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Charts of the Week

Carson Investment Research

June 29- July 2, 2026

Chart of the Week

Momentum Getting Stretched

- The S&P 500 Momentum Index has beaten the broad index by roughly 23 percentage points annualized over three years. That reading sits at the very top of its 40-year range and is rivaled only by March 2000.
- The move is self-reinforcing because momentum has effectively become an AI proxy, with technology near 55% of the basket. Managers who are underweight those names risk underperforming their benchmark, so they buy, and the buying feeds the trend.

Momentum surges on the back of the AI wave

S&P 500 Momentum Index Minus S&P 500: 1-Year Excess Return



S&P 500 Momentum Index Minus S&P 500: 3-Year Excess Return



Data source: Carson Investment Research, Bloomberg 06/30/2026

3-year returns are annualized

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Markets

Micron Flips to Russell's Growth Index and Amazon to Value

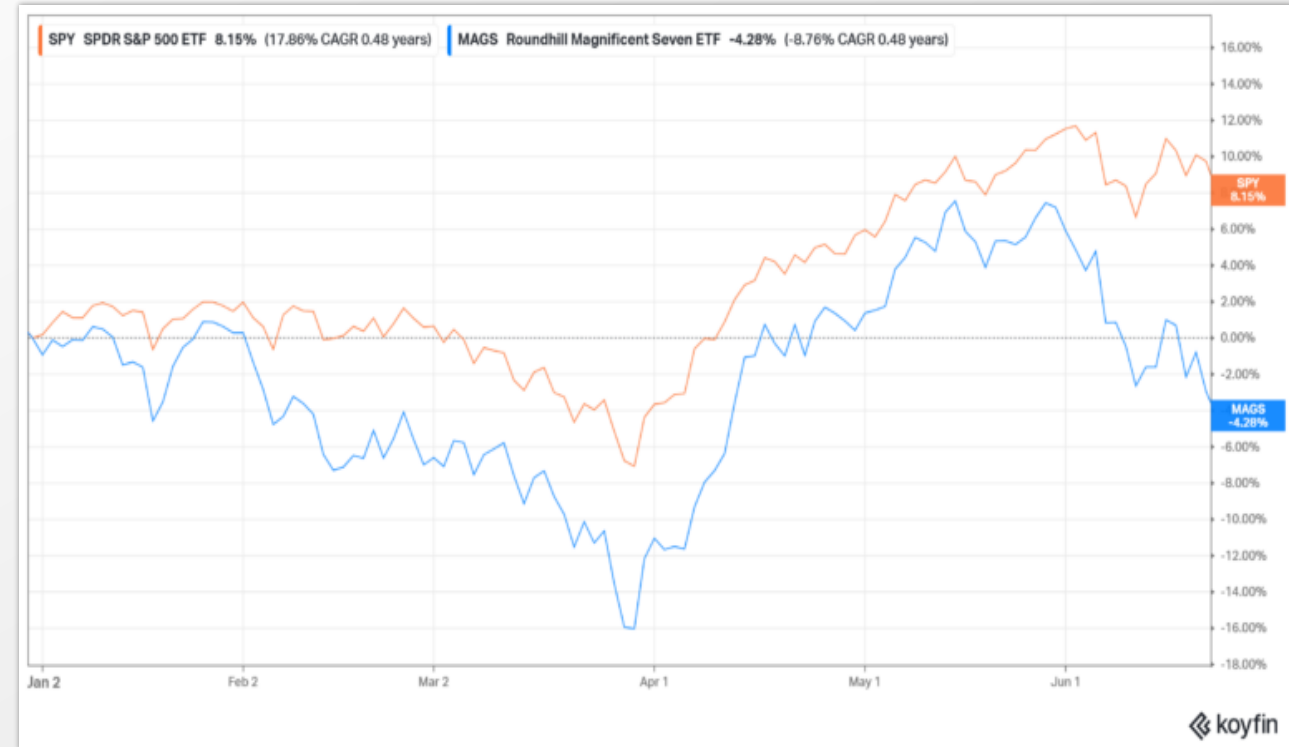
- Micron trades near 19x book, above the Russell 1000 Growth index and roughly five times the Value index it just exited. The reconstitution only ratified what price already decided.
- For 25 years investors anchored Micron to book value as a cyclical name. AI reframed it as a secular growth story, and the index rules caught up.
- Amazon made the opposite trip, sliding into value at its lowest price-to-book since the 2008 crisis. The style box is now being drawn around who owns the AI narrative.



Markets

The Lag 7...

- The Magnificent Seven basket is down on the year while the S&P 500 is up high single digits. The AI trade is real, but the mega-caps are not the ones carrying it.
- June made the split obvious, with the Mag 7 ETF off roughly 9% for the month even as breadth improved across mid and small caps.
- Leadership has shifted toward the chip and memory names feeding the buildout, not the household platform stocks most people picture when they hear "AI."



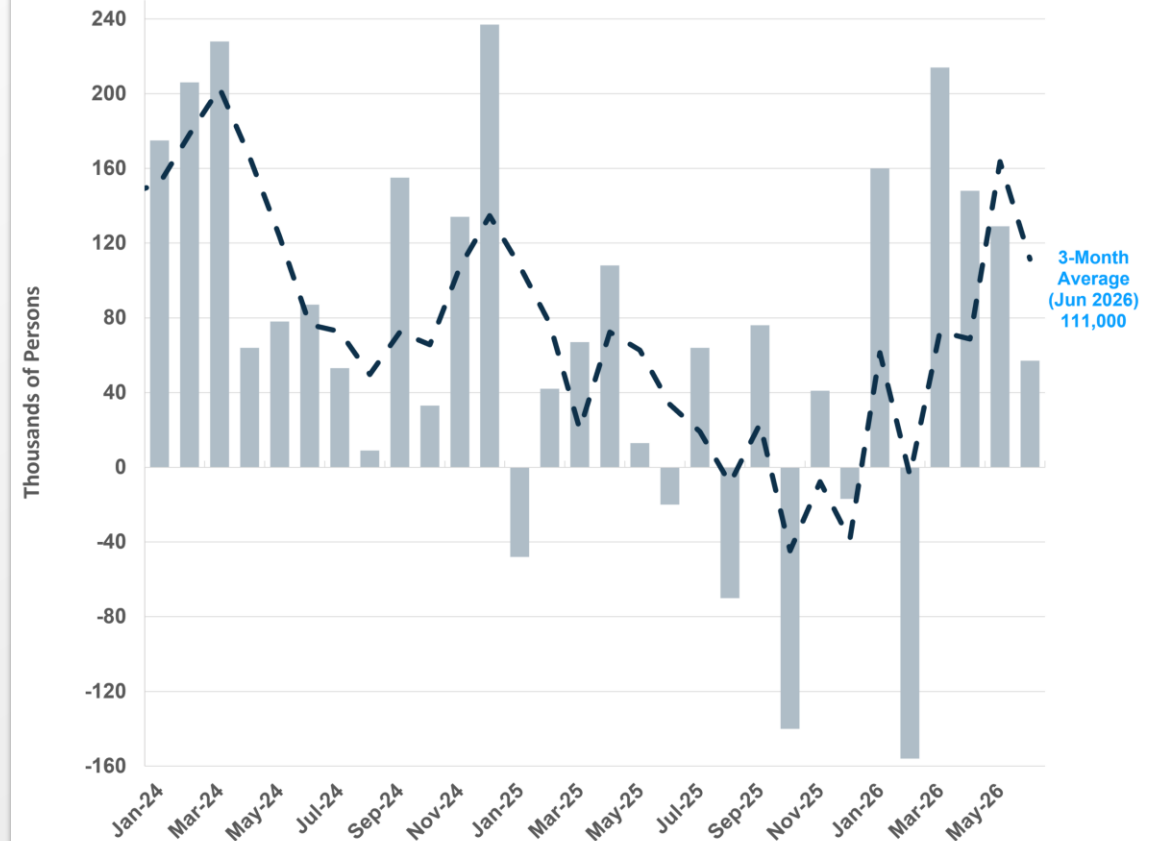
Macro

Hiring Downshifts a Little

- June hiring slowed to a three-month average near 111k, softer than the spring but still running ahead of last year's pace.
- This is a small deceleration, and the kind of cooling that eases wage pressure without signaling an issue in the labor market.

Payroll growth eased in June, but still better than last year

Monthly Nonfarm Payroll Gains



Data source: Carson Investment Research, FRED 07/02/2026
Dashed line shows 3-month moving average

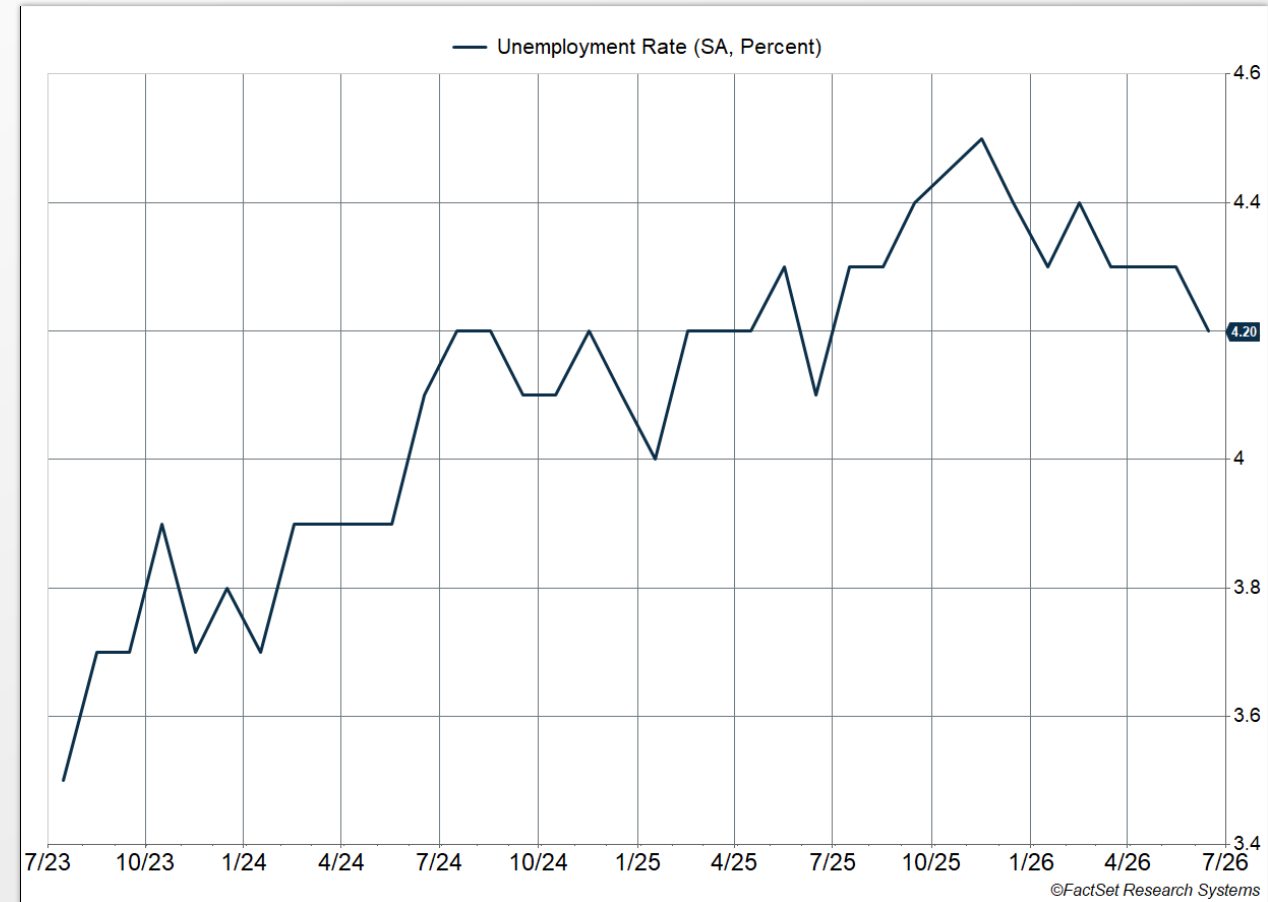
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Unemployment Rate Settles Back Toward 4%

- The unemployment rate slipped back to 4.2% after pushing toward 4.5% late last year. The range has been choppy, but it is not trending higher.
- A steady unemployment rate alongside slower hiring points to a labor market cooling from the demand side rather than shedding workers.



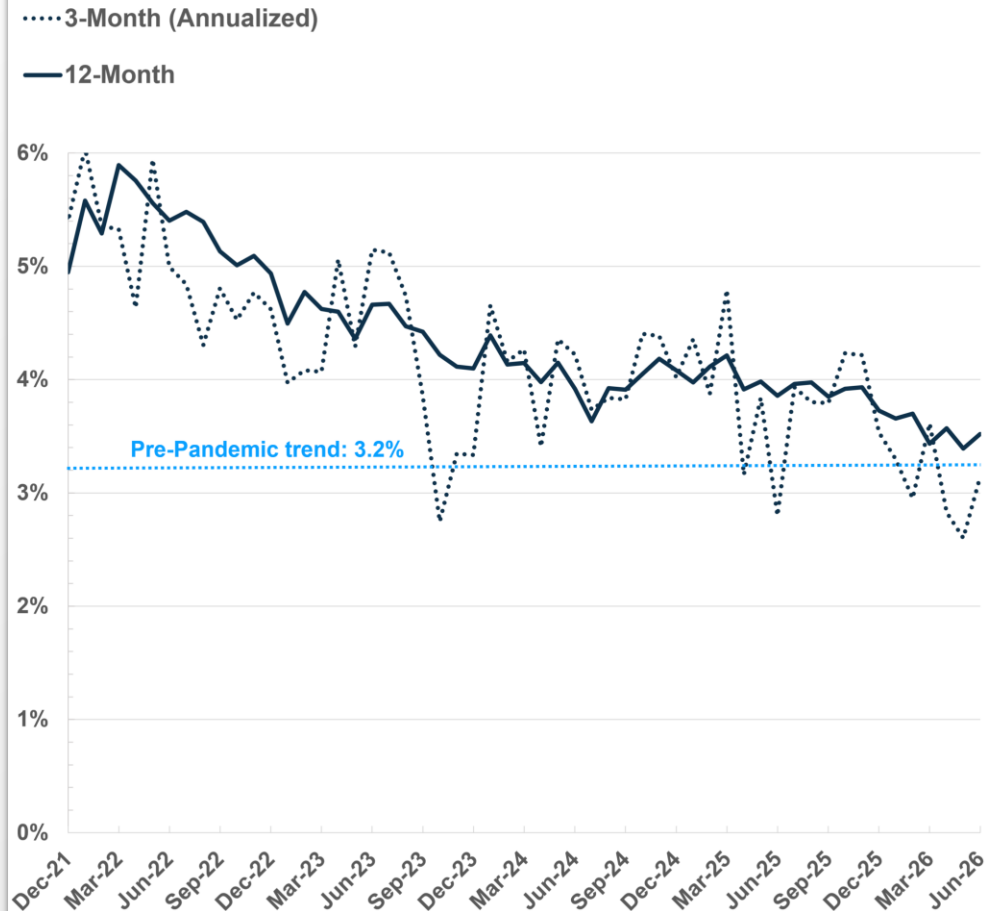
Macro

Inflation Keeps Eating Into Wage Growth

- Nominal wage growth near 3.5% is back in line with the pre-pandemic norm, so on paper paychecks look healthy.
- The catch is inflation. With prices running hotter, real wage gains are thin, and that gap is what households feel.

Wage growth running close to pre-pandemic pace, but hotter inflation means real wage growth is soft

Growth Rate of Average Hourly Earnings (Annualized)



Data source: Carson Investment Research, FRED 07/02/2026

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Pre-Pandemic Trend is the annualized growth rate from Jan 2018 to Dec 2019



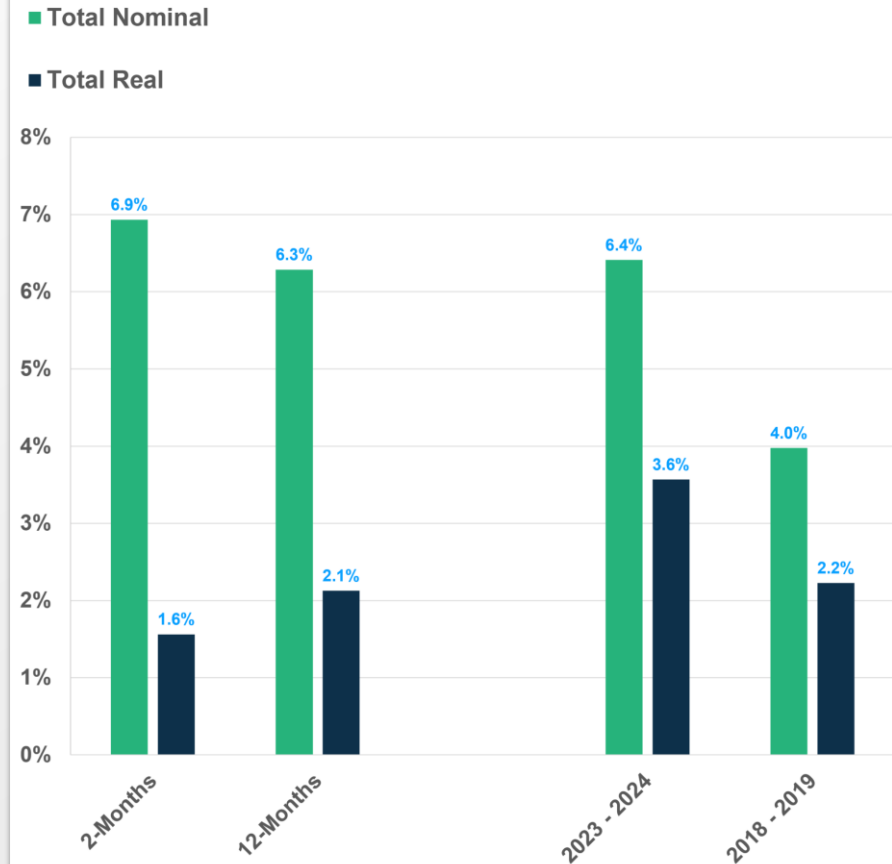
Macro

Strong Spending in Dollars, Softer in Real Terms

- Spending is up close to 7% in nominal terms but only about 1.6% after inflation. Most of the strength is higher prices, not really volume.
- Real consumption is still positive, which keeps the expansion going, but the gap between the two bars is wider than the headline suggests.

Nominal spending running hot 🔥
Real spending is hanging in there, for now

Annualized Growth Rates of Personal Consumption
(Through May 2026)



Data source: Carson Investment Research, FRED 06/30/2026

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Markets

Cash Is Still Beating Core Bonds

- Core bonds have clawed back to roughly flat to slightly positive on the year, but T-bills are still ahead with less volatility.
- Strong starting yields did the heavy lifting, offsetting the price hit as rates drifted higher across the curve.
- The cushion is real now in a way it wasn't in the zero-rate era.

Bonds Have Bounced Back but Still Face a Challenging Environment

Core bonds are still trailing T-bills year to date.

Index	12/31/2025-2/27/2026	2/27/2026-5/19/2026	5/19/2026-6/29/2026	Year to Date
S&P 500	0.7%	7.2%	1.3%	9.3%
Bloomberg 1-3 M Treasury Bills	0.6%	0.8%	0.4%	1.8%
Bloomberg US Aggregate	1.7%	-2.8%	2.1%	1.0%
Bloomberg US Corporate Investment Grade	1.5%	-2.4%	2.3%	1.3%
Bloomberg US MBS	2.1%	-3.0%	2.4%	1.4%
Bloomberg Intermediate Treasury	1.2%	-1.8%	1.1%	0.5%
Bloomberg Long Treasury	3.7%	-7.0%	5.3%	1.5%
Bloomberg Treasury Inflation Protected Securities (TIPS)	1.6%	-1.0%	0.9%	1.5%
Bloomberg US High Yield	0.7%	-0.1%	1.2%	1.9%
Morningstar LSTA US Leveraged Loan 100	-2.0%	2.8%	-0.4%	0.4%
Bloomberg Commodity Index	11.6%	18.3%	-13.8%	13.8%

Source: Carson Investment Research, FactSet 6/30/2026
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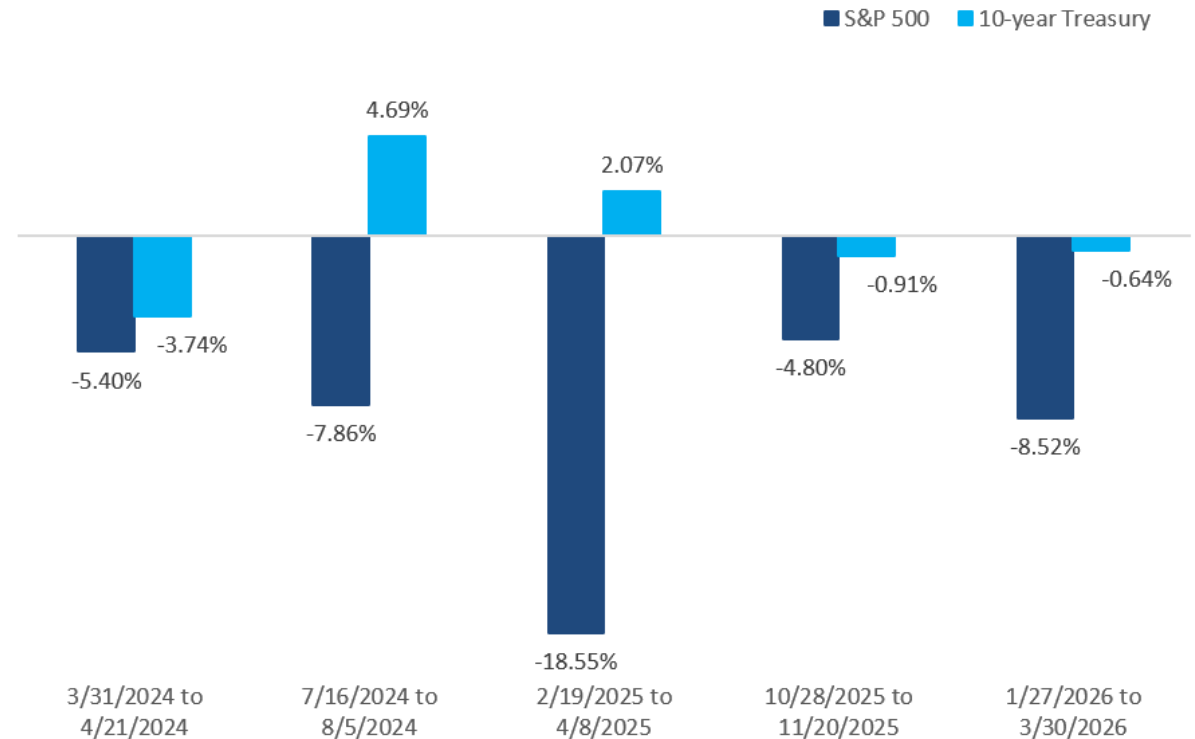
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Bonds Cushion Stocks, Until Inflation Is the Shock

- Across the five S&P 500 pullbacks since 2024, bonds only helped in two of them, although those happened to be two of the deeper declines.
- In the other three, an inflation scare drove the selloff (tariffs, oil, Iran) and bonds fell right alongside stocks.
- Bonds are a much weaker hedge when inflation is breaking the market.

S&P 500 Drawdowns and Bonds

Since 1/1/2024, -5% Declines from Peak



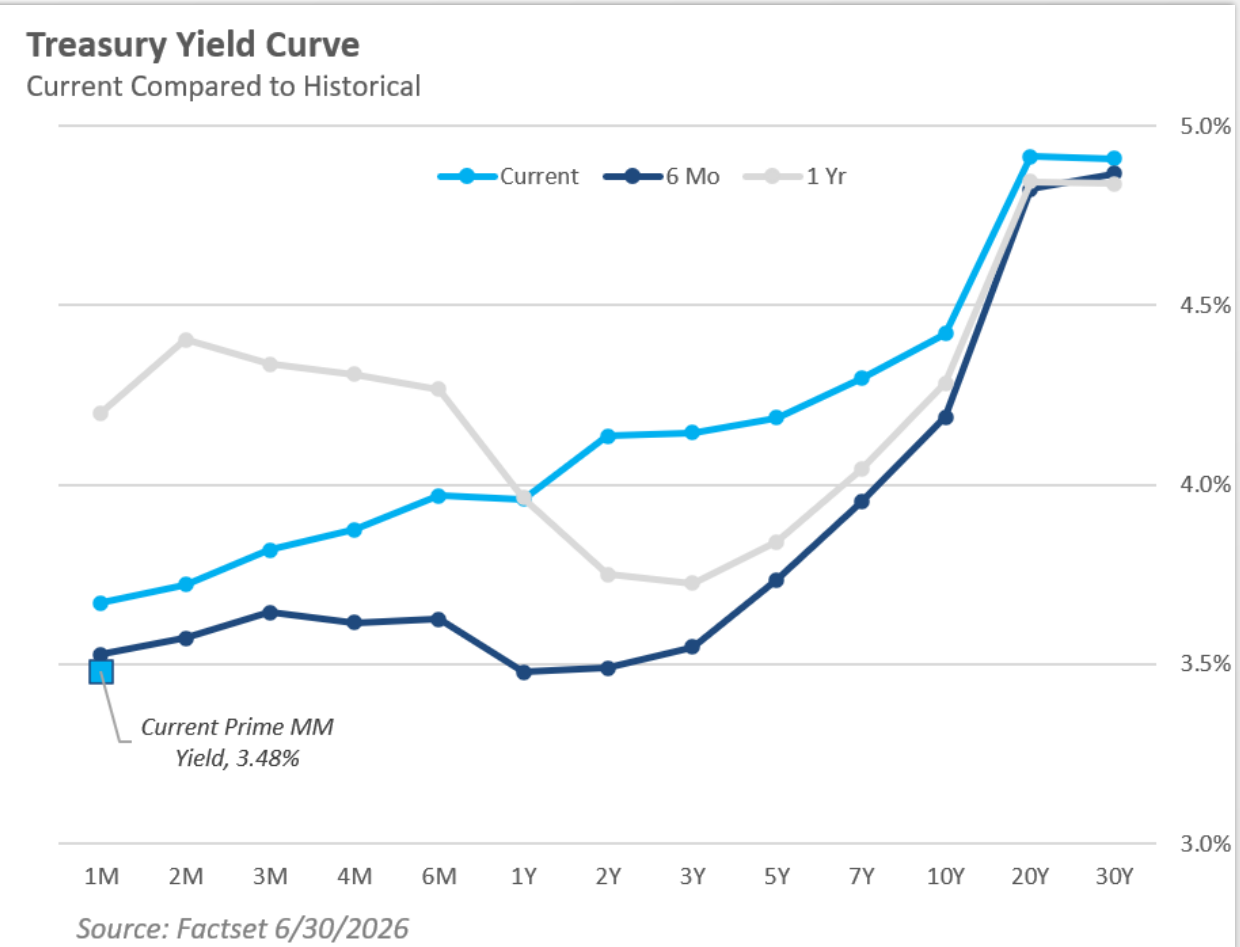
Source: Morningstar Direct 6/30/2026



Macro

The Curve Steepens Back to Normal

- The curve has shifted higher and steepened into a more normal shape, with the front end repricing for no more rate cuts and the long end carrying the debt and inflation premium.
- A sloped curve brings back roll-down: bonds gain a little as they age into lower yields, something a flat curve doesn't offer.
- It also pays to step out of prime money funds, which currently yield about 0.50% less than 1-year Treasuries despite carrying more risk.



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