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Charts of the Week

Carson Investment Research

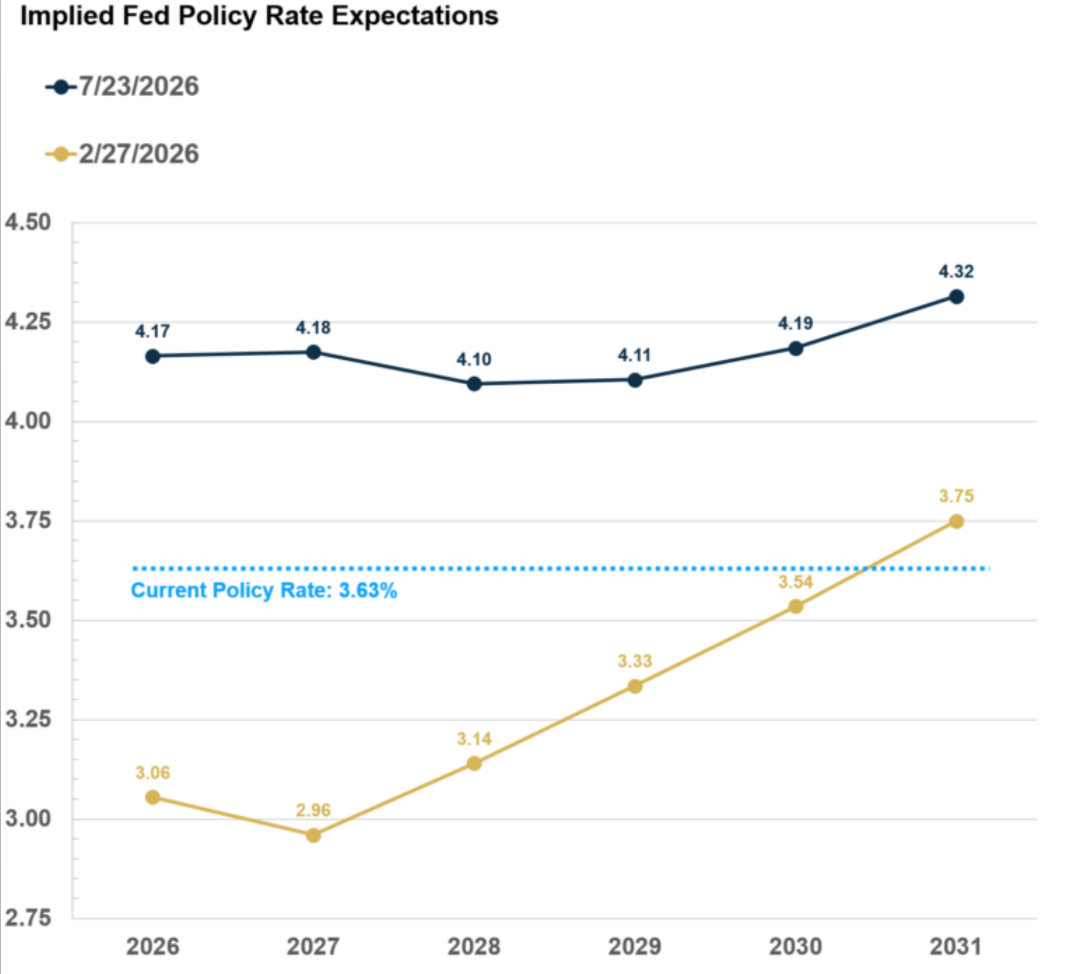
July 20-24, 2026

Chart of the Week

From Two Cuts to Two Hikes in Five Months

- On the eve of the war in late February, futures had the policy rate drifting down toward 3.0% by end-2026. Today that same point sits at 4.17%. Over 100 bps of repricing in five months.
- Look at the shape. The market isn't pricing hikes now and relief later. The entire path stays above 4% out to 2031.
- What moved wasn't growth. Real GDP is tracking 2% to 2.5%, slightly below trend. This is all an inflation repricing.

Expectations for future policy rates have surged since the war started



Data source: Carson Investment Research, Bloomberg 07/23/2026 @sonusvarghese

Implied policy rate proxied by SOFR futures

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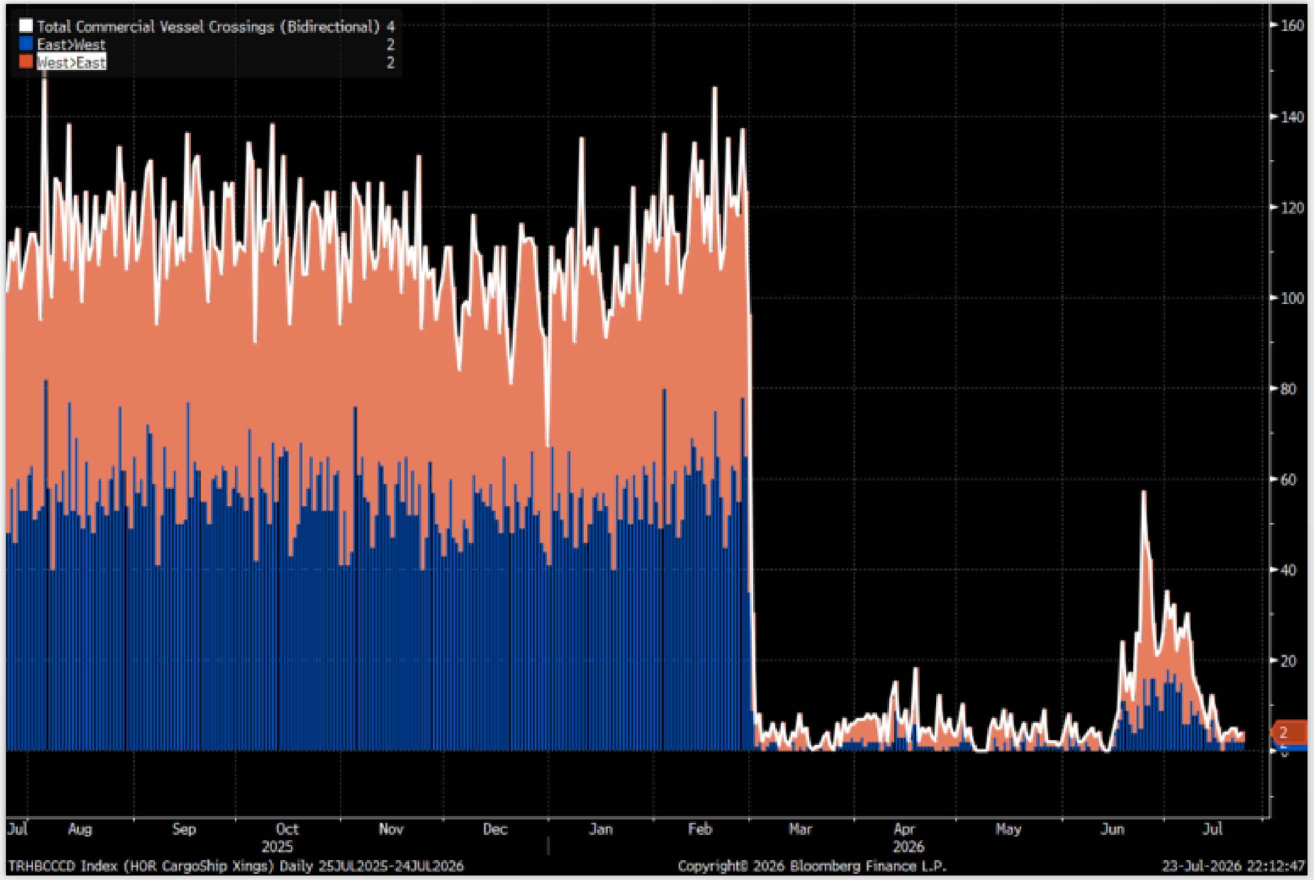
Macro

Vessel Counts Are Now and Oil Fundamental

- Daily transits through Hormuz are back to single digits against a pre-war run rate of 120 to 130. The brief mid-June recovery has been erased.
- The chart runs through July 19, with WTI at $84 and Brent at $90. Both kept climbing into Friday, ending the week near $92 and $100.
- The newer risk is Bab el-Mandeb. That's the route Saudi barrels were taking to Asia after Hormuz shut. It was the pressure valve, and the Houthis have now threatened it.

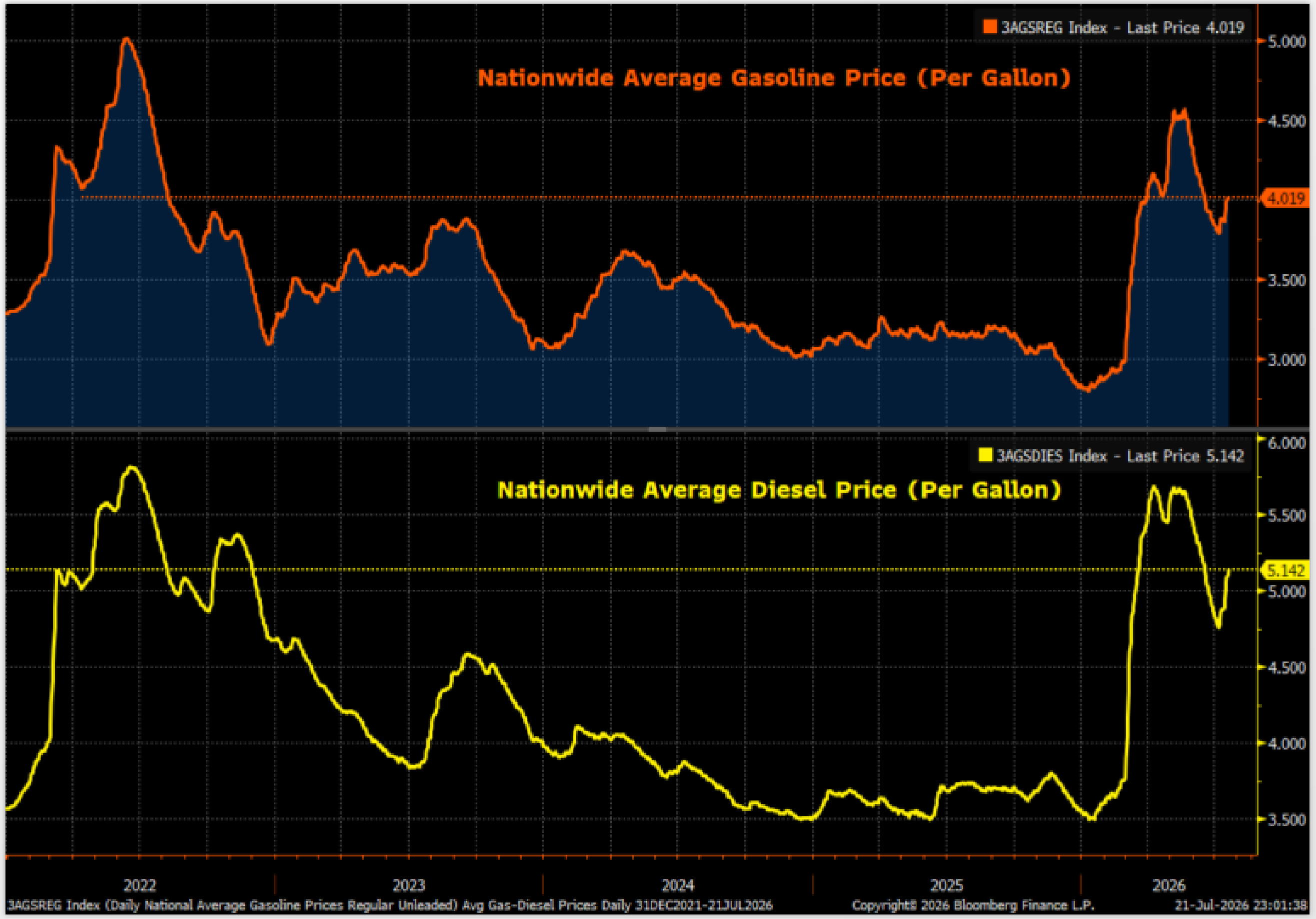


Source: Carson Investment Research, Bloomberg 7/24/26

Macro

Diesel Is the Number that Travels

- Gas is back at $4.00 a gallon from $2.83 in January. Diesel is at $5.10 against roughly $3.55 to start the year.
- Diesel is the one that spreads. It moves freight, freight moves food, and food inflation was already running warm before any of this.
- Two separate supply hits are landing on the same barrel: Hormuz on crude, and Ukrainian strikes on Russian refineries specifically on distillate.

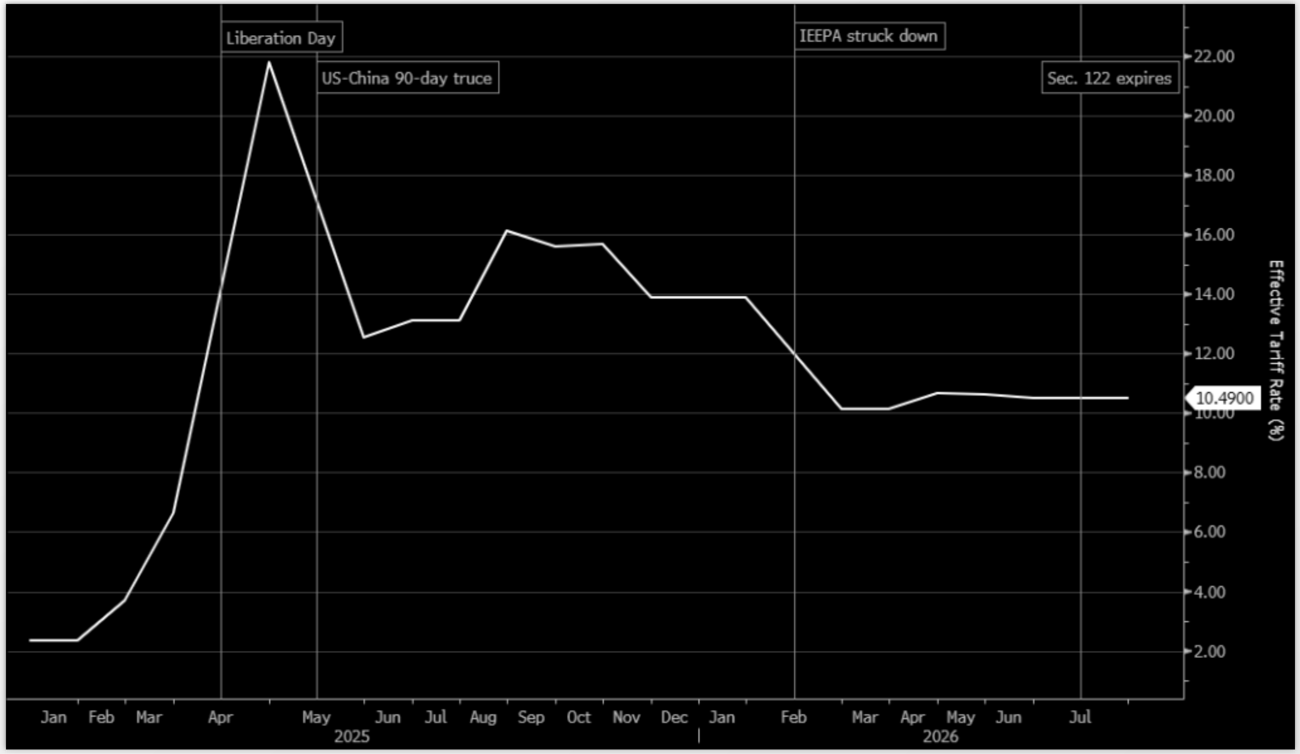


Source: Carson Investment Research, Bloomberg 7/24/26

Macro

A New Legal Basis, Roughly the Same Bill

- The Section 122 global surcharge expired July 24. Section 301 forced-labor tariffs at 10% to 12.5% across 60 countries are the replacement.
- The mechanical drop from expiry would be to roughly 7%. The replacement puts it back near 11%, a net move of about half a point.
- The legal wrapper has changed three times in eighteen months while the level has barely budged.

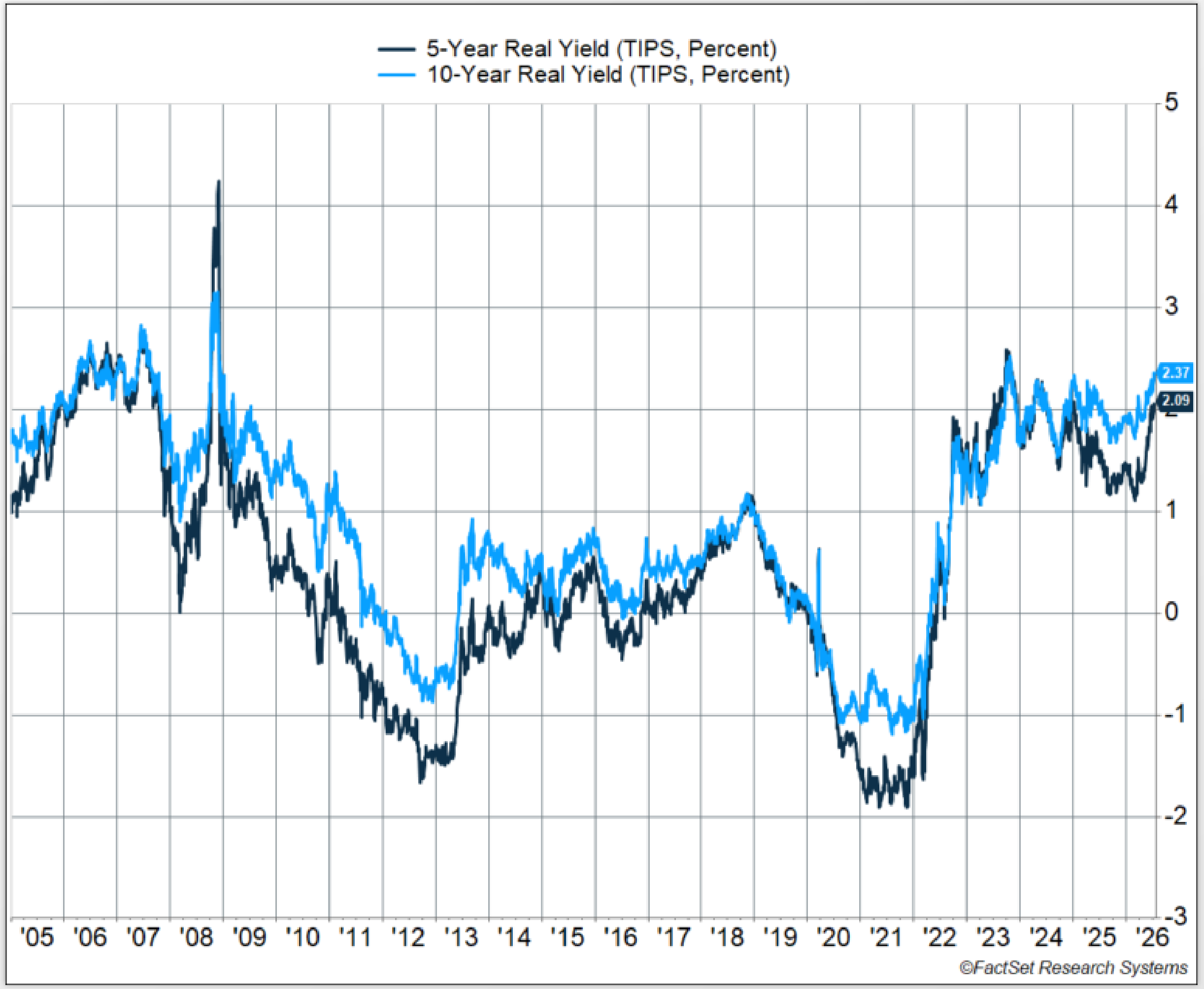


Source: Carson Investment Research, Bloomberg 7/24/26

Macro

Tight Policy Without a Hot Economy

- Five-year real yields near 2.09% and ten-year near 2.37% are the highest since 2007, just under the October 2023 peak.
- Real yields usually climb when growth and productivity are running hot. However, this is the market pricing a tighter Fed, not necessarily a stronger economy.
- It also explains why breakevens look tame around 2.3%. Inflation expectations are anchored on the assumption that the Fed does the hiking.



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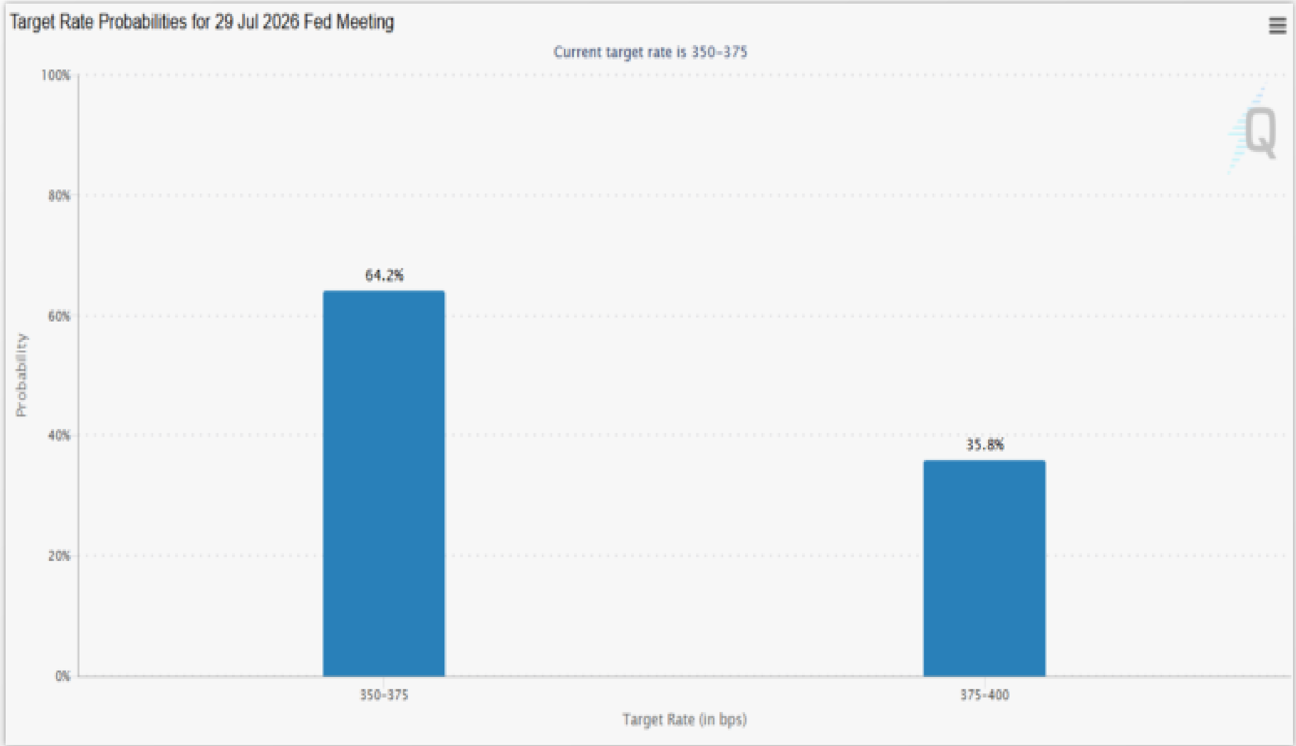
Thirty-Six Percent Is the Uncomfortable Number

- Futures put roughly a 36% chance on a hike July 29. High enough to matter, low enough that almost nobody is positioned for it.
- The June dot plot split the committee 9-9 on whether any hike arrives in 2026, and the chair didn't submit a dot.
- Soft June CPI gave the doves cover, but hiking into an energy shock is now a live scenario in a way it wasn't a month ago.

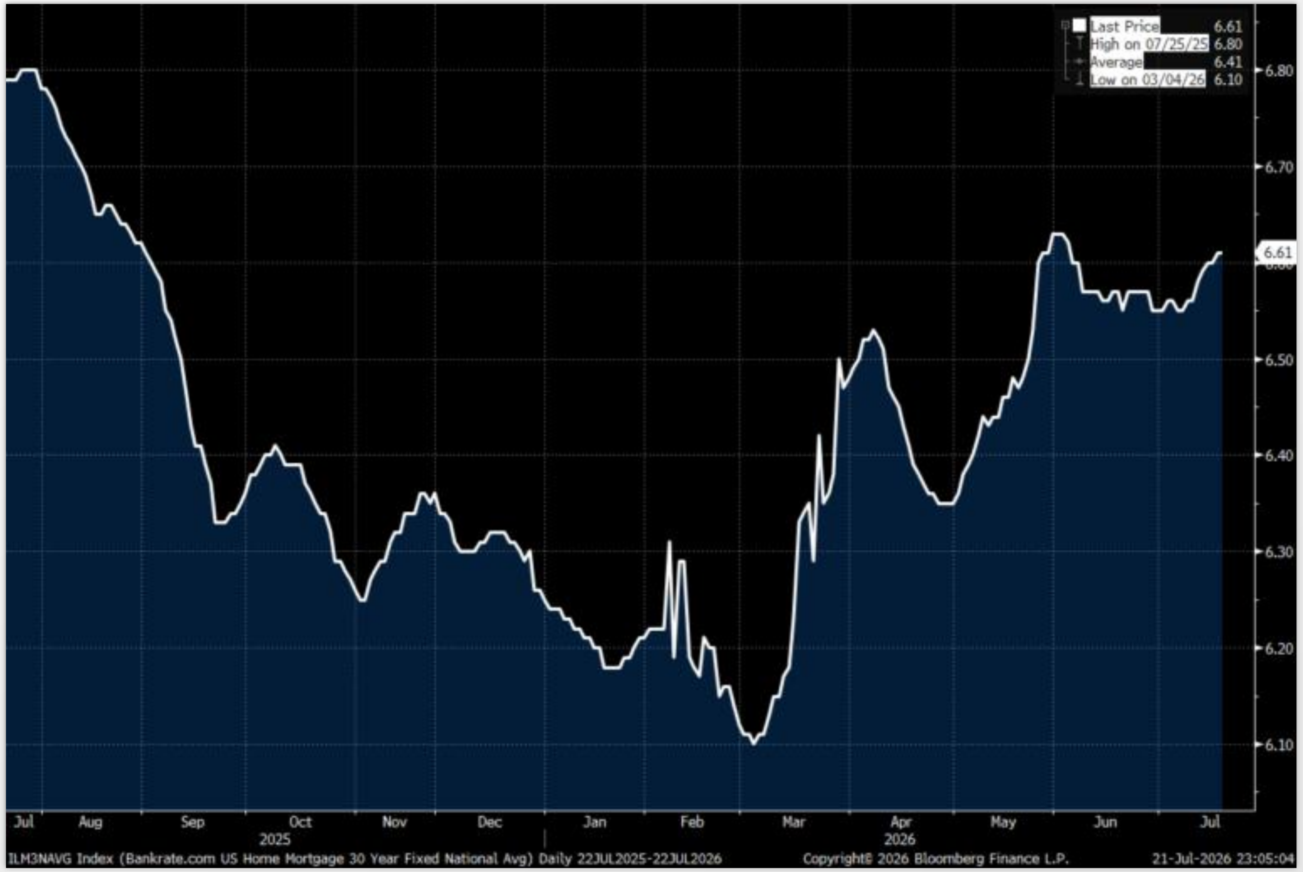


Source: FedWatch - CME Group 7/24/26

Macro

Where the Bond Market Sends the Bill

- The 30-year fixed is back over 6.6%. It never dropped below 6.5% during the June oil pullback because benchmark yields never came down.
- Mortgage applications did tick up in June, but at 5.3% of consumers they're still close to the floor.
- Housing has the least room to absorb higher rates. It's where yields hit first and where they linger longest.



Source: Carson Investment Research, Bloomberg 7/24/26

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The Banks Aren't Seeing Cracks Yet

- Net charge-offs at the four largest banks are flat to lower against both last quarter and last year. This is the percent of a lender's total loans that are written off as bad debt.
- Citi's 1.22% looks like an outlier but reflects mix. A bigger card book carries a structurally higher rate.
- These are Q2 numbers reported over the past two weeks, so they capture the period through the first leg of the oil move.

Bank	Net Charge-Off Rate (Q2 2026)	Q1 2026	Q2 2025
JPMorgan Chase	0.66%	0.67%	0.73%
Bank of America	0.47%	0.48%	0.55%
Wells Fargo	0.34%	0.45%	0.44%
Citigroup	1.22%	1.17%	1.25%

Source: Carson Investment Research, Bloomberg 7/24/26

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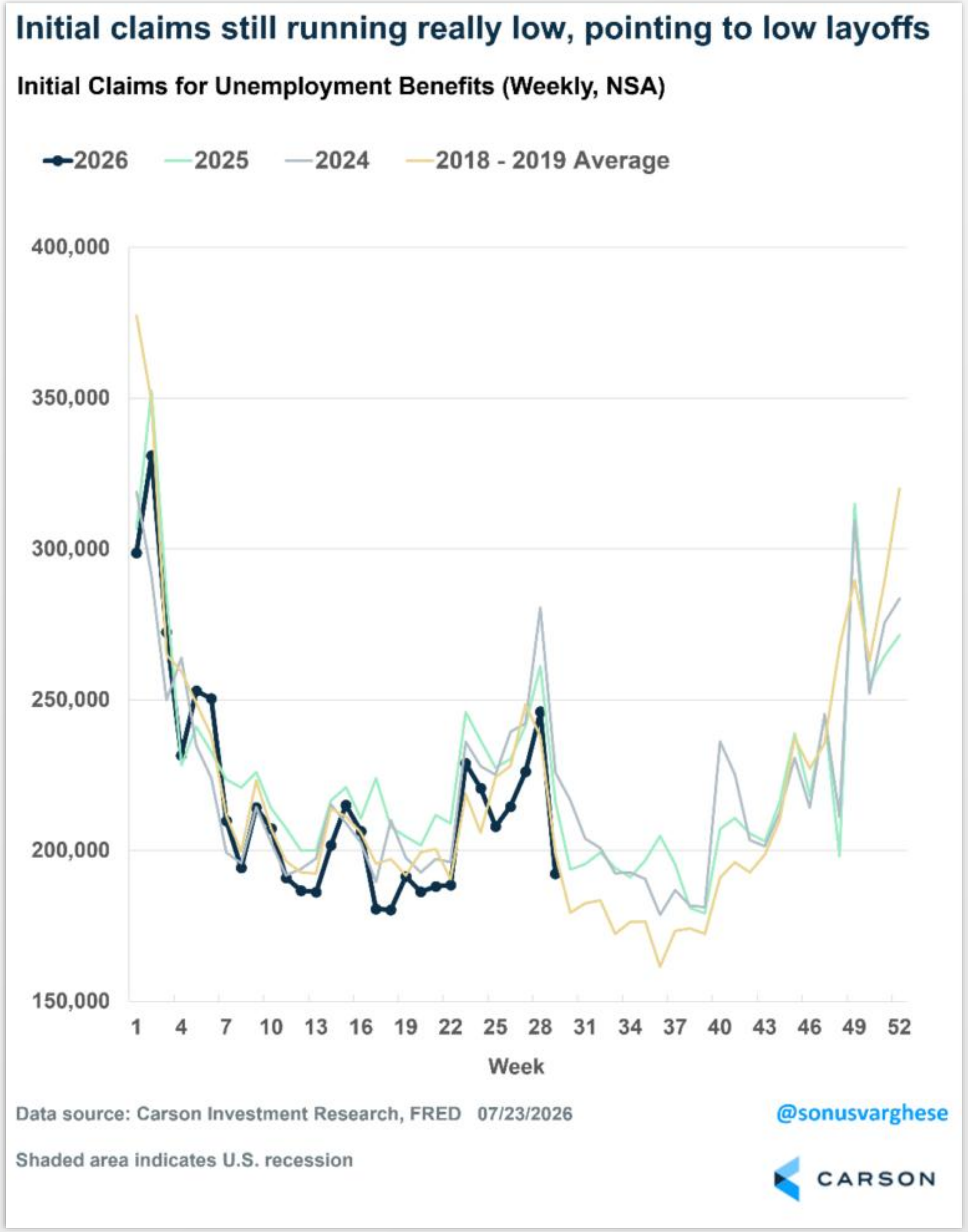
No Cover From the Labor Market

- Initial claims fell to 187,000, the lowest weekly print since 1969, and unadjusted claims are running about 11% below the same week last year.
- Continuing claims sit more than 7% below year-ago levels, so people losing jobs are finding new ones faster than they were.
- A job market this firm takes away the strongest argument against hiking. Right now, the dual mandate only pulls one direction.



Markets

The Spenders Have to Show Their Work

- The receivers of capital (ROCs) and the spenders of capital (SOCs) have started to diverge in return as of recent with ROCs up more than 35% while SOCs remain slightly negative.
- For the first couple of years of the AI CapEx boom, the returns of each were positively correlated as each bucket grew together, but this has now flipped.
- SOC investors may want to see some return on investment, which could be a reason of the dispersion.