CARSON

Charts of the Week

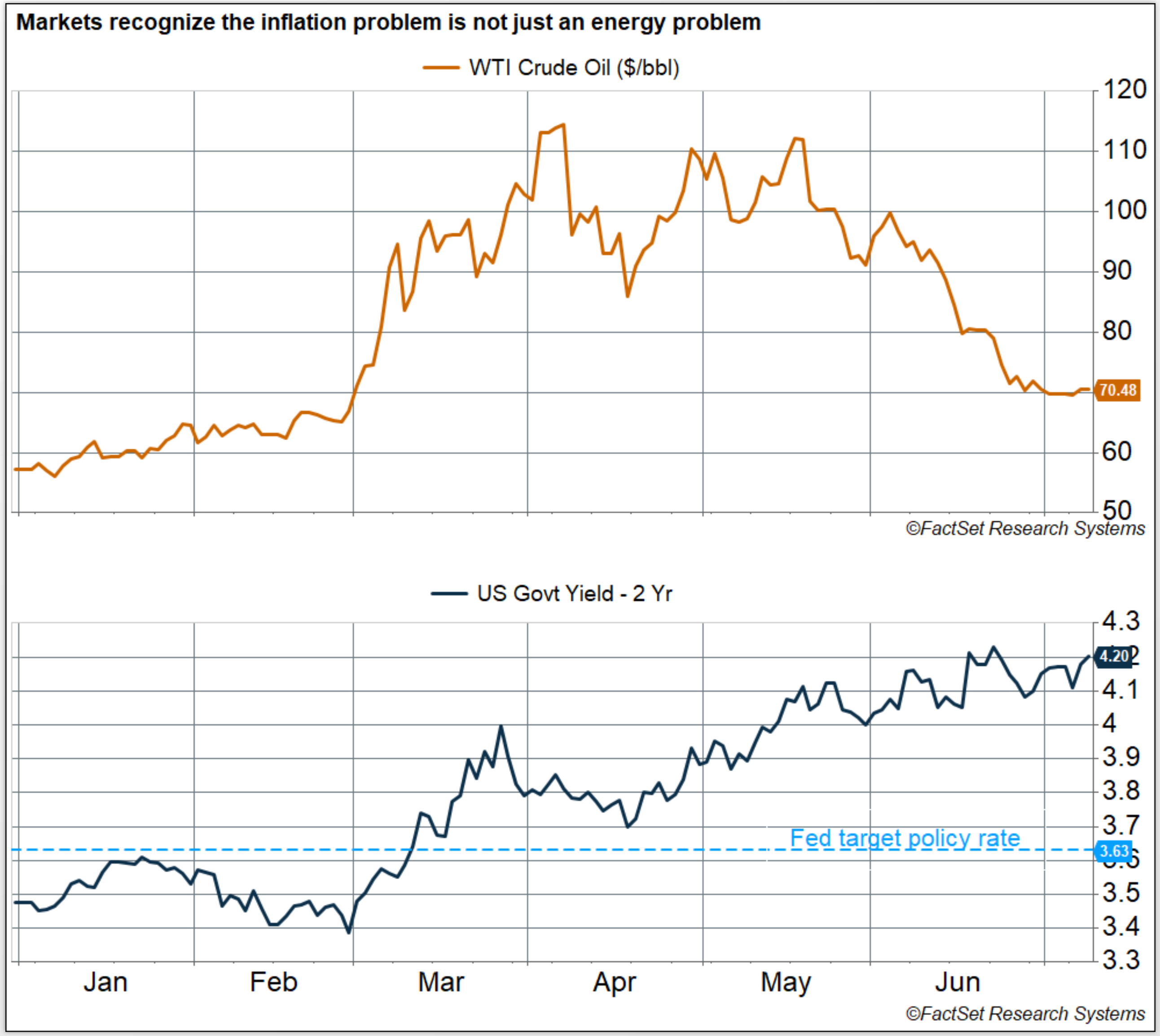
Carson Investment Research

July 6-10, 2026

Chart of the Week

Oil Came Back, Rates Did Not

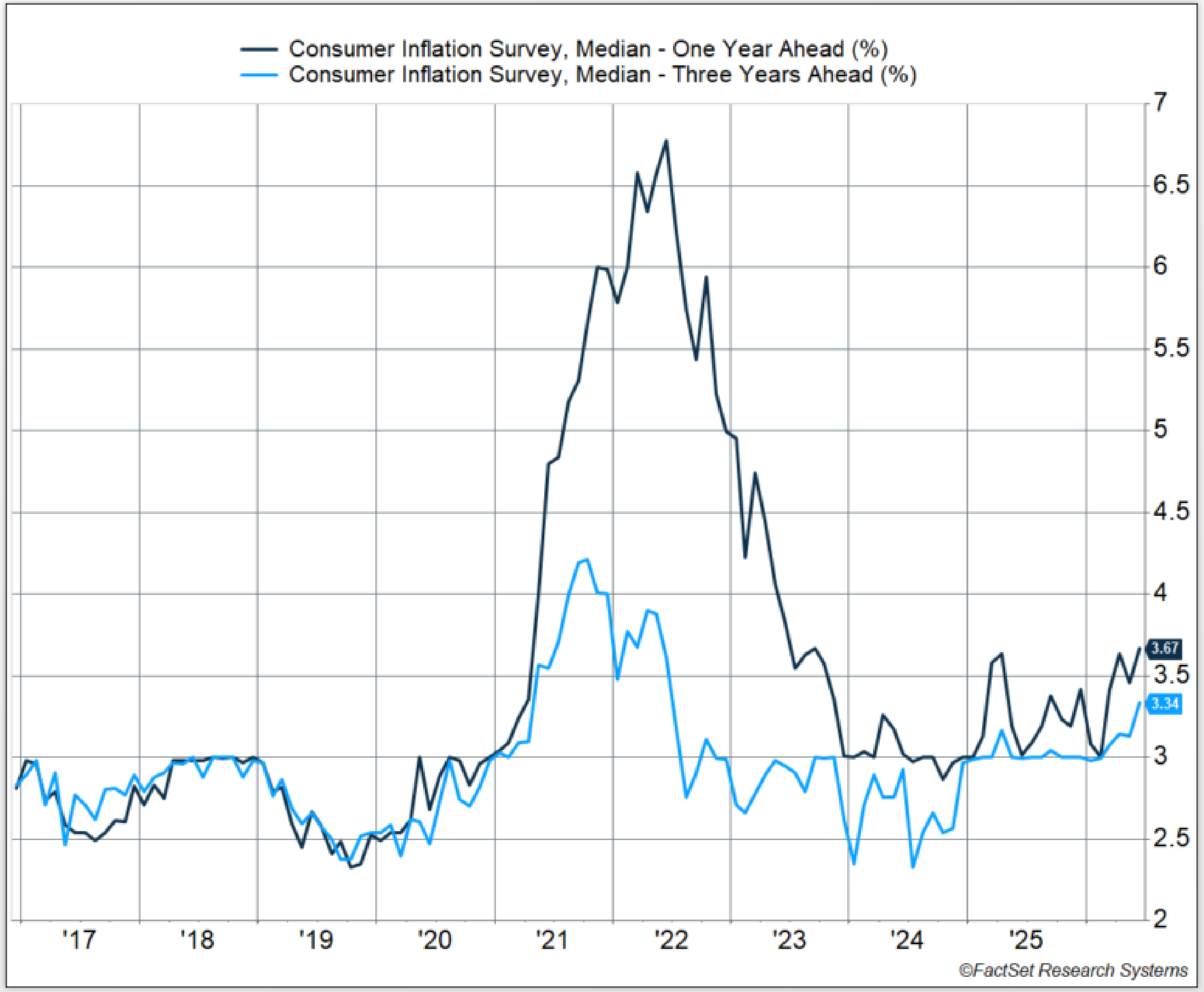
- WTI is back near $70, basically where it sat before the war, after touching $110 in April. The scare has fully unwound.
- Yet the 2-year yield kept climbing to around 4.2%, well above the Fed's 3.6% policy rate. That gap is the market betting on hikes.
- This has stopped being a narrative driven by oil. Markets are pricing broad inflation from tariffs, AI demand, and services, and oil's round trip didn't move that view.



Macro

Consumers Aren’t Sold on Disinflation

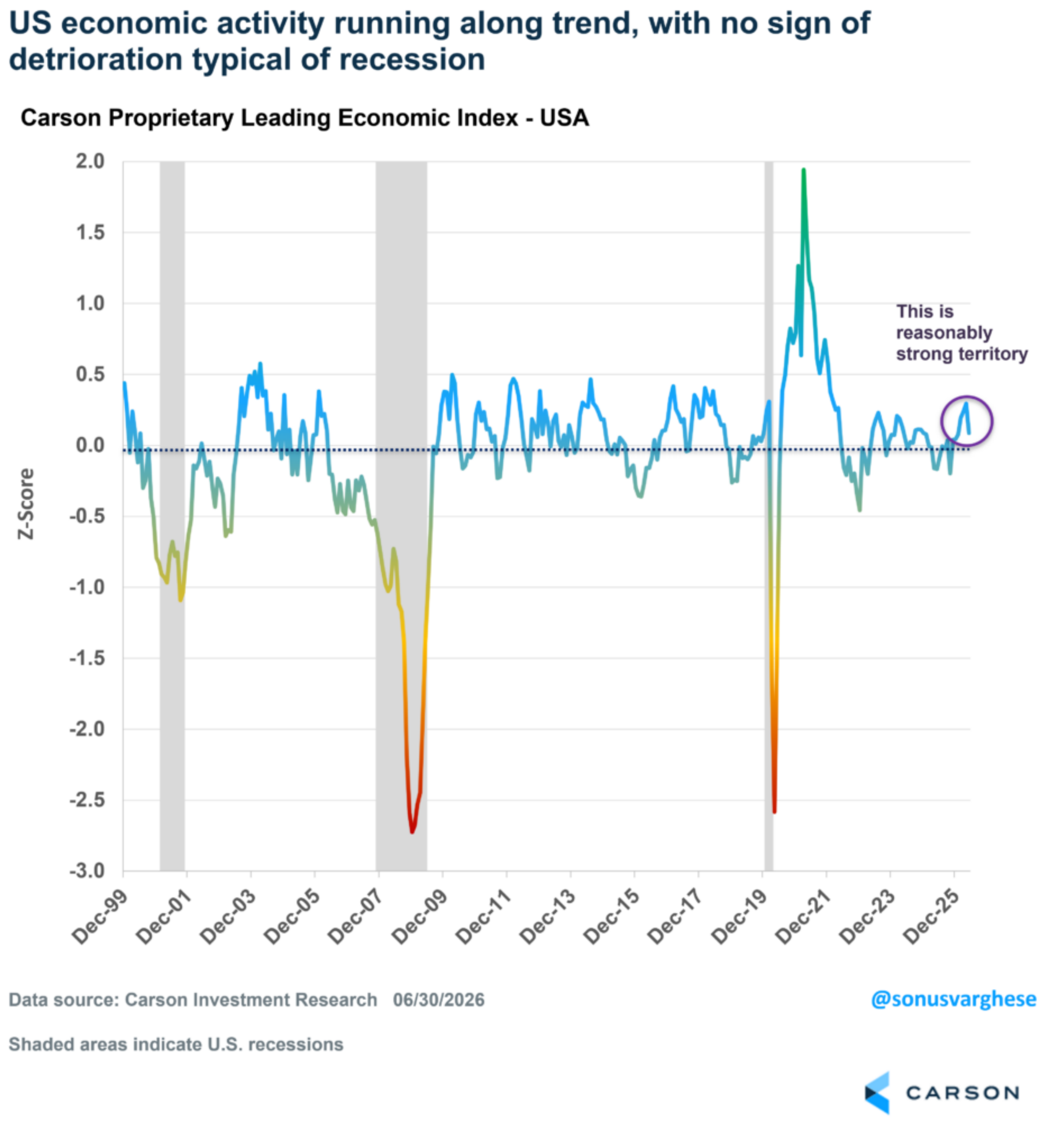
- One-year expectations jumped to 3.7%, the highest since 2023, even as gas prices eased. People extrapolate what they feel at the register.
- Three-year expectations rose to 3.3%. Near and medium term drifting up together is what the Fed worries about.
- Five-year held at 3%, so this reads as sticky, not necessarily unanchored. Still, it lines up with why the rates market flipped hawkish.



Macro

All Along Trend

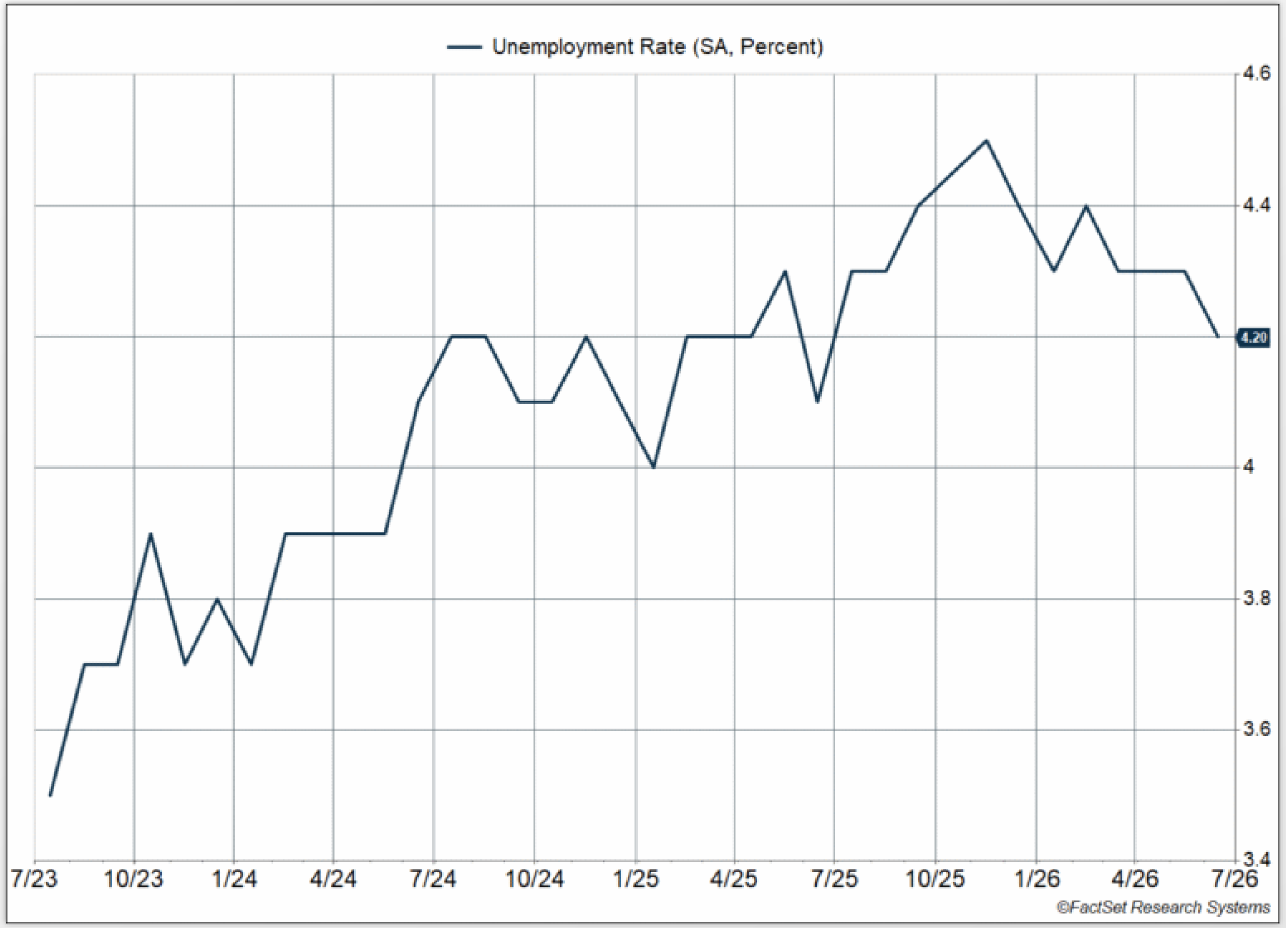
- Carson's proprietary leading index is running right at trend, consistent with nominal GDP growth around 5% to 6%. No deterioration like what preceded 2001 or 2008.
- It captures nominal activity by design, since that's what drives revenue and profits. Hot nominal growth is a tailwind for earnings even when real growth is soft.
- A year ago it dipped on tariff worries, then rebounded. The economy absorbed a war and an oil spike and kept its footing.



Macro

Unemployment's 2025 Climb Has Fully Reversed

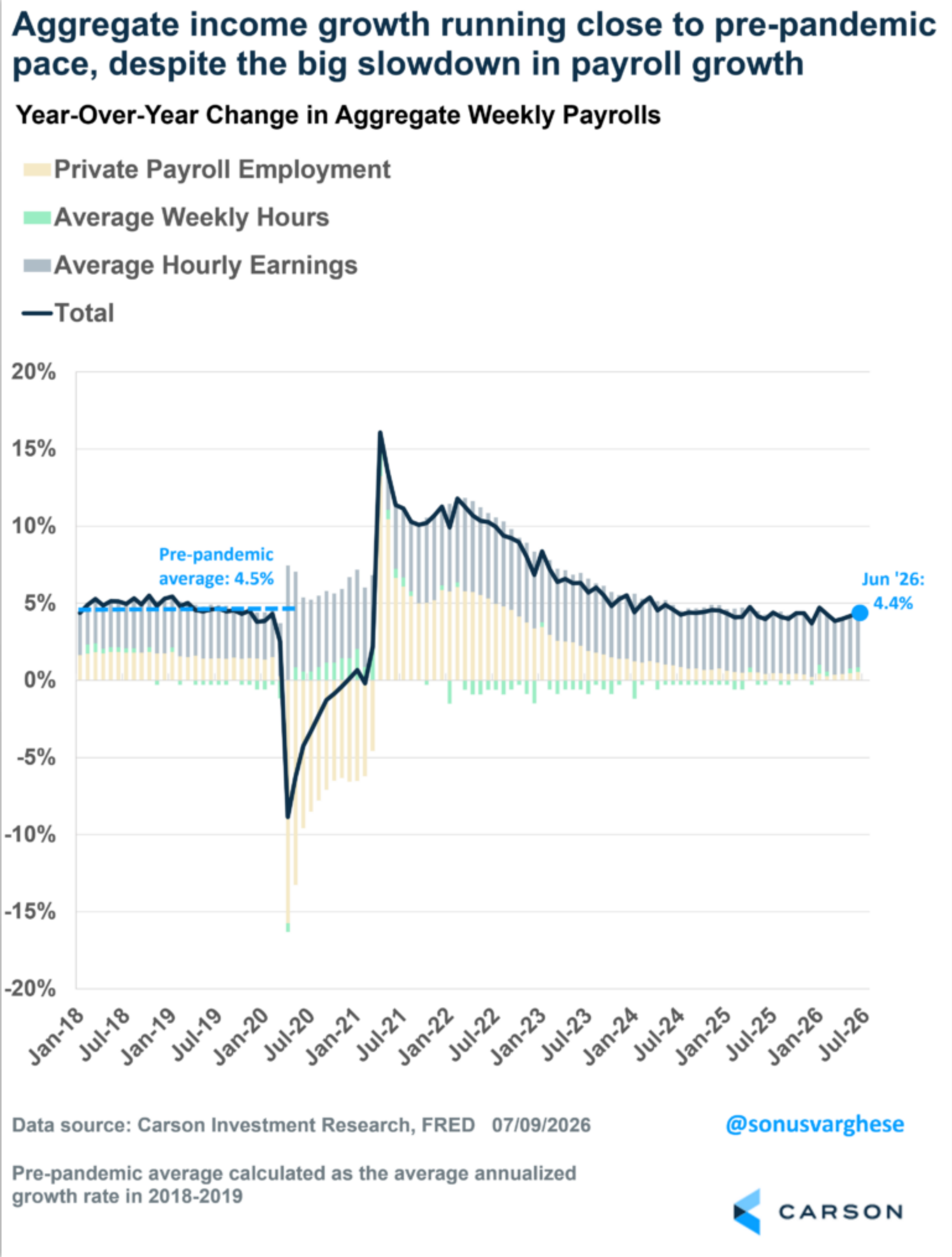
- The rate fell to 4.2% in June, the low of the year, erasing the entire 2025 uptick.
- 4.2% is still near historic lows. It only feels elevated next to the 3.5% we briefly touched in 2023.
- Part of June's drop came from people leaving the labor force, so it isn't flawless. The broader read is still a steady jobs market.



Macro

Hiring Has Cooled, but Household Income Have Not

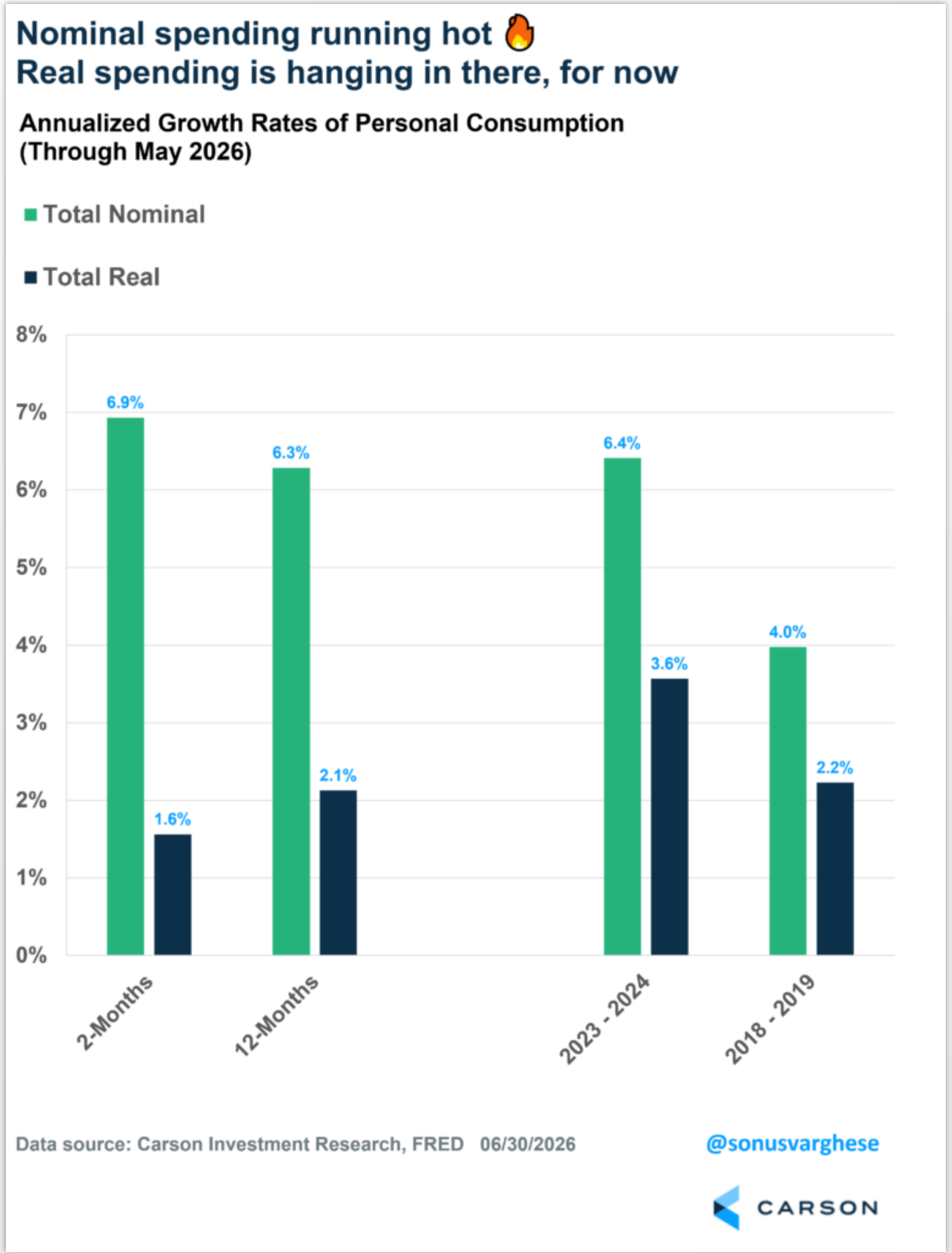
- Aggregate weekly payrolls are growing about 4.4% year over year, right on the pre-pandemic pace, despite payroll gains slowing sharply.
- Steady hours and still-solid wage growth are filling the gap left by slower headcount.
- This is a big reason consumption has held up even as the monthly jobs numbers got noisy.



Macro

Consumers Are Paying Up

- Nominal spending is running hot near 6.9% annualized, but real spending is only about 1.6% once you strip out inflation. Households are paying higher prices.
- That 1.6% trails the 2023 to 2024 pace but isn't far below the 2018 to 2019 trend.
- For the market, the nominal number is the one that shows up in revenue. For households, the real number is the one they feel.



Markets

Historically, A Blowout Quarter Rarely Marks the Top

- The S&P gained 14.9% in Q2, one of the best on record. The instinct is to brace for payback, but history points the other way.
- In the nine prior times Q2 gained double digits, Q3 was lower just once and Q4 was never lower. The final six months averaged 11.7%, more than double a normal year.

A Big Q2 Quarter Should Have Bulls Smiling

S&P 500 Performance After A >10% Q2 Quarter (1950 - Current)

		S&P 500 Forward Returns		
Date of Quarter End	Q2 Return	Q3 Return	Q4 Return	Final Six Months Of Year
6/30/1955	12.2%	6.4%	4.1%	10.8%
6/28/1968	10.4%	3.1%	1.2%	4.3%
6/30/1975	14.2%	-11.9%	7.5%	-5.3%
6/30/1980	11.9%	9.8%	8.2%	18.8%
6/30/1997	16.9%	7.0%	2.4%	9.6%
6/30/2003	14.9%	2.2%	11.6%	14.1%
6/30/2009	15.2%	15.0%	5.5%	21.3%
6/30/2020	20.0%	8.5%	11.7%	21.2%
6/30/2025	10.6%	7.8%	2.3%	10.3%
6/30/2026	14.9%	?	?	?
	Average	5.3%	6.1%	11.7%
	Median	7.0%	5.5%	10.8%
	% Higher	88.9%	100.0%	88.9%
All Years Since 1950				
Average		0.8%	4.2%	4.9%
Median		2.6%	5.2%	6.3%
% Positive		61.8%	80.3%	72.4%

Source: Carson Investment Research, FactSet 06/30/2026
@ryandetrick

CARSON

Markets

The Market Stopped Leaning on the Mag 7

- Only one of the seven megacaps is beating the S&P this year, yet the index is up 10%. Something else is doing the work.
- That something is breadth. If the year ended today, it'd be just the second time an equal-weighted Mag 7 trailed the index, and the last time (2022) was a down year.
- Leadership has rotated toward the companies benefiting from AI spending rather than the ones doing the spending.

S&P 500 Doing Fine but "Magnificent 7" Stocks Lagging

Signals healthy market breadth amid rotation.

	Alphabet	Amazon	Apple	Meta	Microsoft	NVIDIA	Tesla	Mag 7 Average	S&P 500	Mag 7 - S&P 500	# Mag 7 Outperforming
2013	58.4%	59.0%	-26.8%	105.3%	16.4%	30.8%	344.1%	83.9%	32.4%	51.5%	4
2014	-5.4%	-22.2%	51.3%	42.8%	24.3%	24.5%	47.9%	23.3%	13.7%	9.6%	5
2015	46.6%	117.8%	11.3%	34.1%	8.7%	55.0%	7.9%	40.2%	1.4%	38.8%	7
2016	1.9%	10.9%	4.7%	9.9%	19.1%	276.3%	-11.0%	44.6%	12.0%	32.6%	2
2017	32.9%	56.0%	38.8%	53.4%	38.0%	126.0%	45.7%	55.8%	21.8%	34.0%	7
2018	-0.8%	28.4%	48.7%	-25.7%	45.8%	-41.4%	6.9%	8.9%	-4.4%	13.2%	5
2019	28.2%	23.0%	0.8%	56.6%	38.1%	65.1%	25.7%	33.9%	31.5%	2.4%	3
2020	30.9%	76.3%	108.9%	33.1%	53.8%	120.1%	743.4%	166.6%	18.4%	148.2%	7
2021	65.3%	2.4%	23.0%	23.1%	34.4%	88.7%	49.8%	40.9%	28.7%	12.2%	4
2022	-39.1%	-49.6%	-1.8%	-64.2%	-4.4%	-20.1%	-65.0%	-34.9%	-18.1%	-16.8%	2
2023	58.3%	80.9%	24.6%	194.1%	33.9%	215.1%	101.7%	101.2%	26.3%	74.9%	6
2024	36.0%	44.4%	36.8%	66.0%	32.3%	95.2%	62.5%	53.3%	25.0%	28.3%	7
2025	66.0%	5.2%	9.8%	13.1%	12.1%	59.2%	11.4%	25.3%	17.9%	7.4%	2
2026*	14.3%	3.3%	6.6%	-14.5%	-22.5%	7.4%	-6.5%	-1.7%	10.2%	-11.9%	1

Source: Carson Investment Research, FactSet 7/9/2026

*2026 through 6/30/2026. Returns are for analytic purposes only and should not be construed as a recommendation. Past performance is no guarantee of future results.

Best perform and worst performer (including S&P 500) highlighted in green and red respectively.

Markets

A Quarter of the Russell, Half the Return

- Small caps ripped 23% in the first half versus 10% for the S&P, and it's tempting to read that as the rally moving beyond AI.
- Roughly 24% of the Russell 2000 is tied to AI, and those names drove about 12 of the index's 23 points of return. A quarter of the basket, over half the gains.
- Size and style no longer tell you your AI exposure. You can potentially own it without meaning to.

Sector	Russell 2000		
	Weight (%)	AI Weight (%)	Return Contribution from Stocks tied to AI
Information Technology	17.9	15.6	9.4
Industrials	17.3	6.0	2.3
Health Care	16.9	0.3	0.0
Financials	16.2	0.5	0.2
Energy	4.6	0.1	0.1
Consumer Discretionary	8.4	0.1	0.0
Real Estate	5.7	--	--
Materials	5.1	0.6	0.1
Communication Services	2.7	0.7	0.0
Utilities	2.9	0.2	-0.0
Consumer Staples	1.7	--	--
Total	**100.0**	**24.1**	**12.1**

Data: Factset 06/30/26

"AI weight" obtained using artificail intelligence tools to determine whether or not each company in the sector is tied to AI

CARSON

Markets

Earnings Strength Came from Margins

- Most S&P 500 sectors grew earnings faster than revenue last quarter, and in several it wasn't close. Tech grew EPS nearly 55% on 32% sales growth.
- When profits outrun sales like that, the idea is margins, buybacks, and easy year-ago comparisons, maybe not booming demand
- Health Care is the exception, growing revenue 7% while earnings fell. Selling more and earning less is the toughest spot in business.