



CARSON

# Charts of the Week

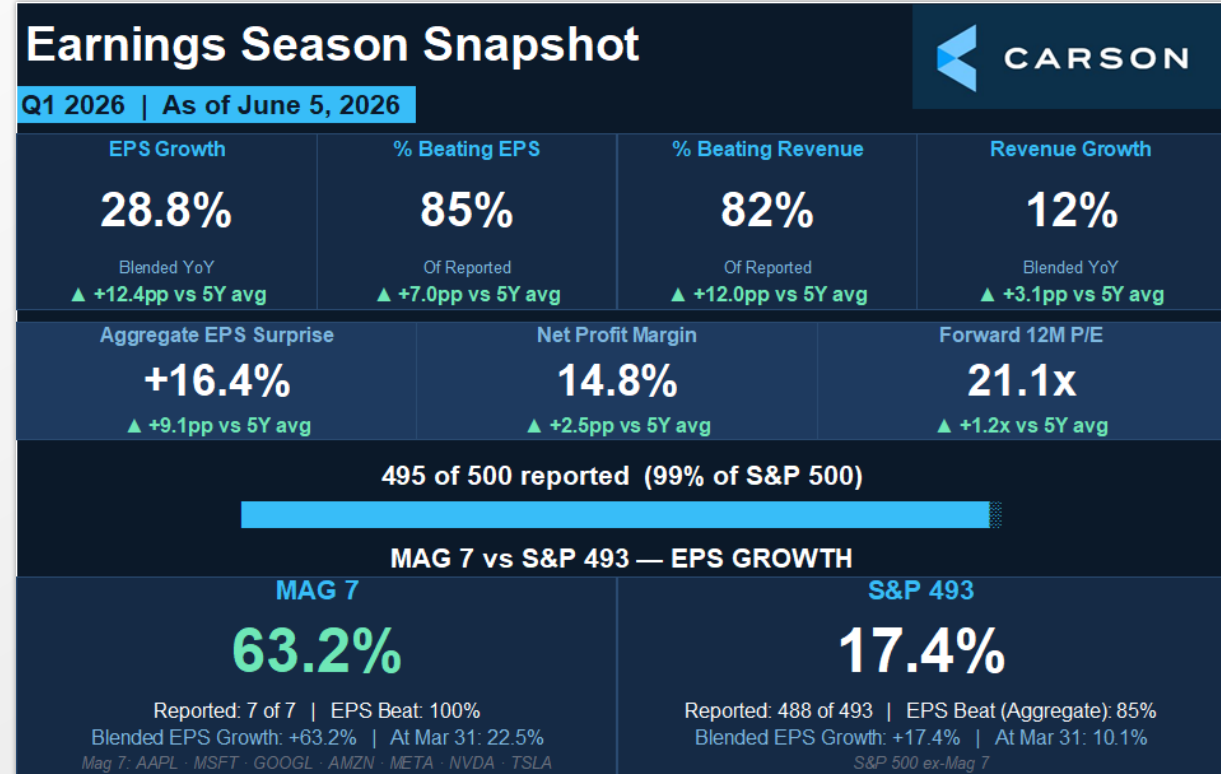
Carson Investment Research

June 1-5, 2026

# Earnings Dashboard

## Earnings Season Dashboard

- Here is the final reading of Q1 earnings season. We will continue to post this in Charts of the Week; however, this won't get updated until Q2 earnings season starts!
- Highlights: Q1 earnings grew at 28.6%, strongest quarter since late 2021.
- 85% of companies beat earnings estimates.
- Forward earnings continue to rise showing analysts still see growth ahead.



Source: Carson Investment Research, John Butters Earnings Insight, FactSet 6/5/26



# Earnings Dashboard

## Where the Growth Comes From

- Risks: Valuations remain the key tradeoff with the S&P 500 near 21x forward earnings.
- Concentration risk, and the market already pricing in strong results remain the two big watchouts that the Carson Investment Research team is looking out for.


Sector-Level Q1 2026 - Earnings Growth, Revenue Growth, Beat Rate						
Sector	EPS Growth	Revenue Growth	EPS Beat %	REV Beat %	Net Margin	FWD P/E
Comm. Services	+48.9%	+15.1%	74%	91%	20.7%	20.5x
Info. Technology	+54.8%	+31.9%	97%	93%	29.8%	25.6x
Cons. Discretionary	+40.8%	+9.9%	81%	81%	11.1%	26.4x
Materials	+42.5%	+9.2%	73%	88%	10.7%	17.7x
Financials	+21.8%	+10.9%	85%	65%	20.4%	14.7x
Industrials	+20.9%	+8.1%	86%	84%	11.3%	25.2x
Utilities	+15.7%	+14.3%	77%	74%	14.8%	17.6x
Real Estate	+6.4%	+11.5%	74%	81%	33.5%	18.3x
Consumer Staples	+6.7%	+7.8%	84%	88%	6.1%	21.5x
Energy	+0.6%	+4.1%	86%	68%	7.8%	13.6x
Health Care	-3.1%	+7.1%	90%	84%	7.9%	17.7x

FORWARD EARNINGS PATH & MAR 31 REVISIONS			
Q1 26	Q2 26	Q3 26	Q4 26
<b>28.8%</b>	<b>21.6%</b>	<b>24.8%</b>	<b>22.3%</b>
Blended	Projected	Projected	Projected

**Q1 EPS growth has revised UP 15.7 pp since March 31 | CY26 EPS estimate revised UP +5.3%**

Source: Carson Investment Research, FactSet Earnings Insight June 5, 2026



Source: Carson Investment Research, John Butters Earnings Insight, FactSet 6/5/26



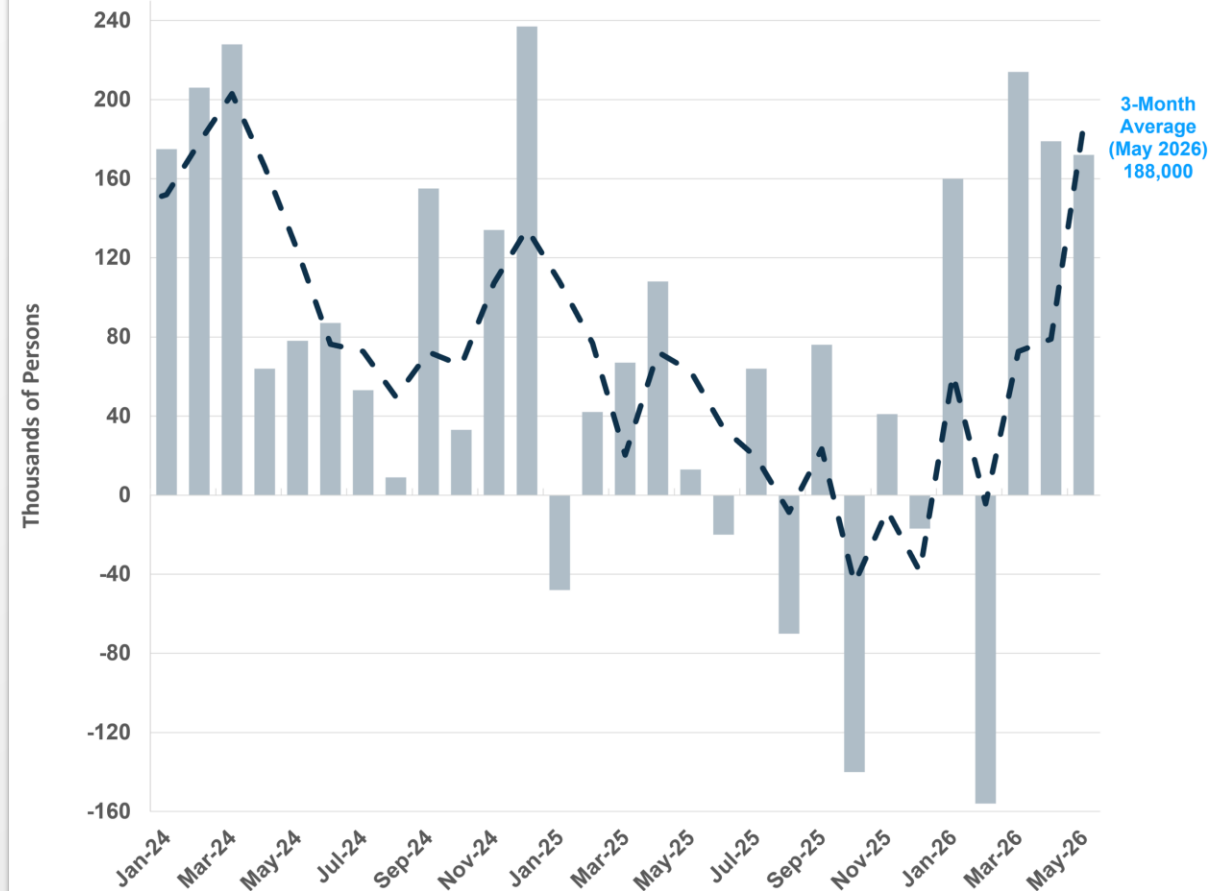
# Chart of the Week

## The Hiring Comeback

- The three-month average of payroll gains hit 188,000 in May, the best pace since early 2024. At the end of last year that same average was running negative, so this is a real turn in the data.
- May added 172,000 jobs against expectations near 88,000, and the prior two months were revised up by a combined 93,000.
- A job market reaccelerating into hot inflation is not a setup the Fed cuts into.

### Payroll growth is accelerating

#### Monthly Nonfarm Payroll Gains



Data source: Carson Investment Research, FRED 06/05/2026  
Dashed line shows 3-month moving average

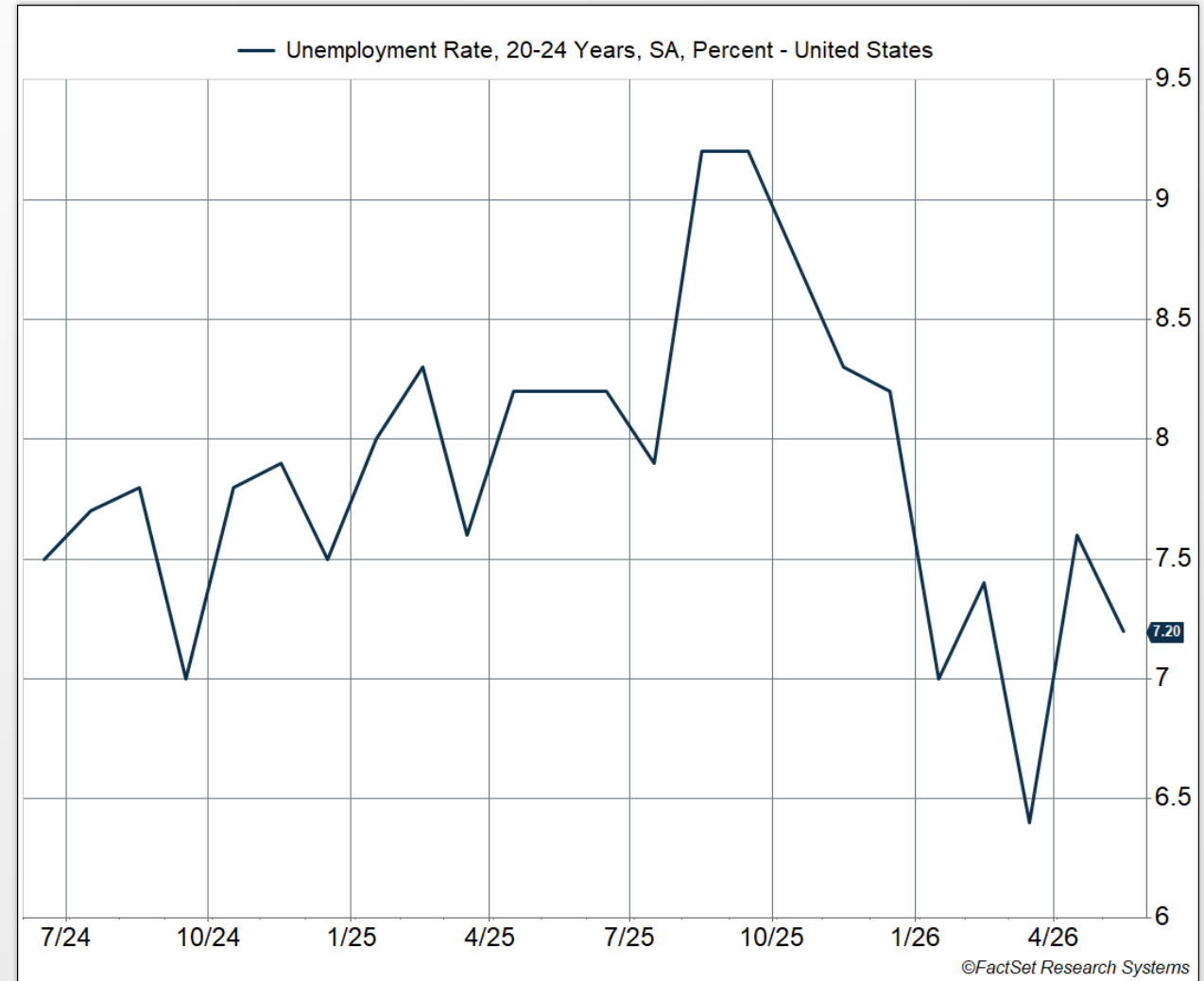
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# Macro

## AI Isn't Eating Entry-Level Jobs

- The unemployment rate for 20 to 24 year olds has fallen from 9.2% last September to 7.2% in May, even as AI adoption ramped up.
- If AI were hollowing out entry-level work, this is the cohort where it would show up first. Instead, young-worker unemployment dropped two full points.



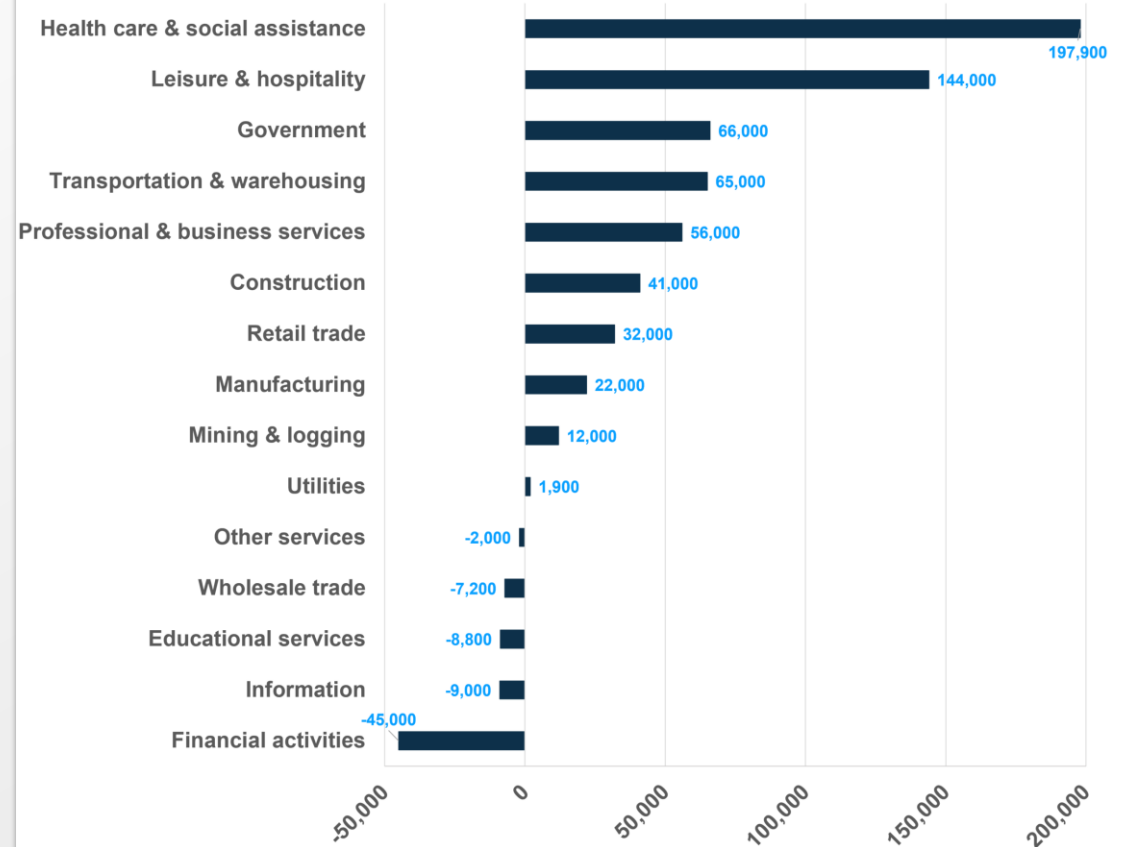
# Macro

## Hiring Broadens Past Health Care

- For most of the past two years, health care did almost all the heavy lifting. Over the last three months the gains finally spread out, with leisure and hospitality, transportation, professional services, and construction all chipping in.
- Manufacturing added 22,000 after shedding payrolls for most of the prior year.
- Tech-adjacent areas like information are still soft, which fits the idea of firms trimming staff to fund AI buildouts rather than AI itself causing the cutting.

### Better breadth for employment gains

Payroll Gains by Industry (SA): March - May '26



Data source: Carson Investment Research, FRED 06/05/2026

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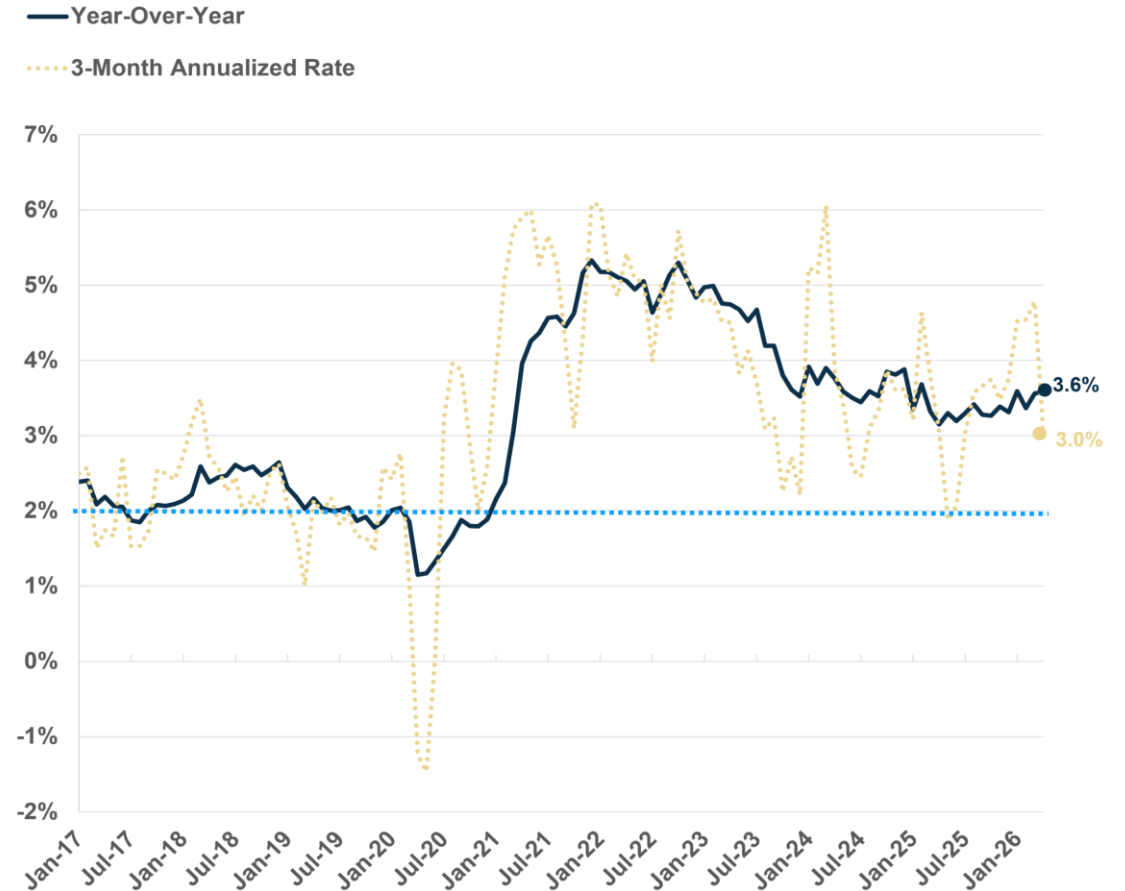
# Macro

## Inflation Is Everywhere

- Core services excluding housing is up 3.6% over the past year and running near a 3% annualized pace over the last three months, well above the 2.2% pace of 2018 to 2019.
- This is the slice of inflation that tracks wages, not tariffs or energy. It stays hot when people have jobs and leverage, which ties straight back to the labor charts.

### Not just an energy or core goods (and tariff) problem. Core services ex-housing inflation remains elevated

Personal Consumption Expenditure Price Index  
Core Services ex Housing (April 2026)



Data source: Carson Investment Research 05/28/2026  
FRED, Bloomberg

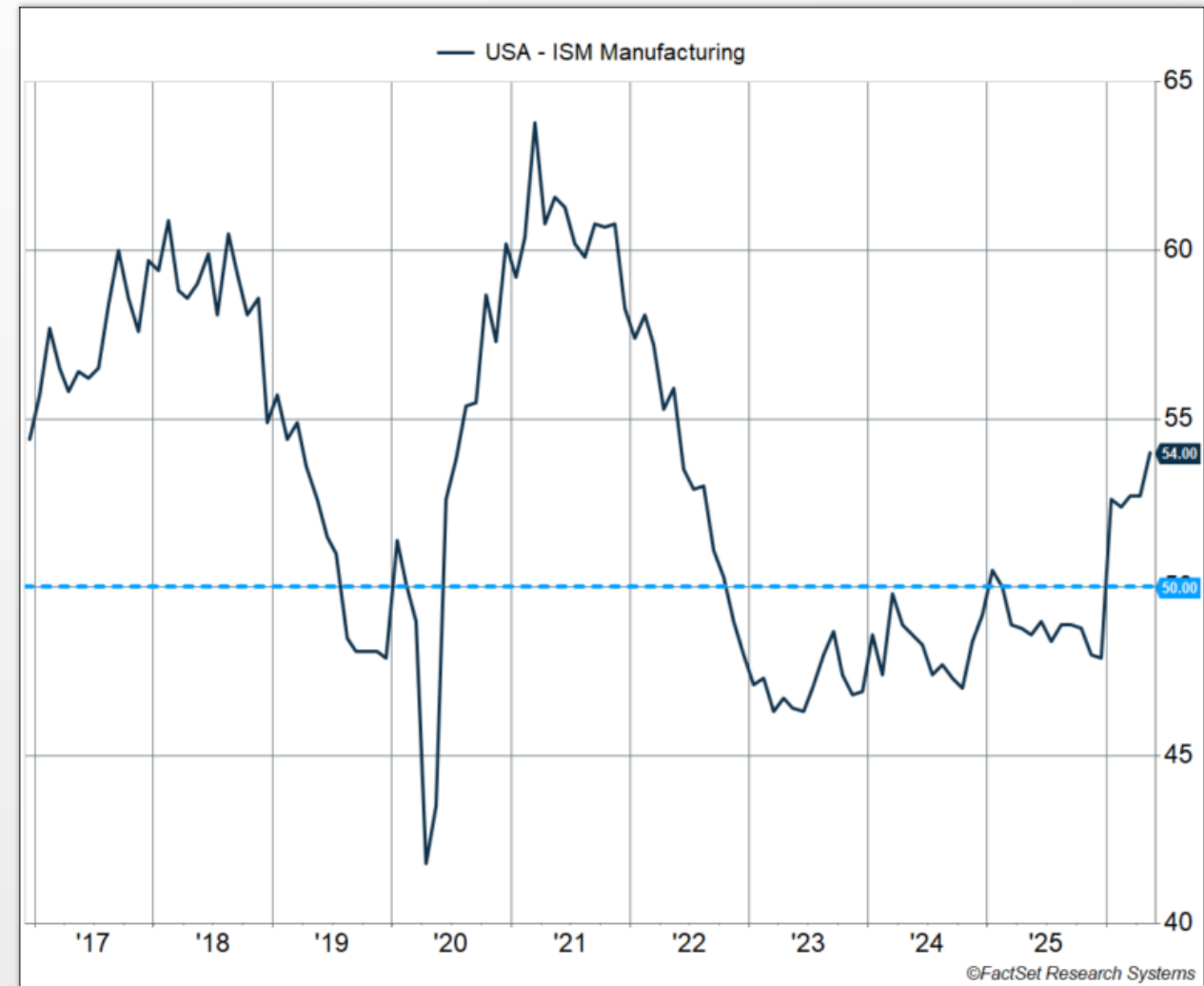
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# Macro

## Factories Are Heating Up

- The ISM manufacturing index rose to 54, its fifth straight month in expansion and the highest reading in four years.
- The catch is the prices-paid component, sitting around 82 and near its own four-year high. Not a single tracked commodity fell in price last month, and AI-related components are in short supply.
- Rising output alongside rising input costs is the definition of inflationary growth. That's a very different regime from stagflation, where activity stalls while prices climb.



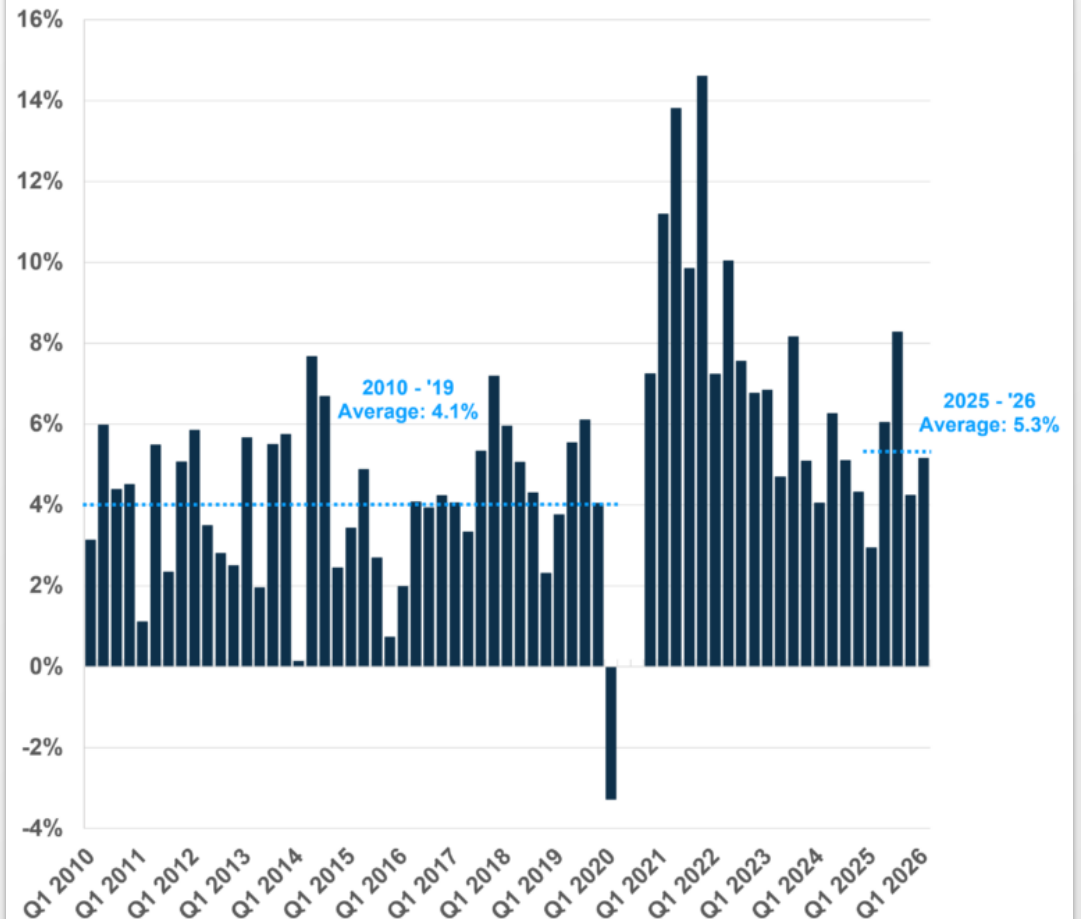
# Macro

## The Growth Number Companies Actually Feel

- Real GDP growth has cooled to a tepid 1.9% pace, but nominal growth is running around 5.3%, comfortably above the 4.1% average of the 2010s.
- Companies bill customers in dollars, not inflation-adjusted units. Nominal GDP is what flows into revenue, which is why sales and margins keep beating even as "real" growth looks soft.
- As long as the Fed stays easy and lets this run, hot nominal growth is a tailwind for earnings.

Nominal GDP running hot despite tepid real growth, and that is a positive for profit growth (while Fed stays easy)

Nominal GDP (Q/Q Annualized)



Data source: Carson Investment Research, BEA 05/29/2026

Data from Q2 - Q3 2020 omitted for clarity.

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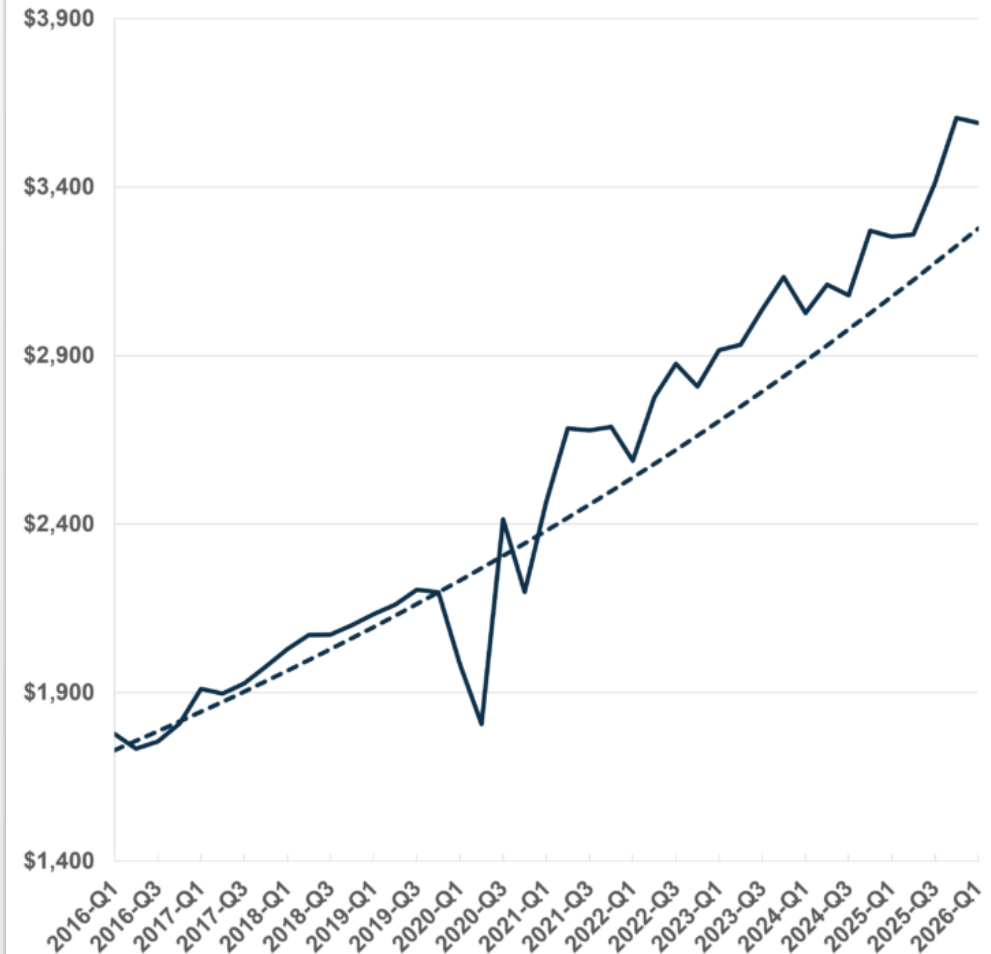
# Macro

## The Payoff Shows Up in Profits

- Economy-wide after-tax profits are up about 10% from a year ago and running roughly 10% above their pre-pandemic trend.
- This measure covers public and private companies and is adjusted to compare cleanly across decades, so it's a better gauge of underlying profitability than S&P 500 earnings.
- Hot nominal growth plus an easy Fed is, in our opinion, a perfect backdrop for profits.

### Corporate profits still running well above trend

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



Data source: Carson Investment Research, BEA 05/29/2026

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IVA is inventory valuation adjustment  
CCAdj is capital consumption adjustment



# Markets

## Software's Drop Was a Scare

- Software (IGV) fell 36% over 30 weeks into its April low, which by depth and duration looked like an earnings-led bear market. But earnings barely budged, down low single digits while prices cratered.
- That gap is the signature of a price scare. Earnings-led drawdowns like 2022 took over two years to recover, while price scares heal far faster.

### Earnings-led Drawdowns Take Far Longer to Recover

Drawdown Type & Year	Weeks to Trough Price	Weeks to Full Price Recovery	Price Drawdown	EPS Drawdown
Price Scare 2020	6	16	-25%	-15%
Price Scare 2025	18	31	-25%	-5%
Earnings-Led 2018	15	26	-21%	-26%
Earnings-Led 2022	48	118	-45%	-46%
Bear Market of 2026*	30	?	-36%	-3%

\* still ongoing, as of 5/29/26

Source: Carson Investment Research, FactSet 05/29/2026



# Markets

## The Hotter the Pop, the Worse the Hold

- Among IPOs with real revenue, the priciest ones (above 40 times sales) popped 94% on day one and then lost 45% over the next three years. The cheapest, under five times sales, popped least but returned far better numbers.
- The day-one pop and the long-term return tend to move in opposite directions. The excitement that drives the first print is often what sets up the disappointment.
- With SpaceX's IPO this week, history says expect a big pop and then a long grind.

### High price-to-sales IPOs are a red flag

Among IPOs with at least \$100M of sales, higher the valuation, worse the long-term returns

First-close price-to-sales ratio	IPOs	Avg. first-day return	3-year IPO return	Market-adjusted
PSR < 5	3,384	8.9%	41.3%	-1.3%
5-10	395	24.1%	20.7%	-8.0%
10-20	198	36.6%	18.5%	-7.7%
20-40	87	55.9%	2.9%	-16.3%
>40	46	93.6%	-44.8%	-58.5%

Source: Jay Ritter, "Initial Public Offerings: Updated Statistics," May 18, 2026.



# Equities

## June Has Been Kinder Than Its Reputation

- The S&P 500 has finished June higher in 9 of the past 10 years, averaging about 1.9%.
- June has historically been one of the weakest months in midterm election years, and 2026 is a midterm year.

### Don't Sell In June

S&P 500 Up In June 9 Of Past 10 Years

Year	S&P 500 Return During June
2016	0.1%
2017	0.5%
2018	0.5%
2019	6.9%
2020	1.8%
2021	2.2%
2022	-8.4%
2023	6.5%
2024	3.5%
2025	5.0%
Average	1.9%
Median	2.0%
% Higher	90.0%

Source: Carson Group, FactSet 04/24/2026 (1950 - Current)

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