Charts of the Week

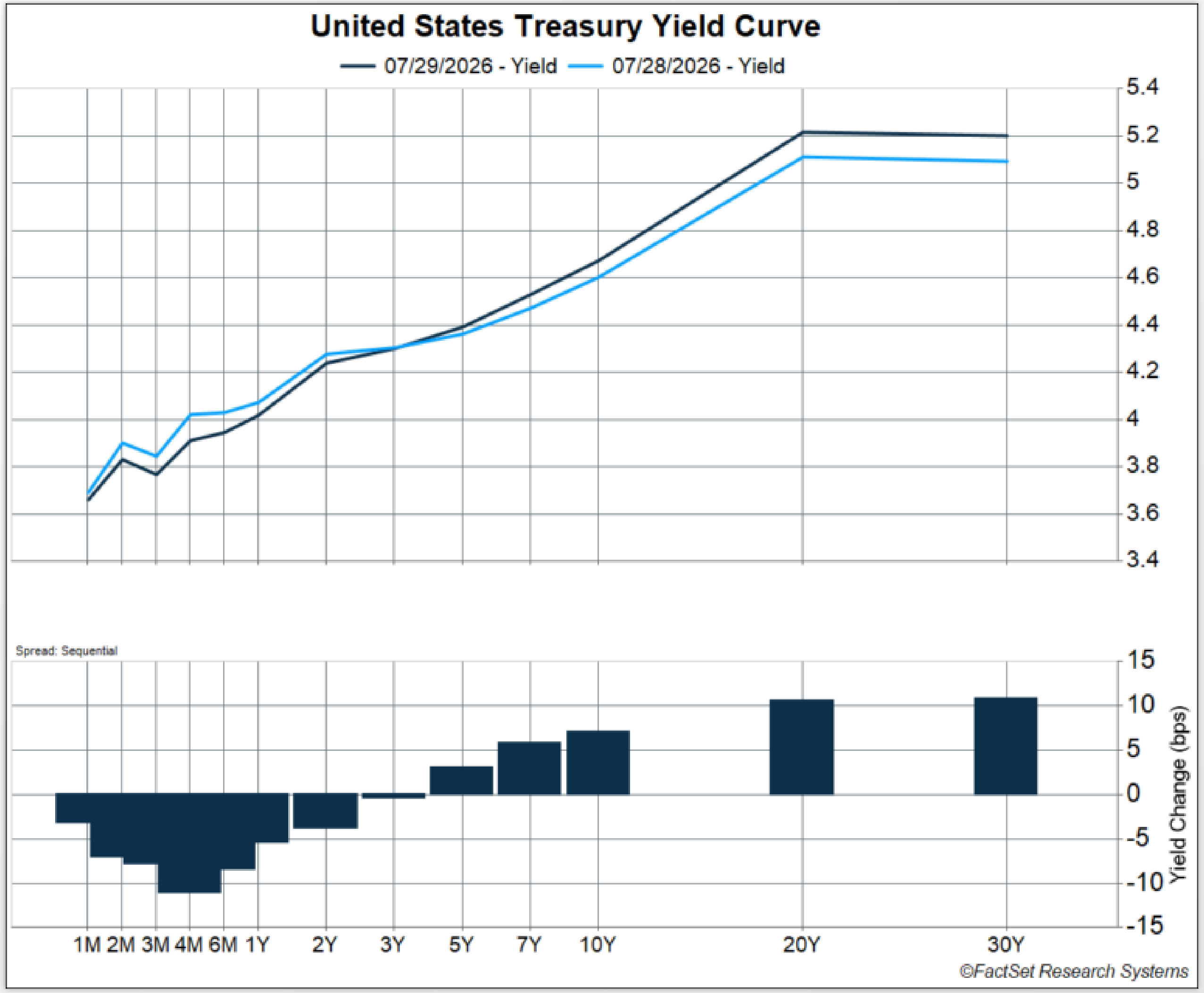
Carson Investment Research

July 27-31, 2026

Chart of the Week

A Dovish Hold, and the Long End Has Pushed Back

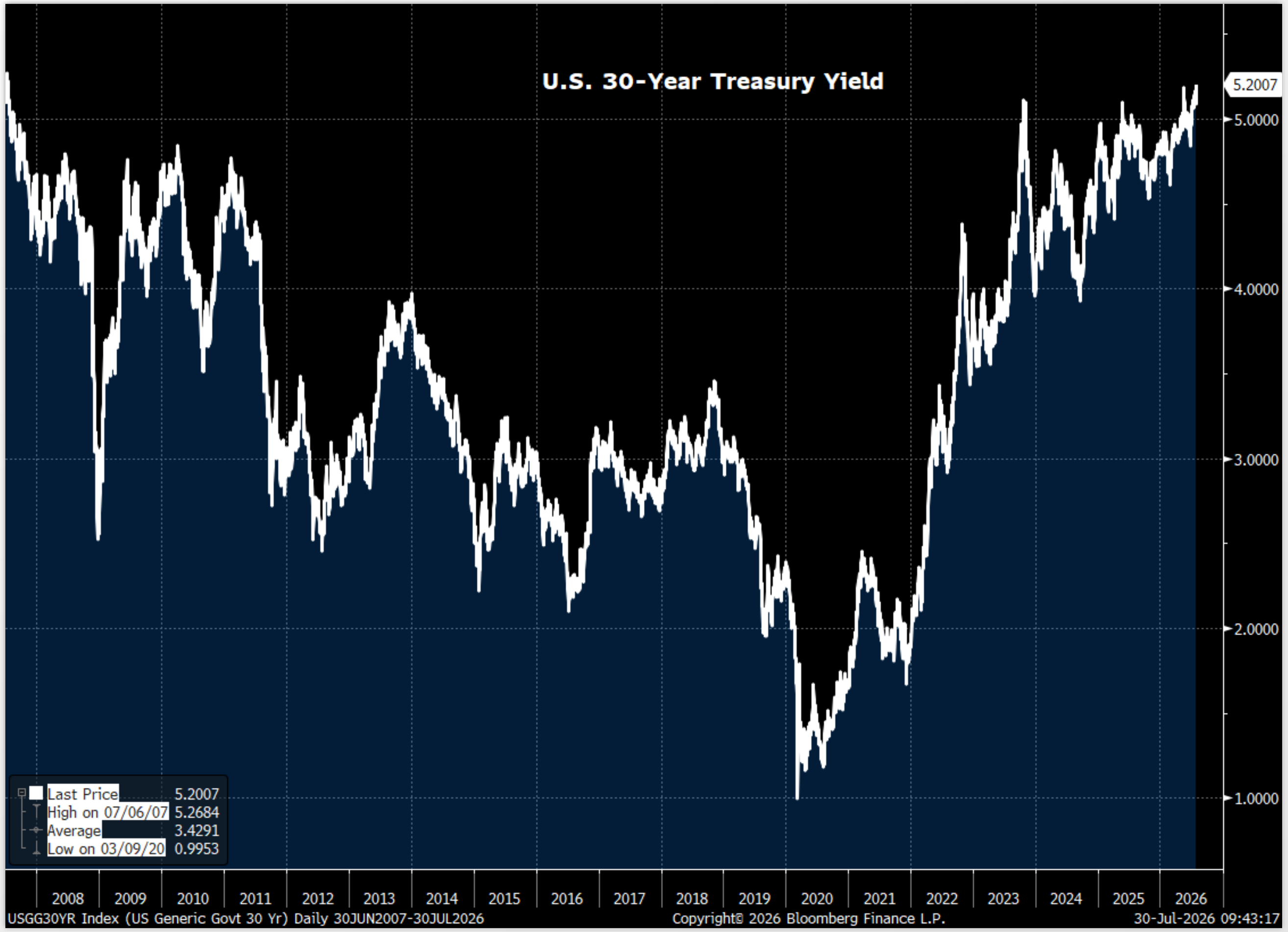
- The day after the Fed held rates, everything inside a year fell in yield while the 20-year and 30-year rose about 10 bps.
- Warsh argued higher market rates were already doing the Fed's work, so a hike wasn't needed.
- A 9-3 vote with three dissents. The committee's split is now showing up in the shape of the curve with hints of a hawkish turn.



Macro

The Cost of Patience Shows Up at Thirty Years

- The 30-year hit 5.23%, the highest since 2007 and above the 2023 spike. This has been in a grind since 2020.
- Long yields track expected inflation and term premium. Rising while the Fed sits still tells you the market is pricing a hotter path and more supply risk at the same time.
- Mortgage rates and corporate borrowing costs key off this part of the curve, so the pressure on housing and refinancing stays on regardless of what happens at any single meeting.

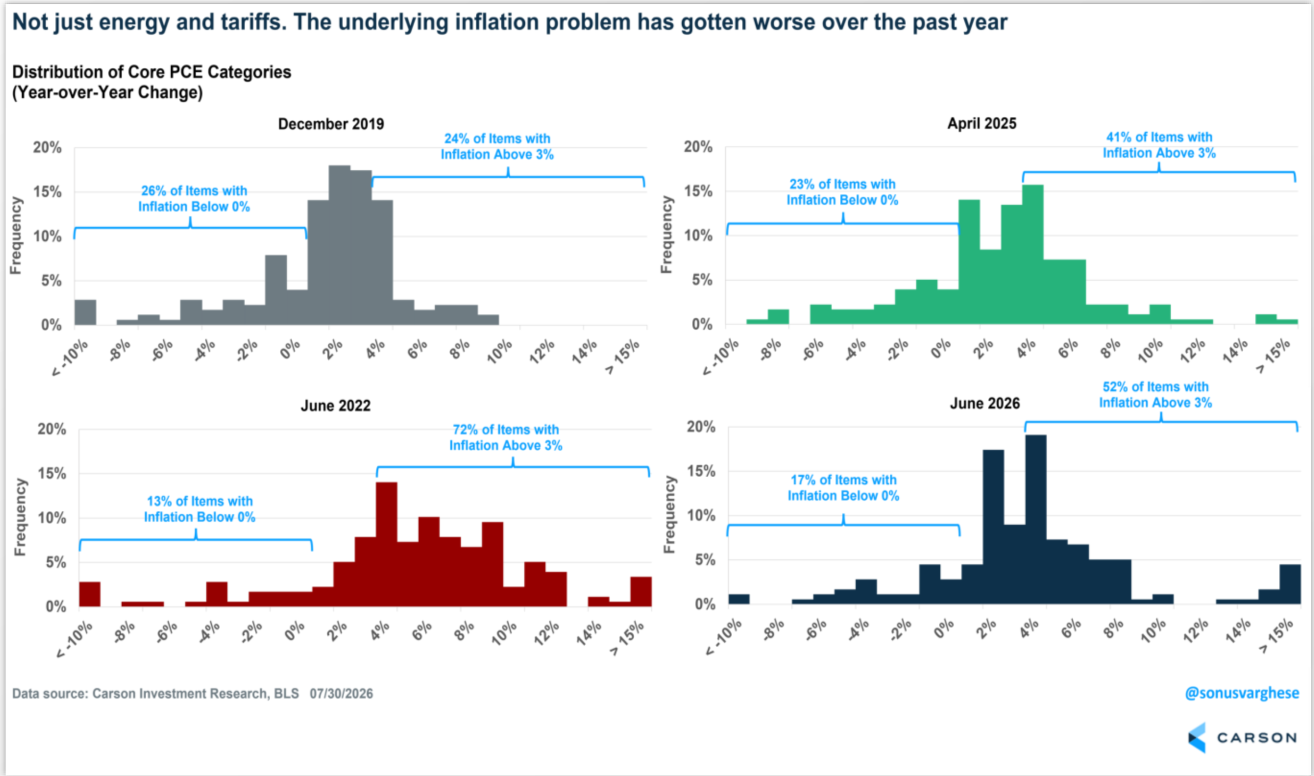


Source: Carson Investment Research, Bloomberg 7/30/26

Macro

One Soft Print Doesn’t Fix a Wide Problem

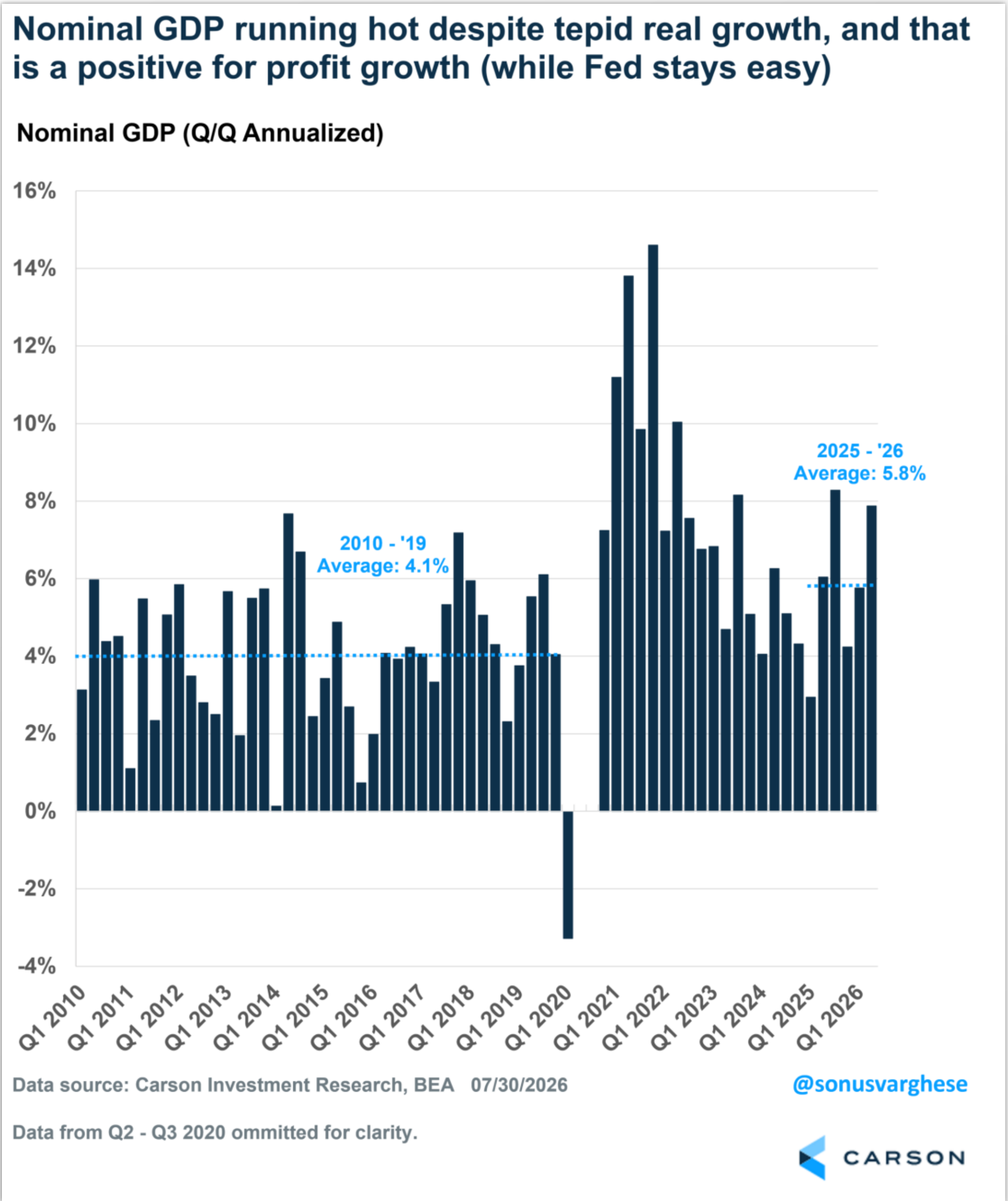
- Core PCE rose just 0.13% in June, but 52% of the 178 core categories are still running above 3% and 33% above 4%. In December 2019, those figures were 24% and 10%.
- The share above 3% has climbed from 41% in April 2025 to 52% today. The problem has broadened over the past year.



Macro

Real Growth Is Soft, the Dollar Numbers Aren't

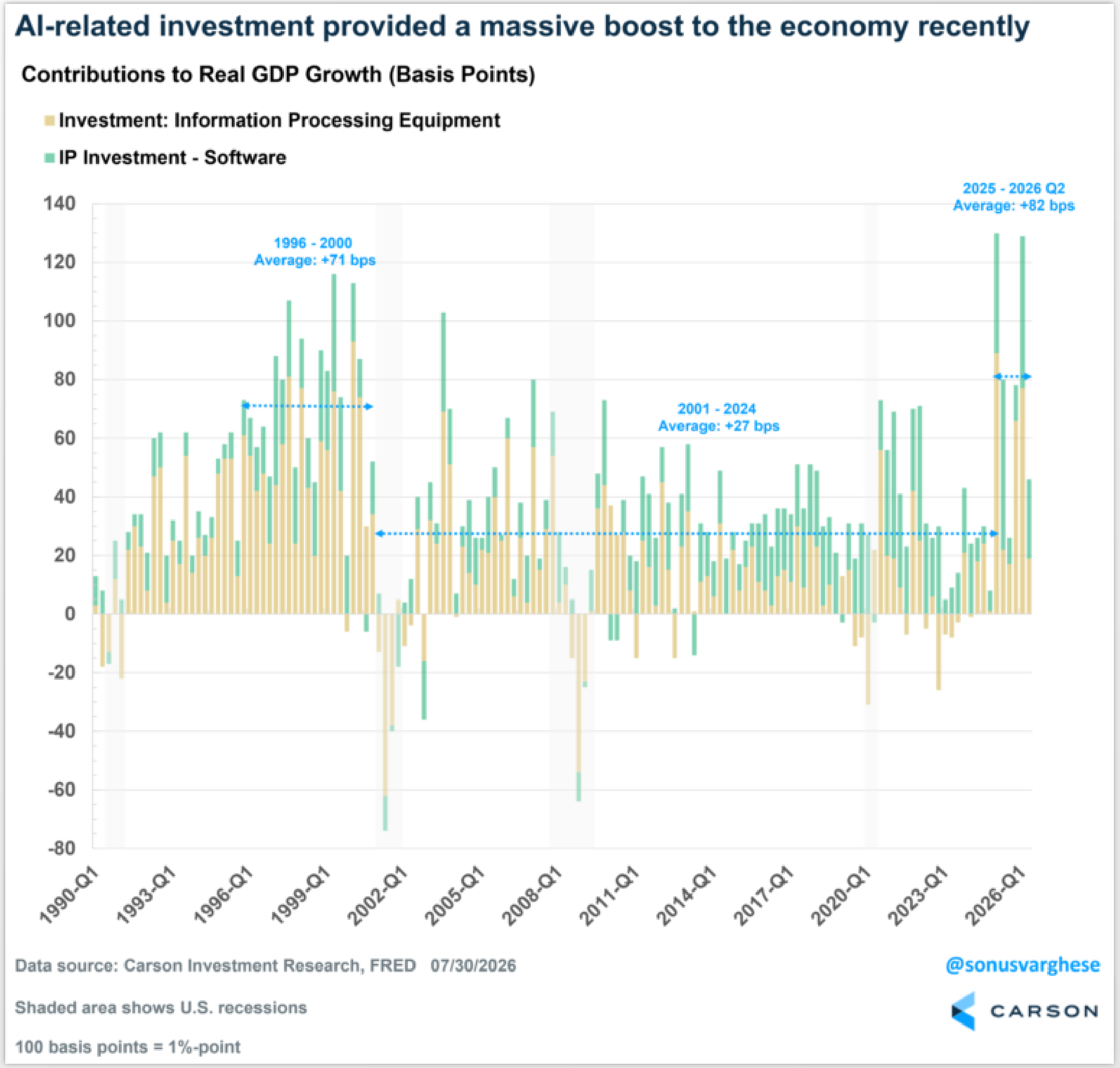
- Real GDP grew 1.5% in Q2 and has averaged 1.9% over six quarters, below the 2.4% trend of the 2010s. Nominal GDP is running 5.8% against a 4.1% trend.
- The gap between those two lines is inflation, and inflation is revenue. That's much of why a weak real GDP print barely registered in stocks.
- It also frames the Fed's problem. Nominal demand running this hot is exactly what a rate hike would be aimed at.



Macro

The Buildout Is Carrying the Expansion

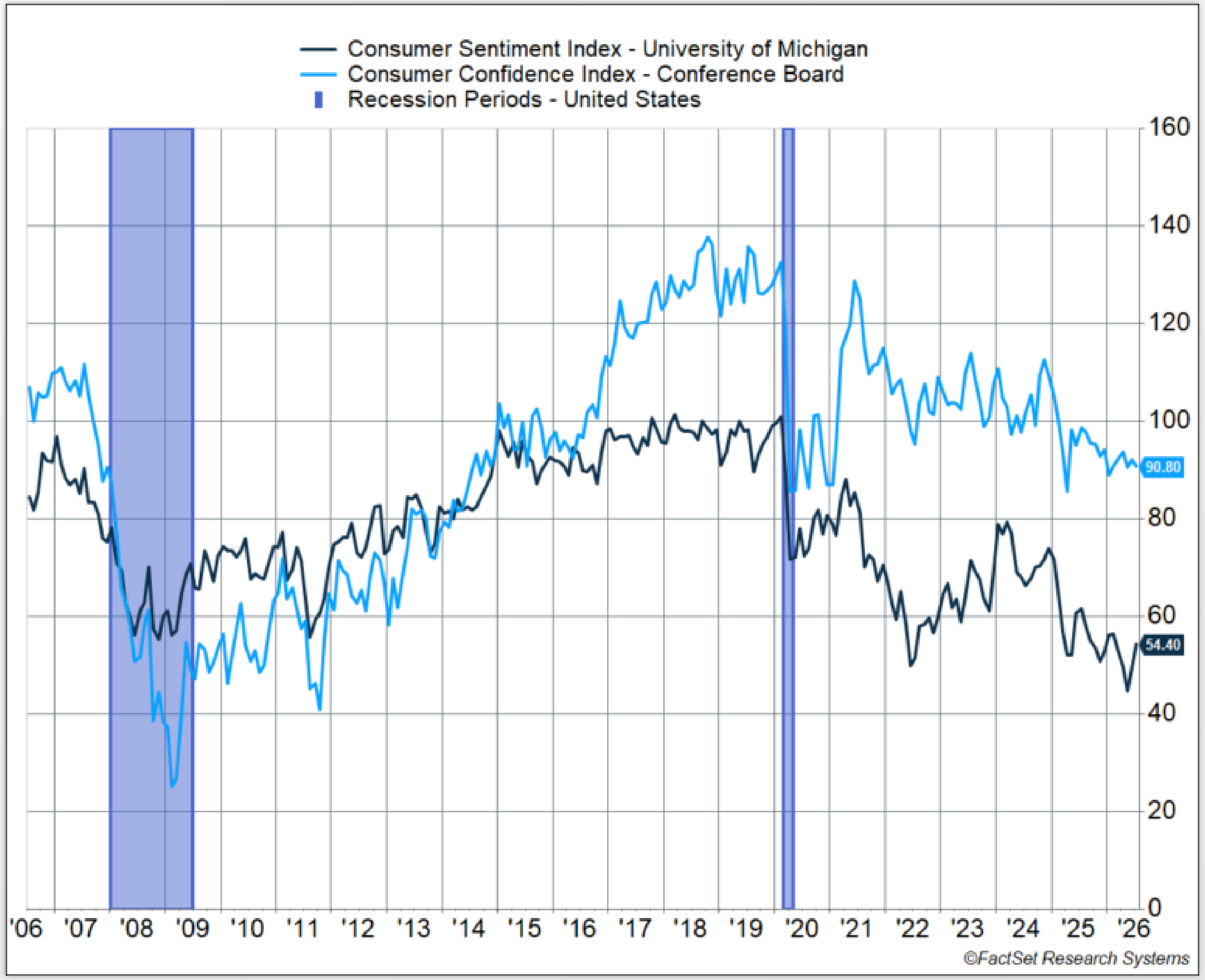
- IT equipment and software investment added an average of 82 basis points per quarter to real GDP over the past six quarters, ahead of the 71 bps average during the 1996 to 2000 tech boom.
- Set that against 1.9% annualized growth and roughly 42% of real GDP growth traces back to categories making up less than 5% of the economy.



Macro

Confidence Is Sinking on Today

- The Conference Board index fell a third straight month to 90.8, and the entire drop came from the present situation component. Expectations were unchanged.
- When present conditions lead the decline, the complaint is prices rather than fear of job loss. Groceries and fuel were the cited headwinds.



Markets

Eight of Eleven Sectors Beat the Index and It Still Fell

- Since the June 2 high the S&P 500 is down 2.4%, while health care is up 12.1% and financials 10.9%. Technology is down 12% and chips are off 13.2%.
- The three tech-adjacent sectors carry 55% of index weight, which is how a clear majority of sectors can outperform while the index goes backward.
- Strip out the AI enablers and the rest of the index is up 6%.

SECTOR RETURNS	06/02/26 - 07/27/26
Health Care	12.1%
Financials	10.9%
Real Estate	6.1%
Industrials	5.4%
Consumer Staples	5.0%
Utilities	4.7%
Energy	1.4%
Materials	0.1%
S&P 500	**-2.4%**
Communications	-5.0%
Consumer Discretionary	-5.5%
Technology	-12.0%

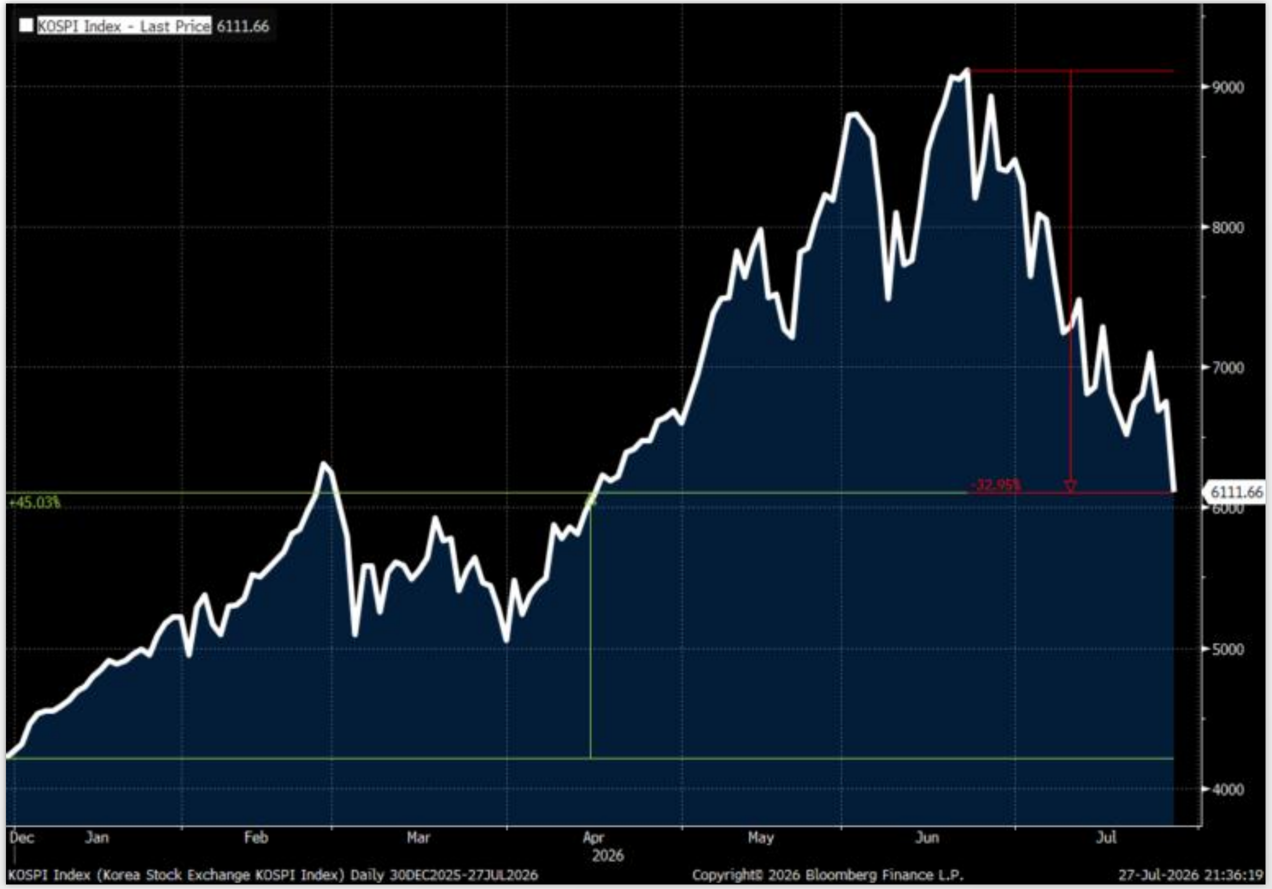
Data: Factset 07/27/26

Returns are based on Sector SPDR ETFs. S&P 500 proxied by SPY ETF. Past performance is not indicative of future returns.

Markets

Korea Crashed and Is Still Far Ahead of Everyone

- The KOSPI is down roughly 33% from its June peak and still up 45% year to date. MSCI Korea is up 78.5% in dollars, with Taiwan at 53.2%.
- Both are chip proxies, which makes them a clean read available on the AI trade outside the US.
- Korea returned 82.2% in local terms against 78.5% in dollars, a reminder that international exposure is two bets rather than one.

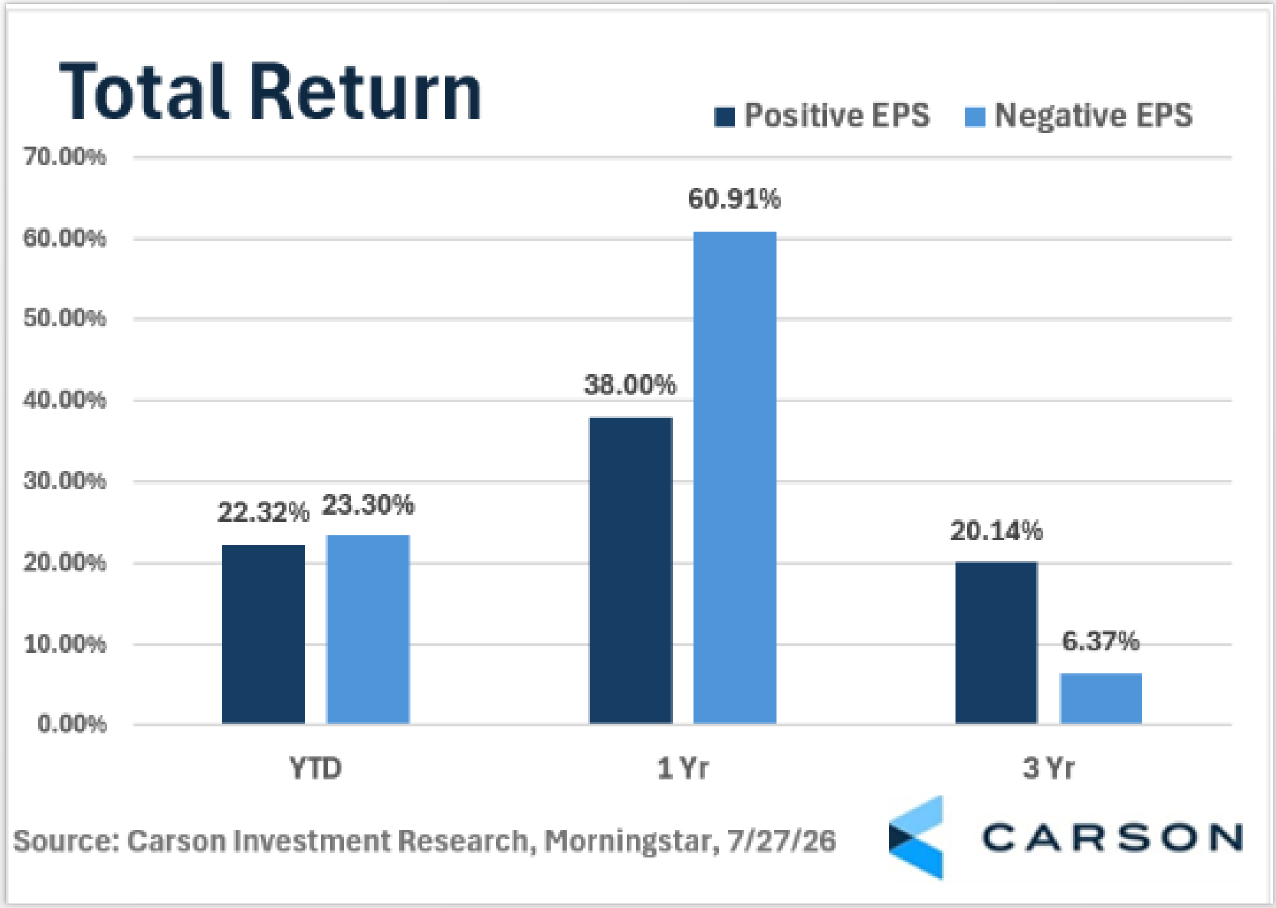


Source: Carson Investment Research, Bloomberg 7/27/26

Markets

The Small Caps Without Earnings Won the Year

- Russell 2000 names with negative forward EPS returned 60.9% over the past year, against 38% for profitable ones.
- Non-earners are typically 10% to 15% of the index and many active managers exclude them outright, which has stretched dispersion across the small blend peer group.
- Much of that bucket sits in tech and industrials tied to AI infrastructure.



Markets

Most of That Record Quarter Was a Markup

- Alphabet reported $112 billion of Q2 net income, of which $98 billion came from gains on private investment holdings. Core operating income was $14 billion, down from $25.5 billion a year ago.
- Blended S&P 500 earnings growth is 37.9%, and 25.9% without Alphabet.
- Revaluation gains work while private marks keep rising, and they say nothing about whether the underlying business is compounding.

It's Not All 'Private'

Revaluations of Private Investments Provided a Big Boost to Public Company Profits in Q1

Company	Q1 Net Income (Bil)	Net Income From Re-valuations (Bil)	Percent
Alphabet	$62.60	$36.90	59%
Amazon	$30.20	$15.60	52%
Nvidia	$58.20	$15.90	27%
Microsoft	$38.50	$9.97	26%

Source: Carson Investment Research 6/15/2026.

9056237.1. – 3AUG26A