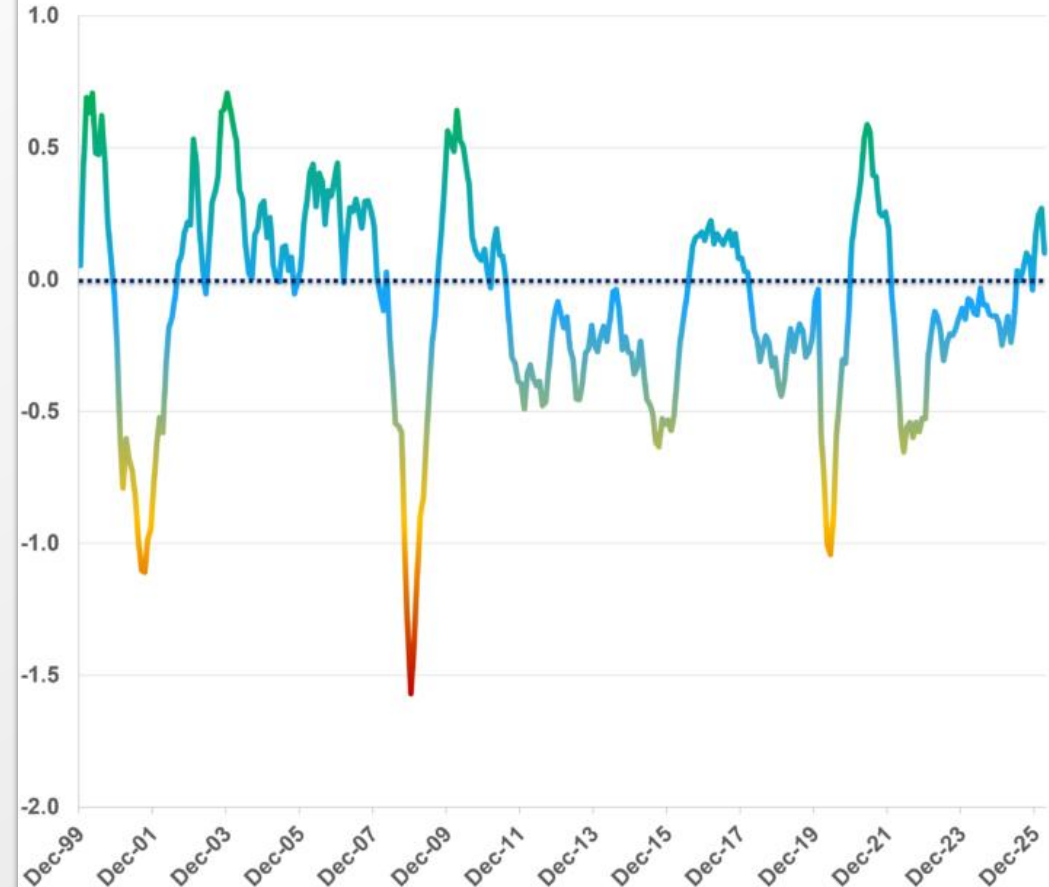
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Emerging Market Economies Quietly Outperforming

- EM economic momentum has turned positive on our LEI, driven mainly by China, Korea, and Taiwan.
- MSCI EM is up roughly 16% YTD vs. 7% for the S&P. Korea is up roughly 75%, Taiwan up roughly 47%.
- Worth noting EM isn't monolithic. India is dropping sharply as an energy importer, and the dispersion within EM is the widest in years.

Economic momentum in emerging economies picks up

Proprietary Leading Economic Index - Emerging Markets



Data source: Carson Investment Research 04/30/2026

Shaded areas indicate U.S. recessions

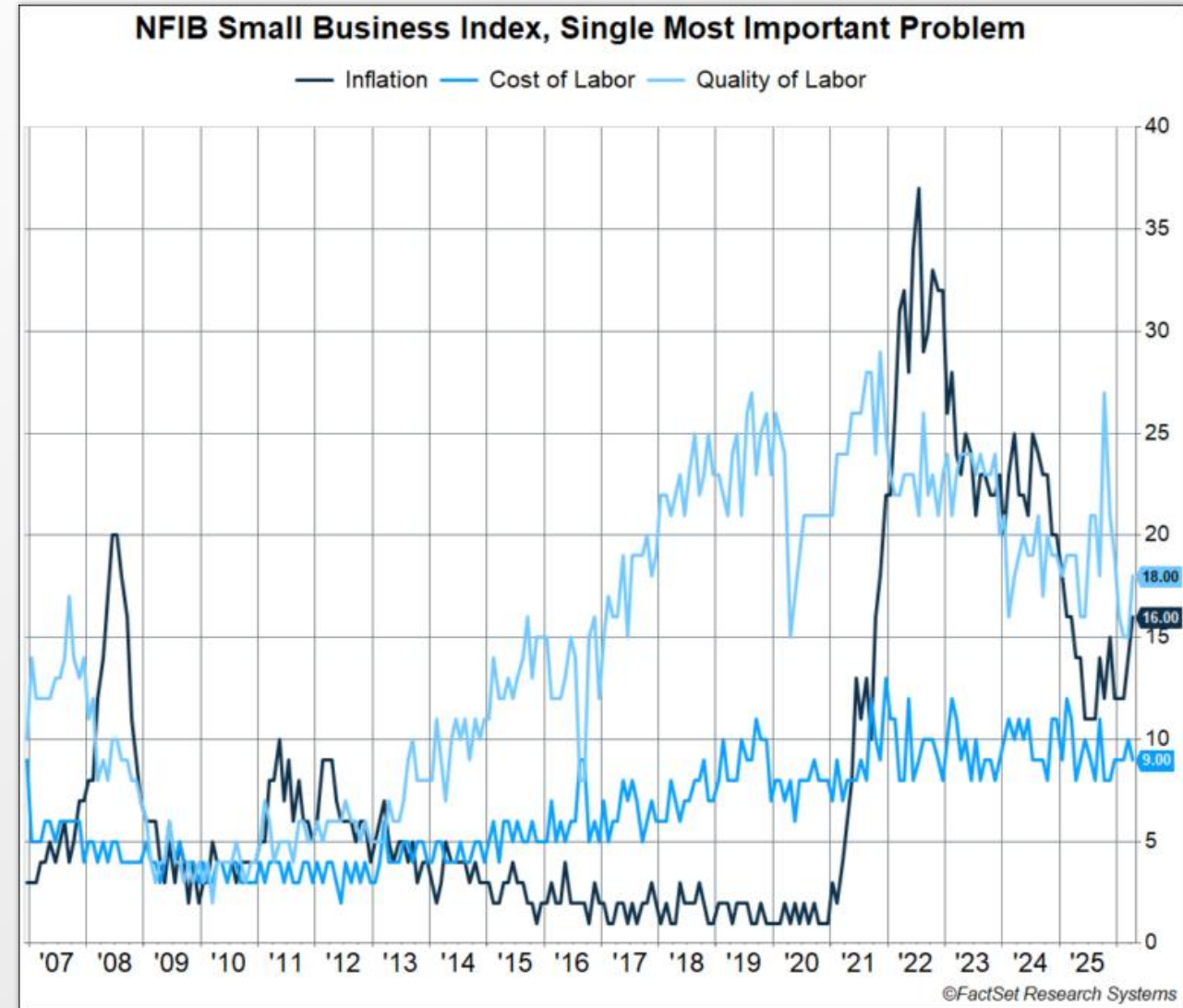
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Small Business Says Inflation, Not Rates, Is the Problem

- 16% of small businesses cite inflation as their top problem, up from 12% a few months ago. Pre-pandemic that number was 1%.
- Only 3% cite "finance and interest rates" as the biggest issue, which is barely above pre-pandemic levels.
- "Quality of labor" is still near the top of the list, which says supply is tight. The narrative that AI is gutting hiring doesn't match what small employers are reporting.



Markets

Long Bonds Have Heard Enough

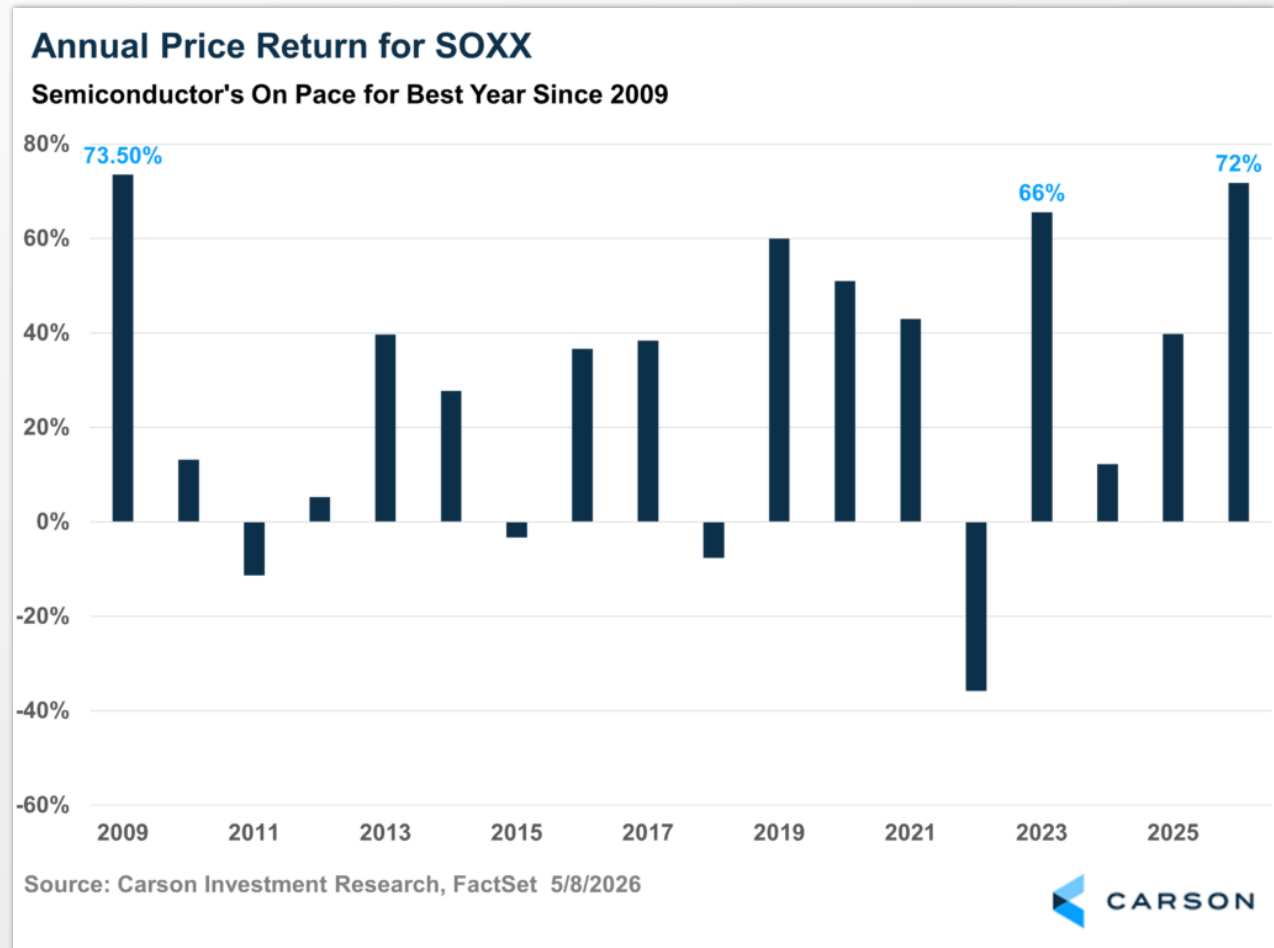
- The 2-year and 10-year are both at cycle highs. Two-year up 70 bps since the eve of the war, 10-year up 63 bps.
- The market isn't waiting for the Fed at all. With short rates at 3.63% and 2-year yields at 4.07%, the curve is pricing in eventual hikes... not cuts.
- The 30-year at 5.11% is the highest in years. Housing and corporate financing costs ride on this.



Markets

Semis On Track for Their Best Year Since the GFC

- The SOXX is up 72% year-to-date, on pace to be the strongest year for the index since 2009's 73.5% recovery off the financial crisis lows.
- Forward EPS for names like AMD have been revised sharply higher across FY26, FY27, and FY28.
- Semis are the cleanest expression of the AI capex theme, and their stock prices are showing it.



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