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Charts of the Week

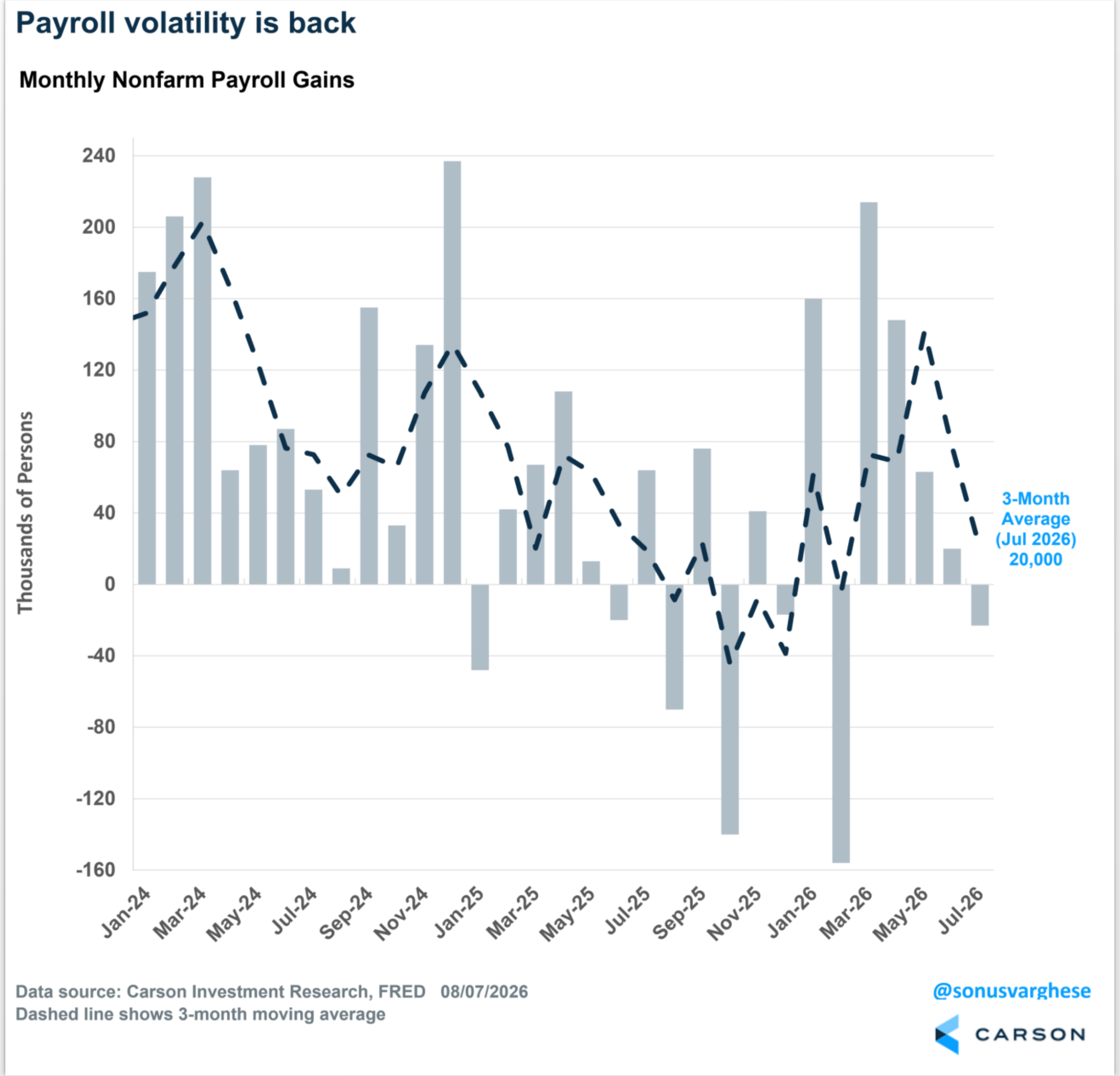
Carson Investment Research

August 3-7, 2026

Chart of the Week

Hiring Was Weaker Than Expected

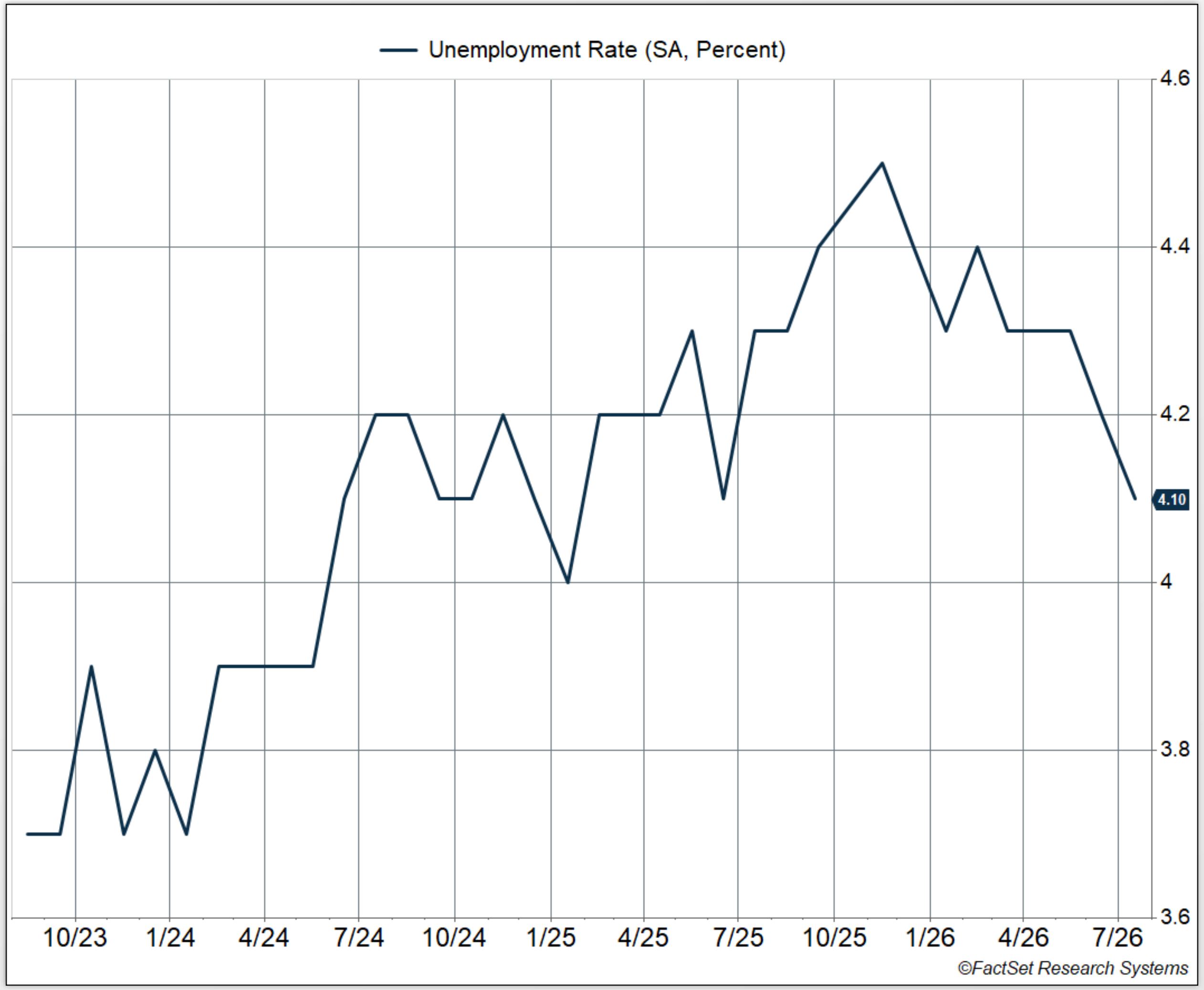
- July came in at negative 23,000 jobs when the consensus looked for a gain of 80,000. The bigger news was in the revisions, where May and June together lost 103,000 jobs that had already been reported.
- That changes the story backward. Q2 looked like it was averaging 111,000 jobs a month. It was really averaging about 77,000.
- The survey carries a margin of error of roughly plus or minus 120,000, so a negative month is not by itself alarming.



Macro

The Rate That Was Supposed to Keep Climbing

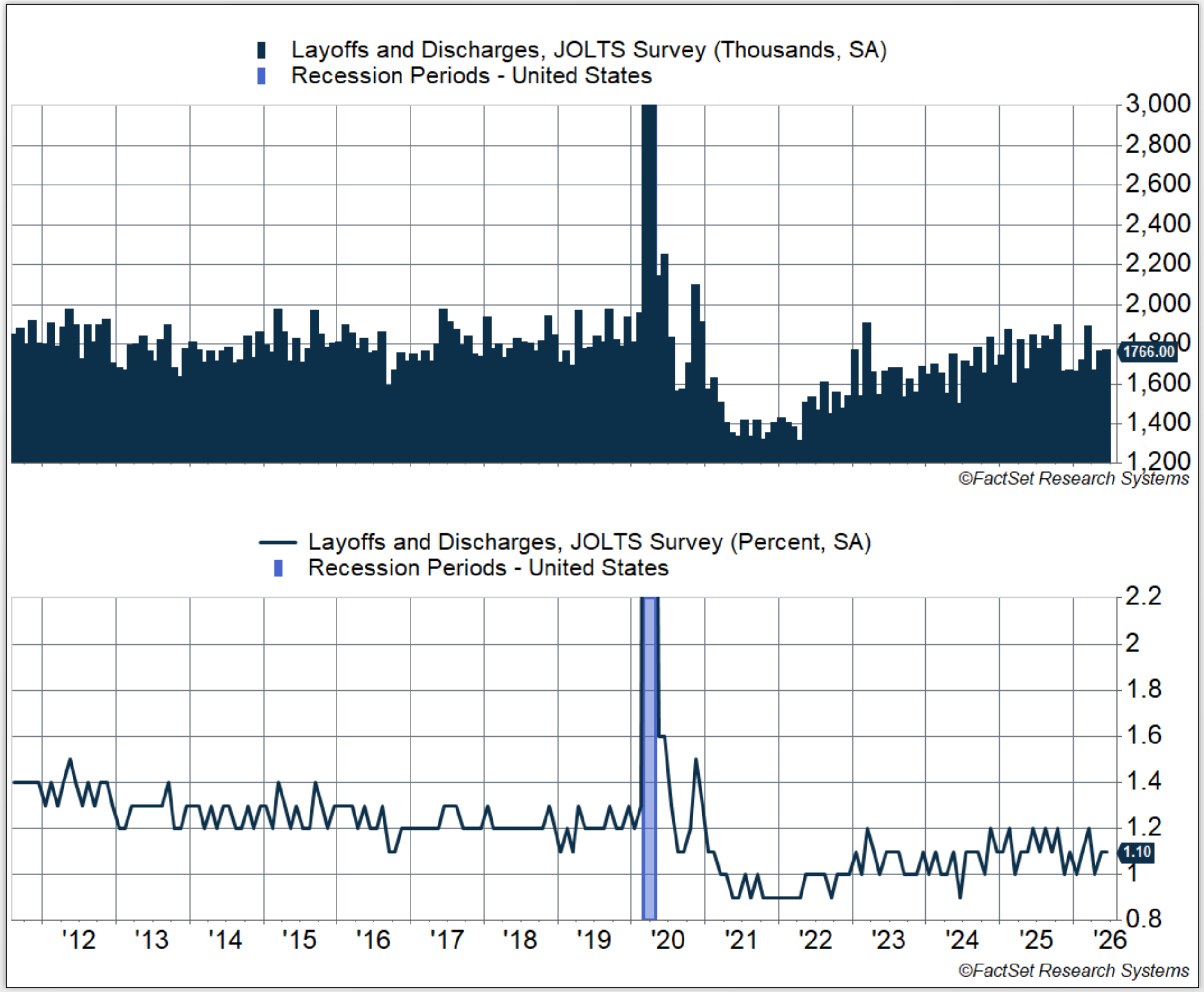
- Unemployment fell to 4.1% in July, the lowest reading in a year, which fully erases the climb to 4.5% late last year.
- History says that isn't supposed to happen. Once the unemployment rate starts rising it usually keeps going until a recession shows up. Rising, then flattening, then reversing is quite rare.
- The prime-age employment ratio tells the same story from another angle. At 80.4%, a very high share of people between 25 and 54 are working right now.



Macro

Low Hiring Only Hurts If Firing Follows

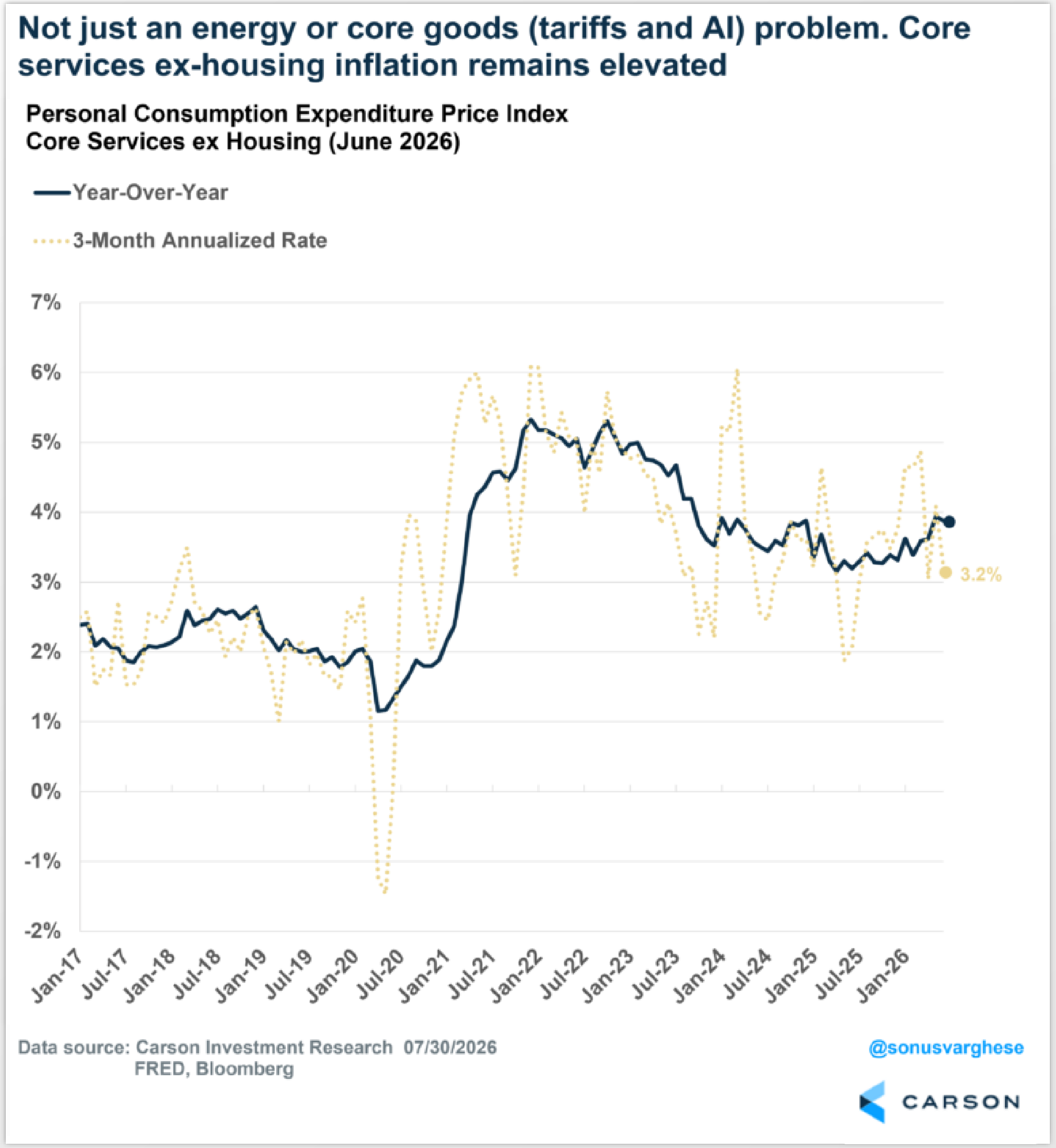
- Layoffs are running near 1.77 million, a rate of 1.1%. That sits below the 1.2% to 1.4% range that held through the whole decade before the pandemic.
- Companies have settled into a pattern of not hiring much and not letting people go either. That combination produces weak payroll prints without pushing unemployment higher.
- The catch is that layoff rates tend to move quickly once they start moving. Nothing here is flashing yet, but it's something we're watching closely.



Macro

Inflation Isn't Just About Tariffs or Oil?

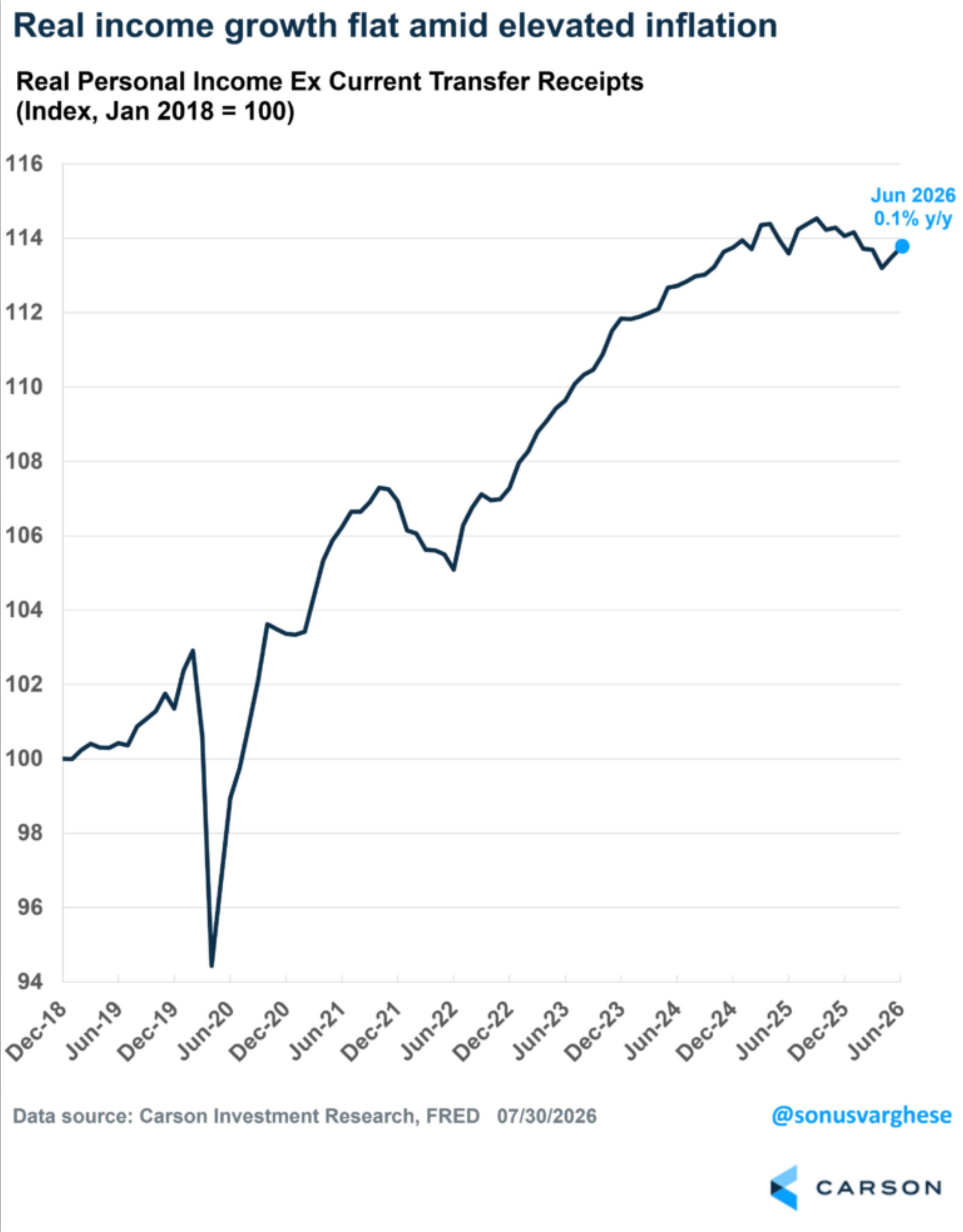
- Core services excluding housing is up 3.9% over the past year and 3.2% annualized over three months. It held that level even while auto insurance costs came down.
- This part of the basket is mostly labor. It moves with what workers are paid, not with import duties or the price of a barrel of oil.
- The employment cost data backs that up. Wages rose at a 3.5% annualized pace in Q2 against a pre-pandemic norm near 2.9%, and benefits are climbing faster still.



Macro

Paychecks Are Growing, Purchasing Power Isn't

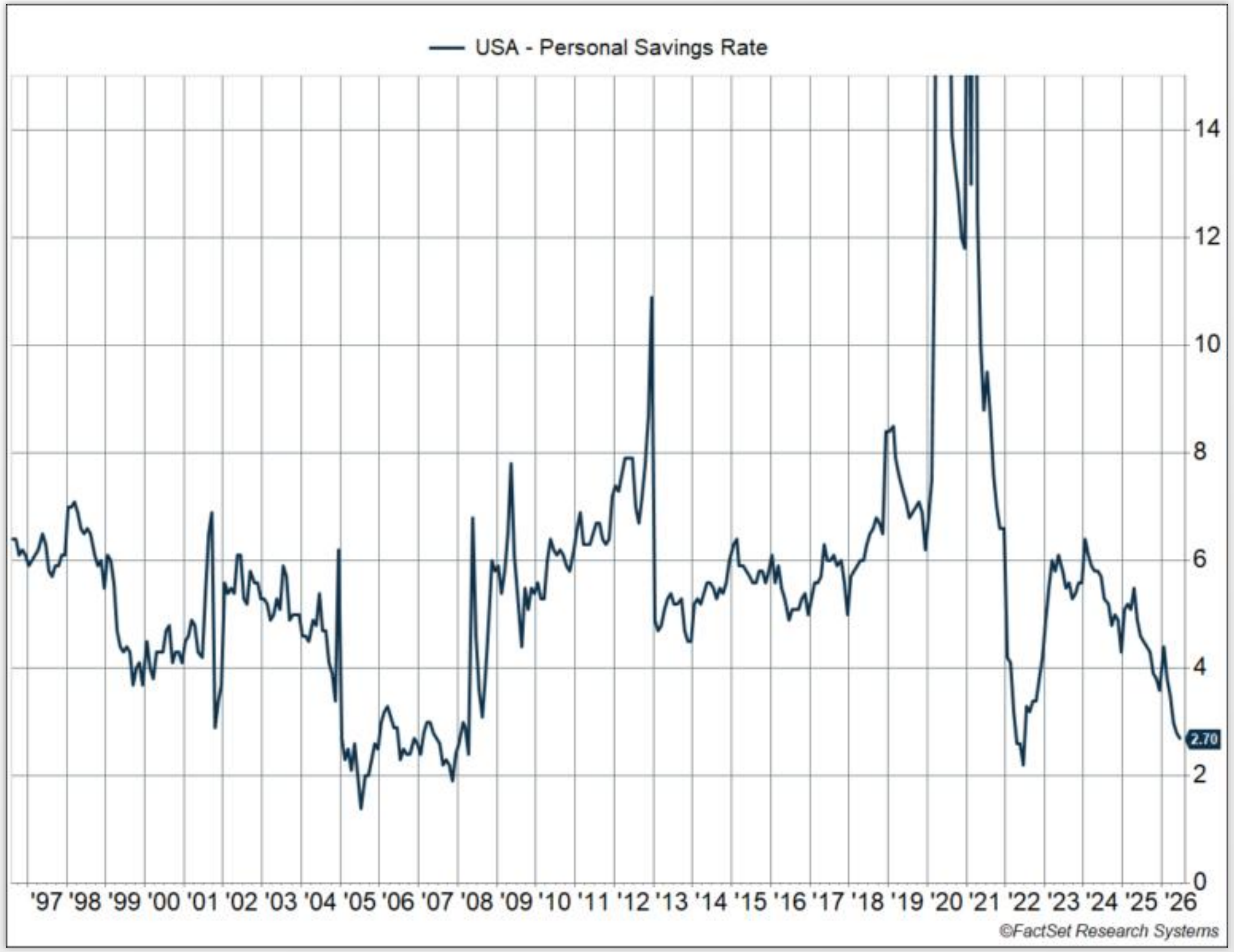
- Real income excluding government transfers is up 0.1% over the past year. In 2023 and 2024 it was growing close to 3%.
- The nominal figures still look fine, with disposable income and compensation both up 4.2%. Inflation running at 3.7% takes essentially all of it.



Macro

Consumers Are Funding This Out of Savings

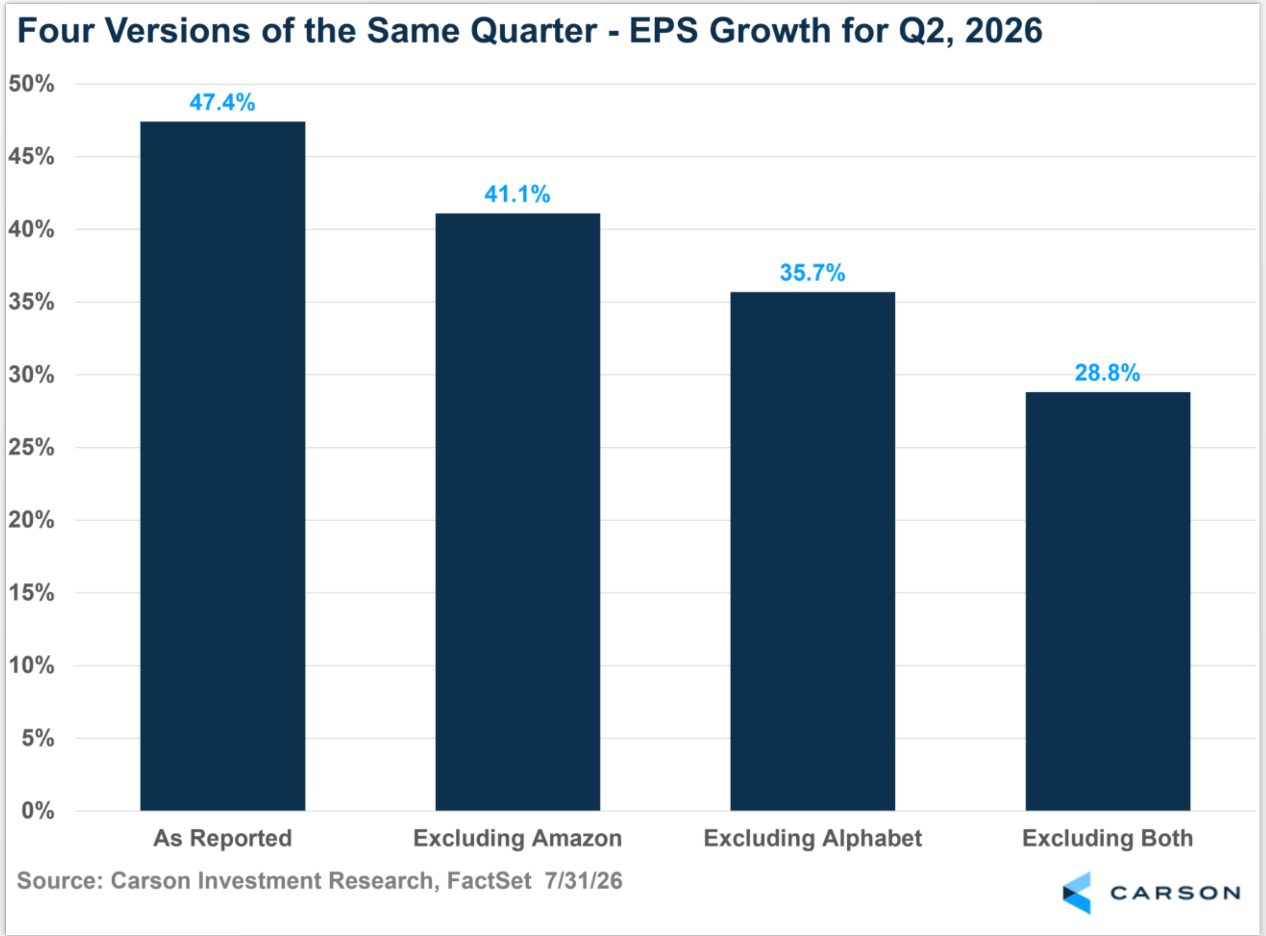
- The savings rate has fallen to 2.7% from 4.6% a year ago. The last stretch this low was the mid-2000s.
- That isn't unusual on its own. Savings rates typically fall when people feel wealthier, and the same thing happened in 1998 and 1999 as stocks climbed.
- The awkward part is what it implies in reverse. If home or stock prices fall, the spending that wealth was supporting goes with them.



Markets

Two Companies, Eighteen Points of Earnings Growth

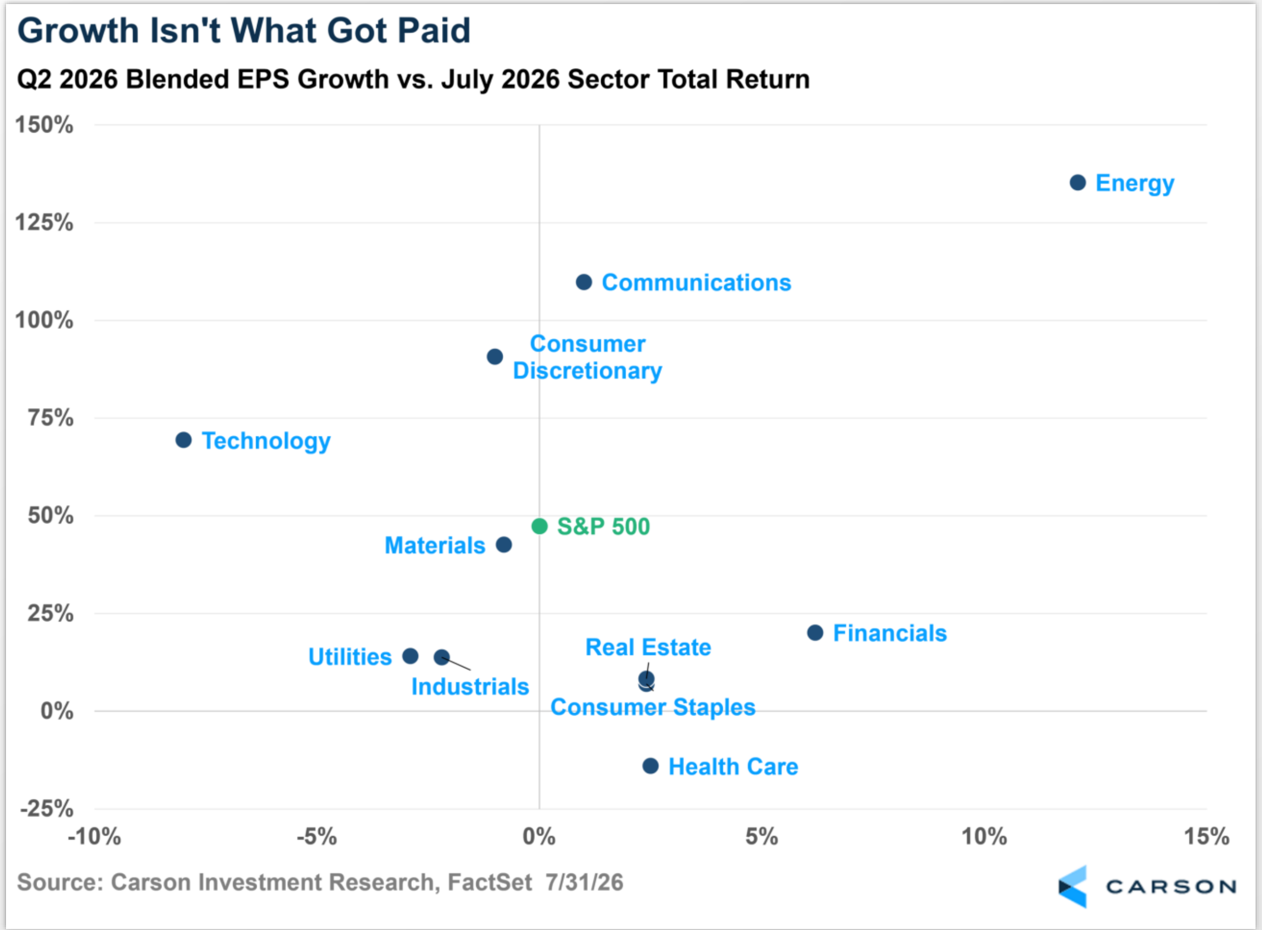
- With 61% of the index reported, Q2 earnings growth stands at 47.4%, the best since 2021. Take out Amazon and Alphabet and it drops to 28.8%.
- The difference isn't operations. Both companies booked large gains on private investment stakes, which count as real income but say nothing about whether the business itself is compounding.



Markets

The Market Ignored the Best Earnings in Five Years

- Communication Services and Consumer Discretionary posted the second and third fastest earnings growth in the index, and both finished July almost exactly where they started.
- The sectors that got paid were the ones growing more slowly. Energy returned 12.1% and Financials 6.2%, while Technology grew earnings nearly 70% and still lost ground.



Markets

Value's Best Month Since the Last Bubble Broke

- Russell 1000 Value beat Growth by 8.6 points in July, the fifth widest one-month gap in 571 months of data.
- This is also more than one month. Value is up 20.7% for the year against 0.3% for Growth, the third widest annual spread on record.

Russell 1000 Value v Russell 1000 Growth
Largest One-Year Spread

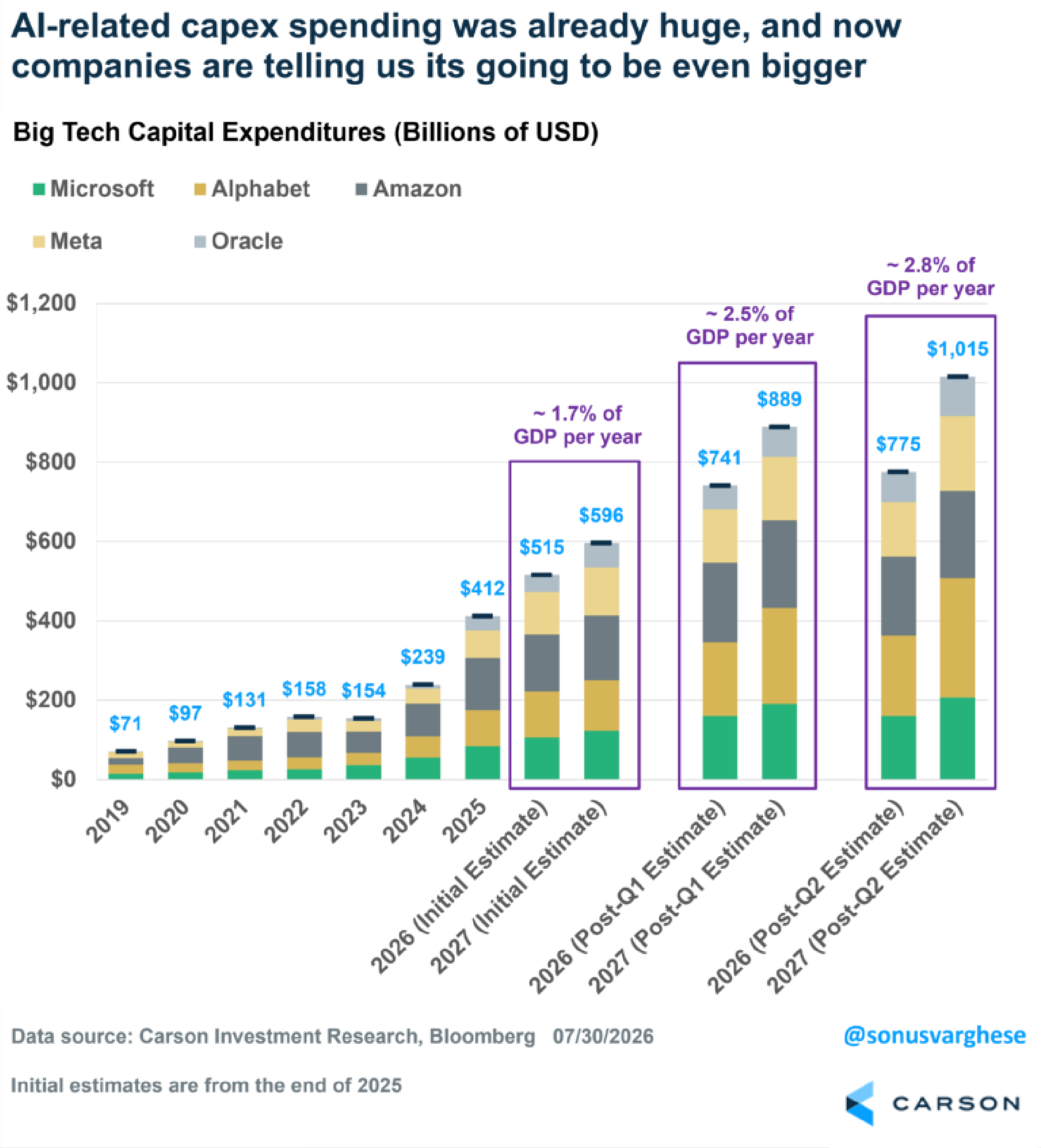
Rank	Date	Russell 1000 Value	Russell 1000 Growth	Spread
1	2000	7.0%	-22.4%	29.4%
2	2022	-7.5%	-29.1%	21.6%
3	2026*	20.7%	0.3%	20.4%
4	1993	18.1%	2.9%	15.2%
5	2001	-5.6%	-20.4%	14.8%
6	2006	22.2%	9.1%	13.2%
7	1981	1.3%	-11.3%	12.6%
8	2002	-15.5%	-27.9%	12.4%

Source: Carson Investment Research, FactSet 8/1/2026
2026 as of 7/31/2026.

Markets

A Fifty Percent Bigger Budget

- The 2026 spending estimate for the five biggest names started the year at $515 billion, went to $741 billion after Q1, and now sits at $775 billion, roughly 2.5% of GDP.
- The 2027 line has crossed $1 trillion. That's five companies, and it doesn't even count what's being spent building the data centers.
- The revisions say more than the totals. Raising a budget by half in two quarters is what conviction looks like, helped along by the fact that no one in the race can afford to blink first.



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