



CARSON

# Charts of the Week

Carson Investment Research

May 4 - 8, 2026

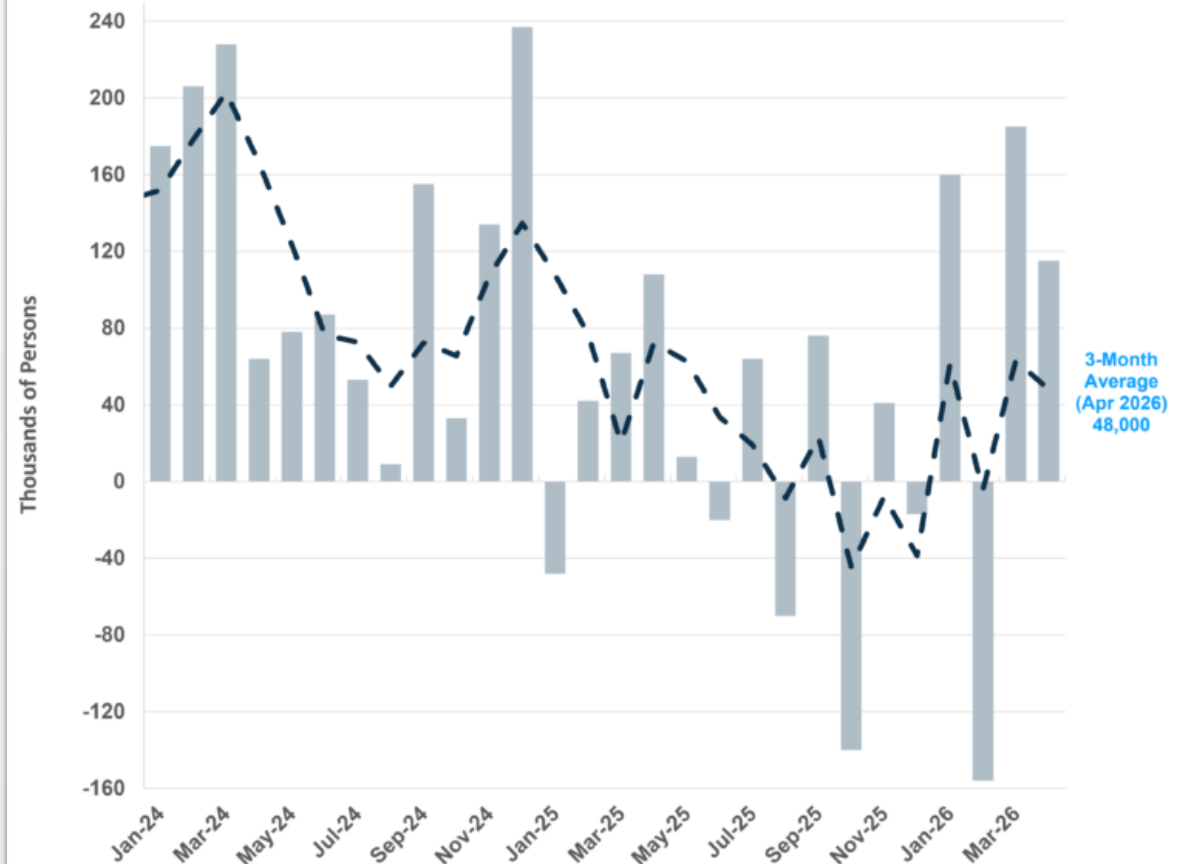
# Chart of the Week

## The Labor Market Took Itself Off the Worry List

- Two straight months of job gains for the first time in nearly a year, with a 3-month average of 48,000. Comparing to the -39,000 average at the end of 2025, this is a warm welcome.
- Population growth has slowed sharply with the immigration drop, so the economy doesn't need 150K+ a month to hold the unemployment rate steady.
- This data flips the recession narrative on its head. Labor was the soft spot, and now it isn't, which means inflation becomes the main story.

### A welcome pickup in monthly payroll growth

#### Monthly Nonfarm Payroll Gains



Data source: Carson Investment Research, FRED 05/08/2026  
Dashed line shows 3-month moving average

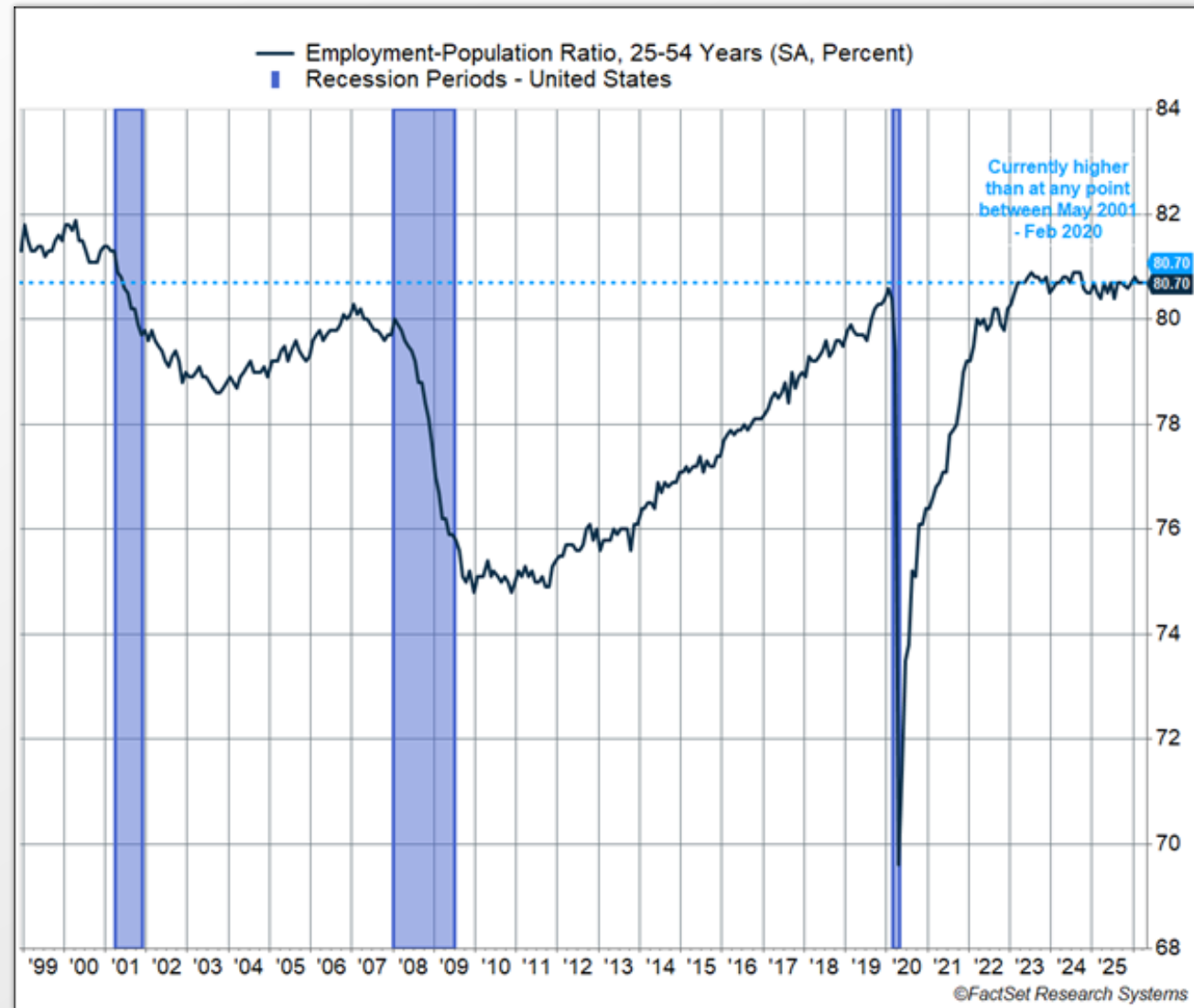
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# Macro

## Prime-Age Workers Are More Employed Since 2001

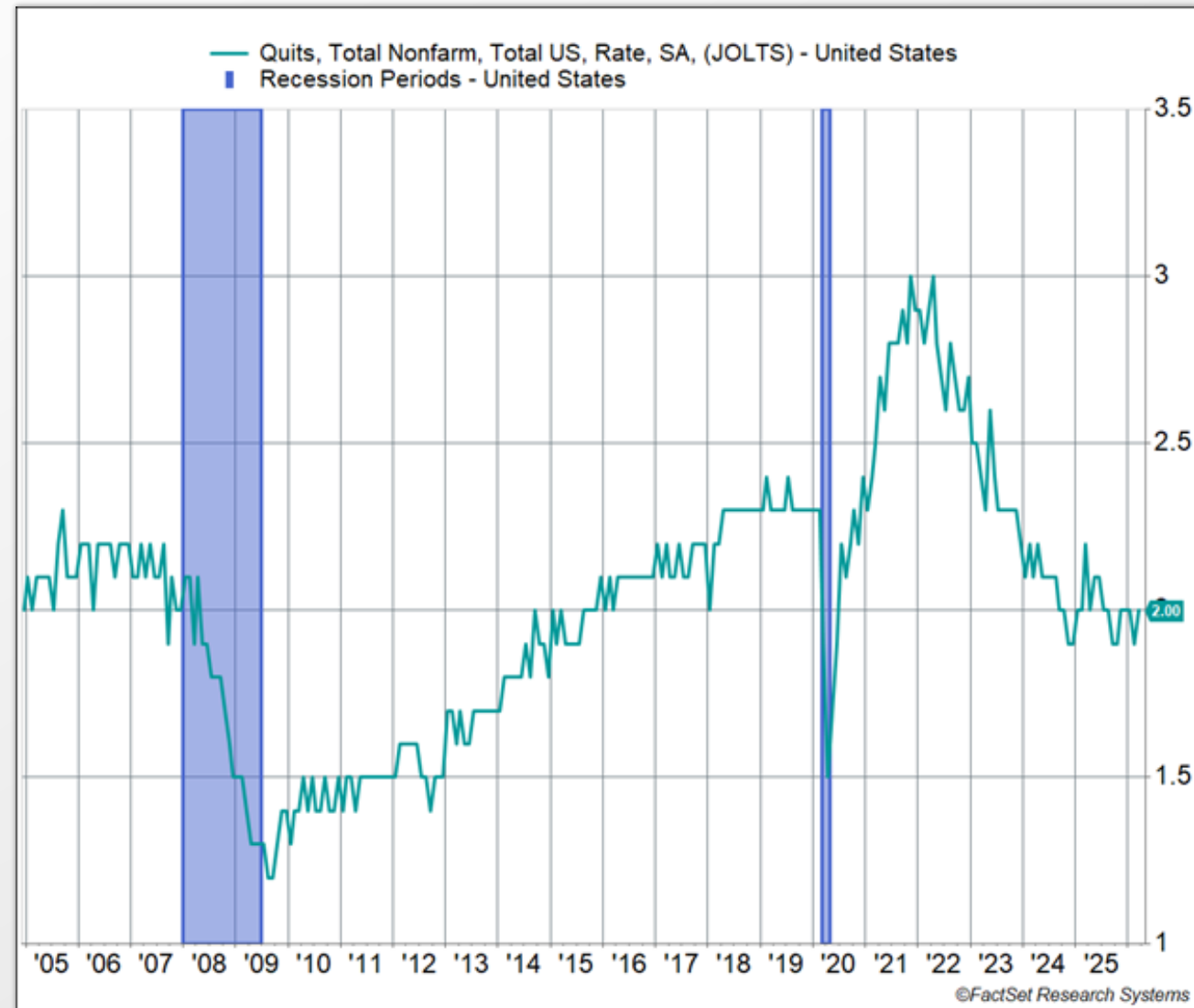
- The 25-54 employment-population ratio sits at 80.7%, higher than any point between May 2001 and March 2023. That's two full expansion cycles you have to go back through to find a stronger reading.
- Unemployment is steady at 4.3%, historically low, even if it's drifted up from the cycle bottom.
- Hard to square this data with a recession call.



# Macro

## Quits Are Doing just Fine

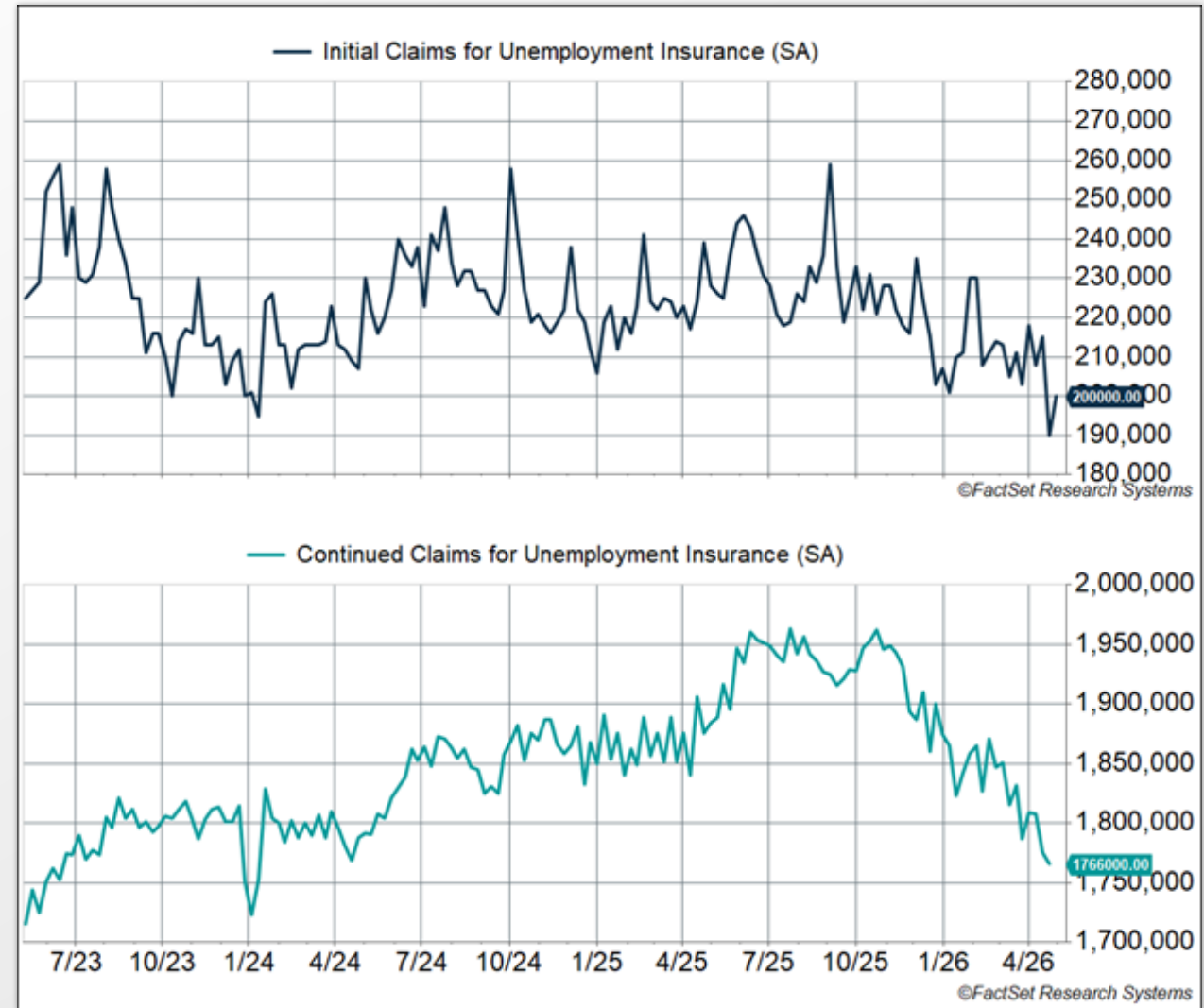
- Workers only quit at a healthy clip when they're confident they can find another job. The quits rate has held around 2% for over a year now.
- Layoffs ticked up to 1.87 million in March but the rate is still 1.2%, in line with the strong 2018-2019 labor market.
- The headlines about big-company layoffs distract from the bigger picture: the US economy sees roughly 1.8 million layoffs every month. The aggregate isn't moving.



# Macro

## Claims Also Say the Labor Market Is Fine

- Initial claims at 200K is historically low. If layoffs were ramping, this would be the first place we'd see it.
- Continuing claims have rolled over from the summer 2025 highs and are now down to 1.75 million. The job-finding picture is improving, even if hiring isn't booming.
- Timeliest labor data we have, and it's pointing the same direction as everything else: stable.



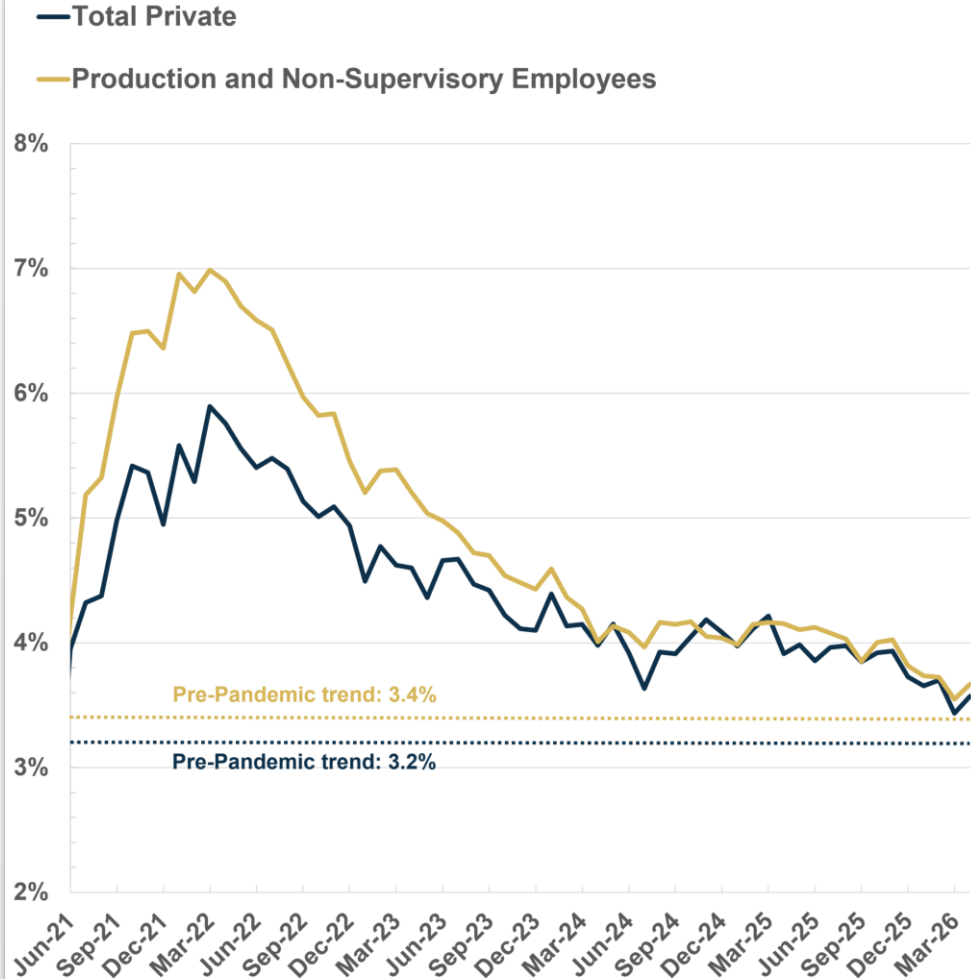
# Macro

## Wage Growth Is Holding Above Pre-Pandemic Pace

- Average hourly earnings up 3.6% YoY for total private, 3.7% for non-managers. Both running slightly hot vs. the 3.2-3.4% pre-pandemic trend.
- Strong wages are good for workers, but they're also part of the reason services inflation isn't going back to 2%.

### Wage growth is running close to pre-pandemic pace

12-Month Growth Rate of Average Hourly Earnings (Annualized)



Data source: Carson Investment Research, FRED 05/08/2026

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Pre-Pandemic trend is the annualized growth rate from 2018-2019



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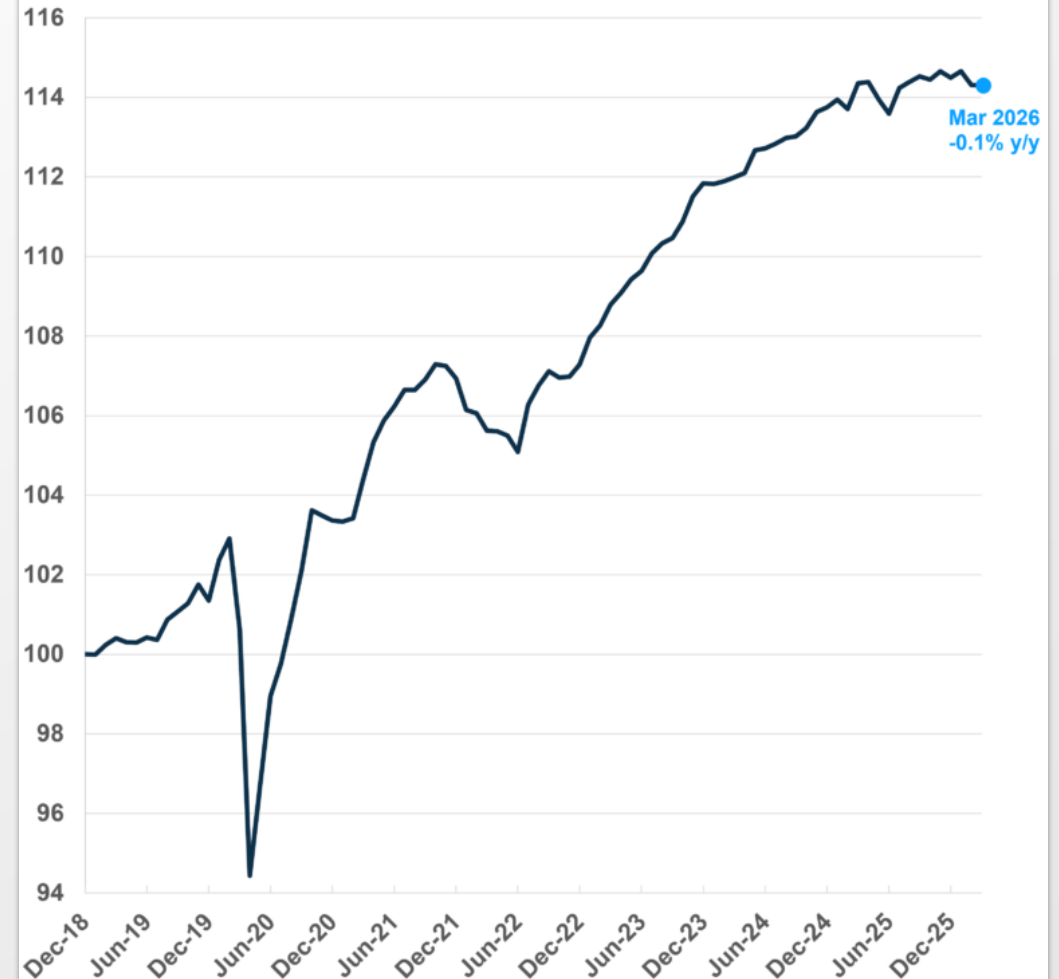
## Real Income Is Where It Gets Uncomfortable

- Real personal income ex-transfers is down 0.1% YoY and falling at a 0.7% annualized pace over the last three months. Compare that to the 3% annual pace in 2023-2024.
- Inflation is doing the squeezing. PCE is up 3.5% YoY and 5.6% annualized in Q1, so nominal wage gains aren't translating to real purchasing power.
- The labor market is fine. The paycheck isn't quite keeping up.

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### Real income growth eases amid elevated inflation

Real Personal Income Ex Current Transfer Receipts  
(Index, Jan 2018 = 100)



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

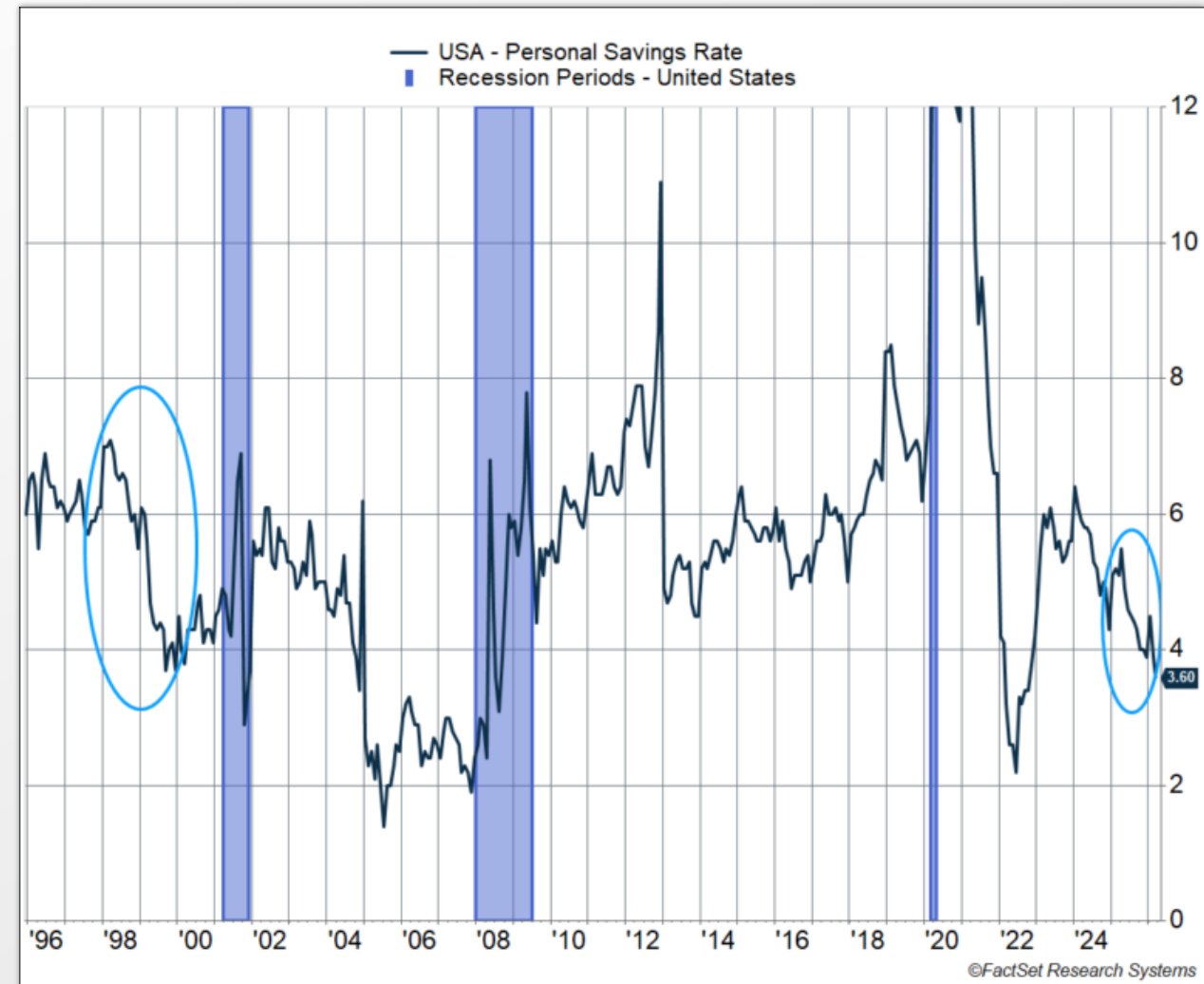
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# Macro

## The Saving Rate Is Cushioning the Blow

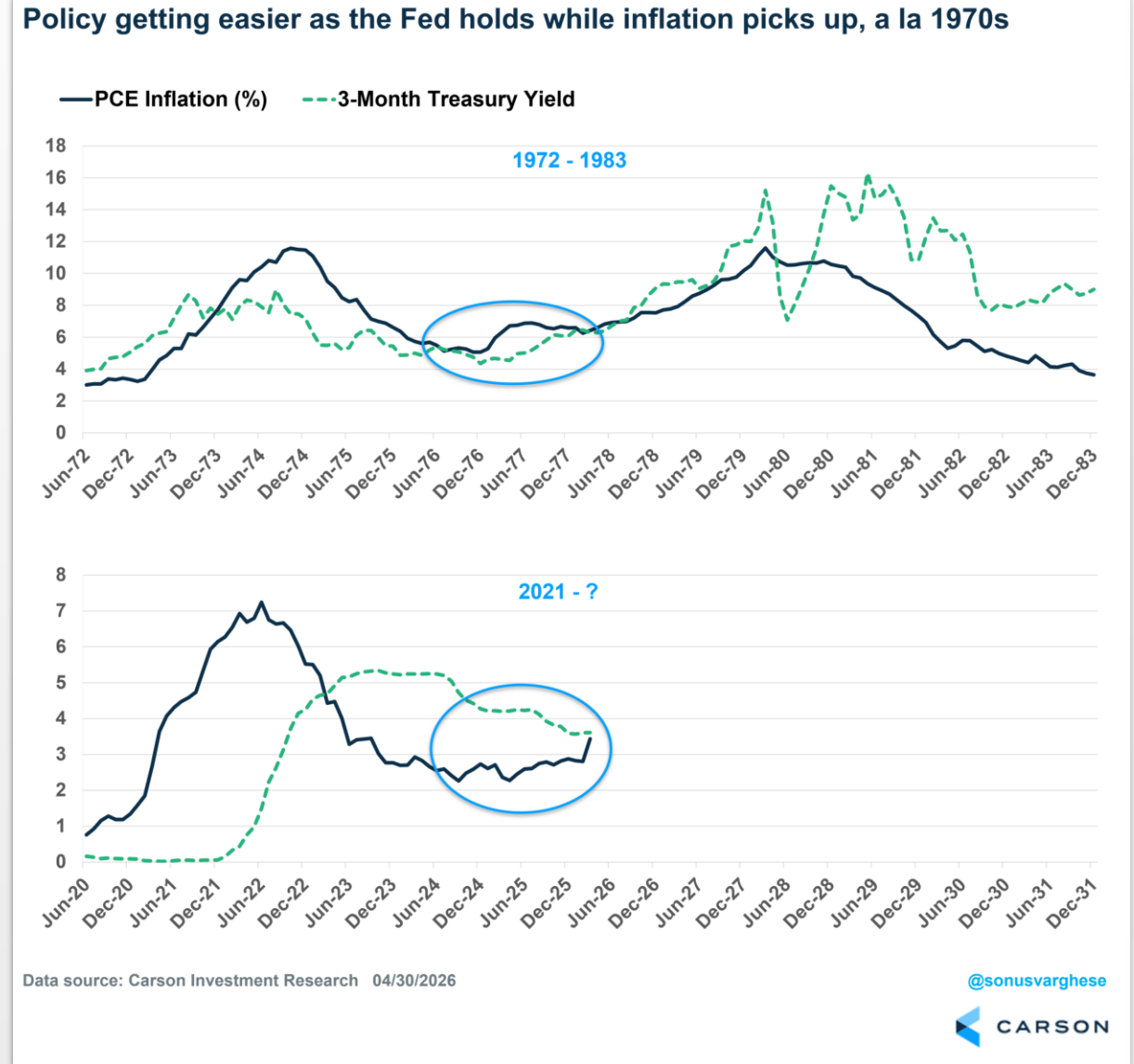
- Savings rate at 3.6%, down from 5.5% in April 2025. Households are dipping into the cushion to keep spending.
- We saw something similar in 1998-1999 when stock market wealth made people feel comfortable spending more freely. Same dynamic now.
- Not super alarming itself, but it means the consumer has less margin for error if anything else goes wrong.



# Macro

## The 1970s Comparison Is Getting Hard to Ignore

- The Fed is easing into rising inflation, just like the late 1970s. The gap between short rates and inflation is shrinking even with the Fed on hold.
- That setup eventually forced Volcker to raise rates above 15% to crush inflation, triggering a recession. We're not saying that happens here, but the longer the Fed waits, the more aggressive the eventual response.
- Easy policy + elevated inflation isn't immediately bad for stocks. The S&P gained 48% from January 1978 to November 1980 before the Volcker bear market hit.



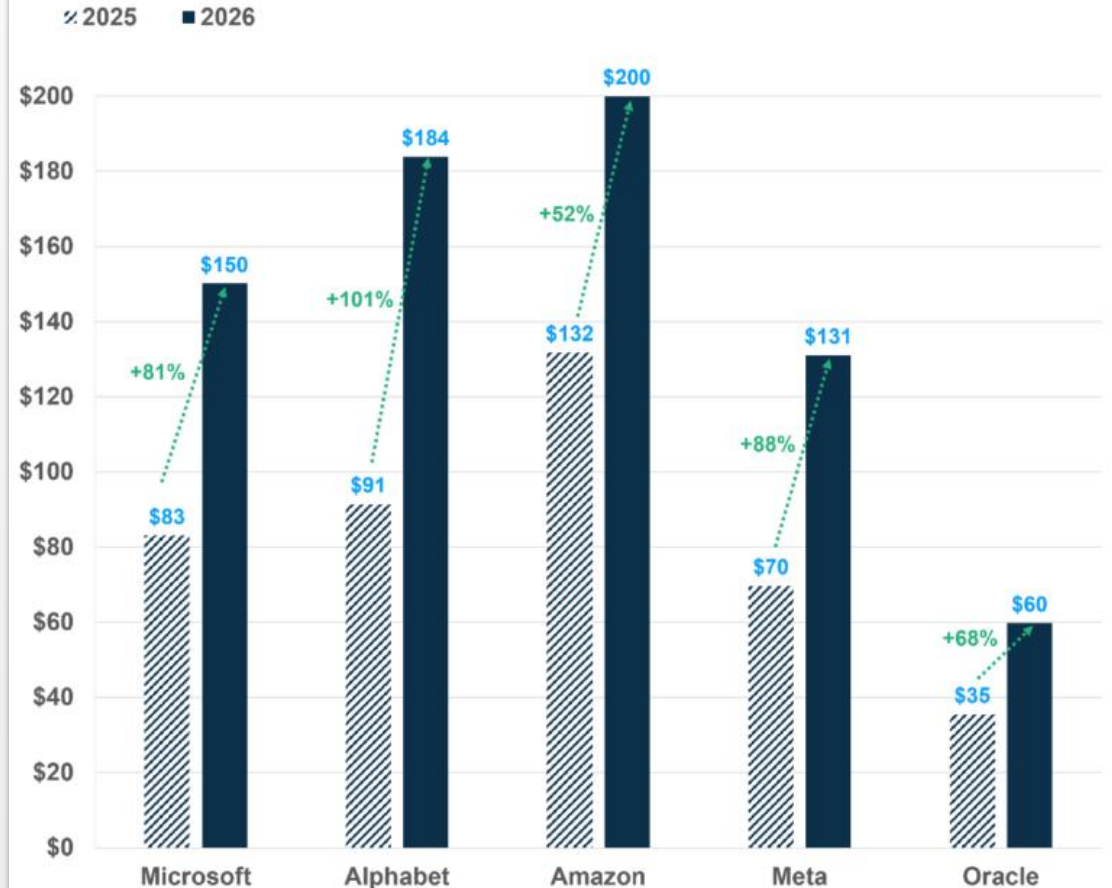
# CapEx

## AI Capex Keeps Getting Bigger

- Every one of the Big Five is spending dramatically more in 2026 than 2025. Alphabet is doubling. Meta is up 88%. Microsoft up 81%.
- Combined, that's roughly \$625B from five firms in a single year. For context, total US business fixed investment is around \$4T, so these five names are a meaningful slice of it.
- One company's capex is another company's revenue. That's why semis and telecom equipment names are running 50%+ YTD while the S&P is up 6%.

### No let up in AI-related capex spending

#### Big Tech Capital Expenditures (Billions of USD)



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

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2026 are estimates as of April 2026



# Equities

## Doubling Isn't the Top Signal People Might Think

- The S&P has now doubled from the October 2022 low. Looking at every prior bull that hit 100%, the average had three more years and another 260% to give.
- Two of the eight stalled within a couple years of doubling, so it's not automatic. But the bias is clearly higher.
- This bull is 3.5 years old. Of the eight prior bulls that hit three years, six made it to four.

## Up 100%, Now What? There Could Be More To Go S&P 500 Bull Markets Speed To Hit 100% (1950 - Current)

Bull Market Start	Bull Market Peak	Years To Hit 100%	Total Years Of Bull Market	Years Left After Up 100%
6/13/1949	8/2/1956	4.8	7.1	2.4
10/3/1974	11/28/1980	5.9	6.2	0.3
8/12/1982	8/25/1987	3.3	5.0	1.7
12/4/1987	3/24/2000	5.2	12.3	7.1
10/9/2002	10/9/2007	5.0	5.0	0.0
3/9/2009	2/19/2020	2.1	11.0	8.8
3/23/2020	1/3/2022	1.4	1.8	0.4
10/12/2022	4/24/2026*	3.5	?	?
Average		3.9	6.9	3.0
Median		4.1	6.2	1.7

Source: Carson Investment Research, YCharts 04/24/2026

\* Current Bull Market Is Still Active

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