



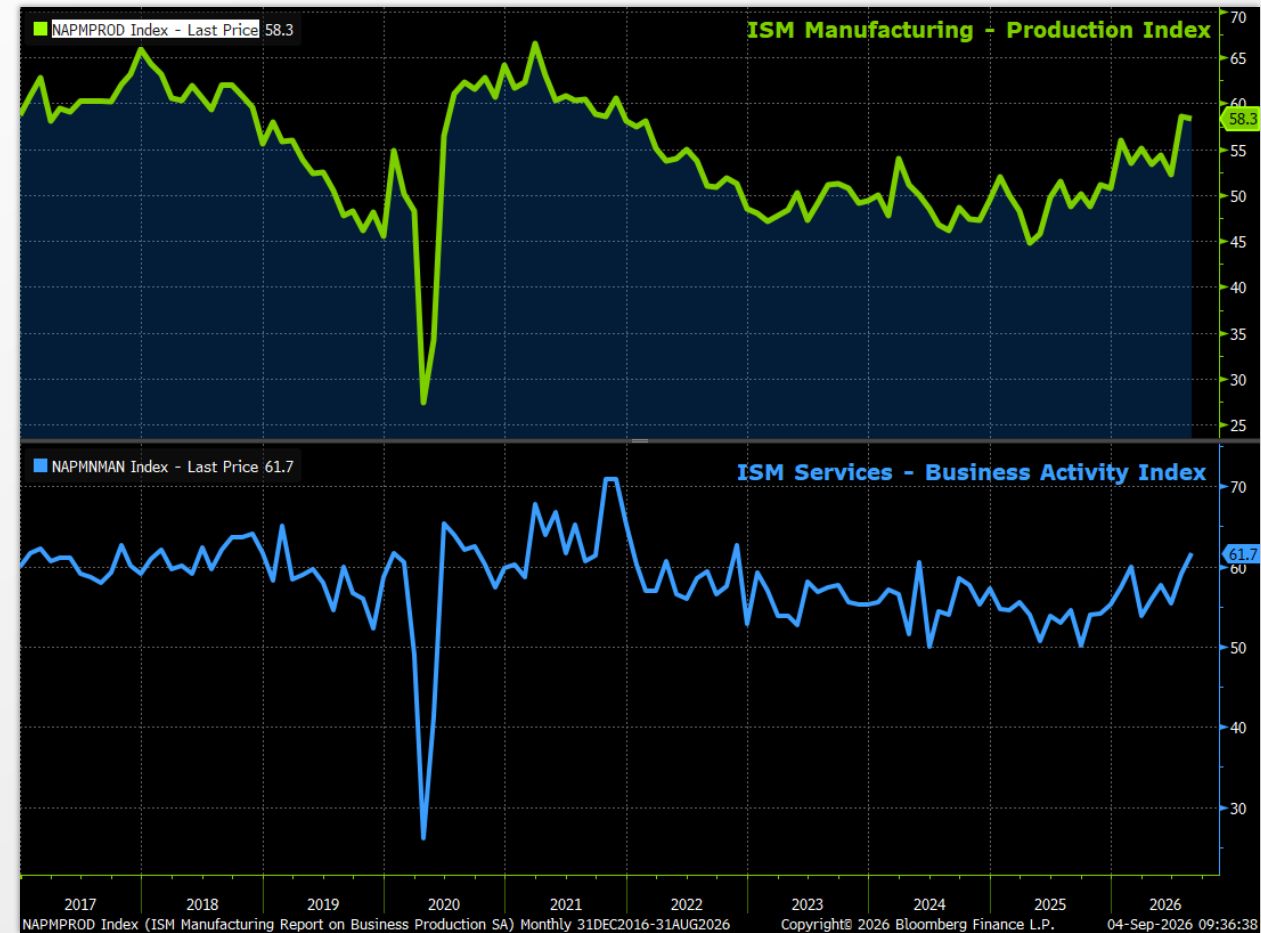
Charts of the Week

Carson Investment Research
August 31 – September 4, 2026

Chart of the Week

Input Prices Are the Fed's Real Problem

- Services prices hit 72.6, the highest since 2022. Manufacturing is off its April peak but still at 71.1. Neither looks like a one-month blip and has sustained trend after forming a base in 2024.
- The shortages purchasing managers keep naming are copper, memory, circuit boards, wire and steel. That's the AI buildout's shopping list.
- Rate hikes don't fix a copper shortage, but it's the only lever the Fed has.



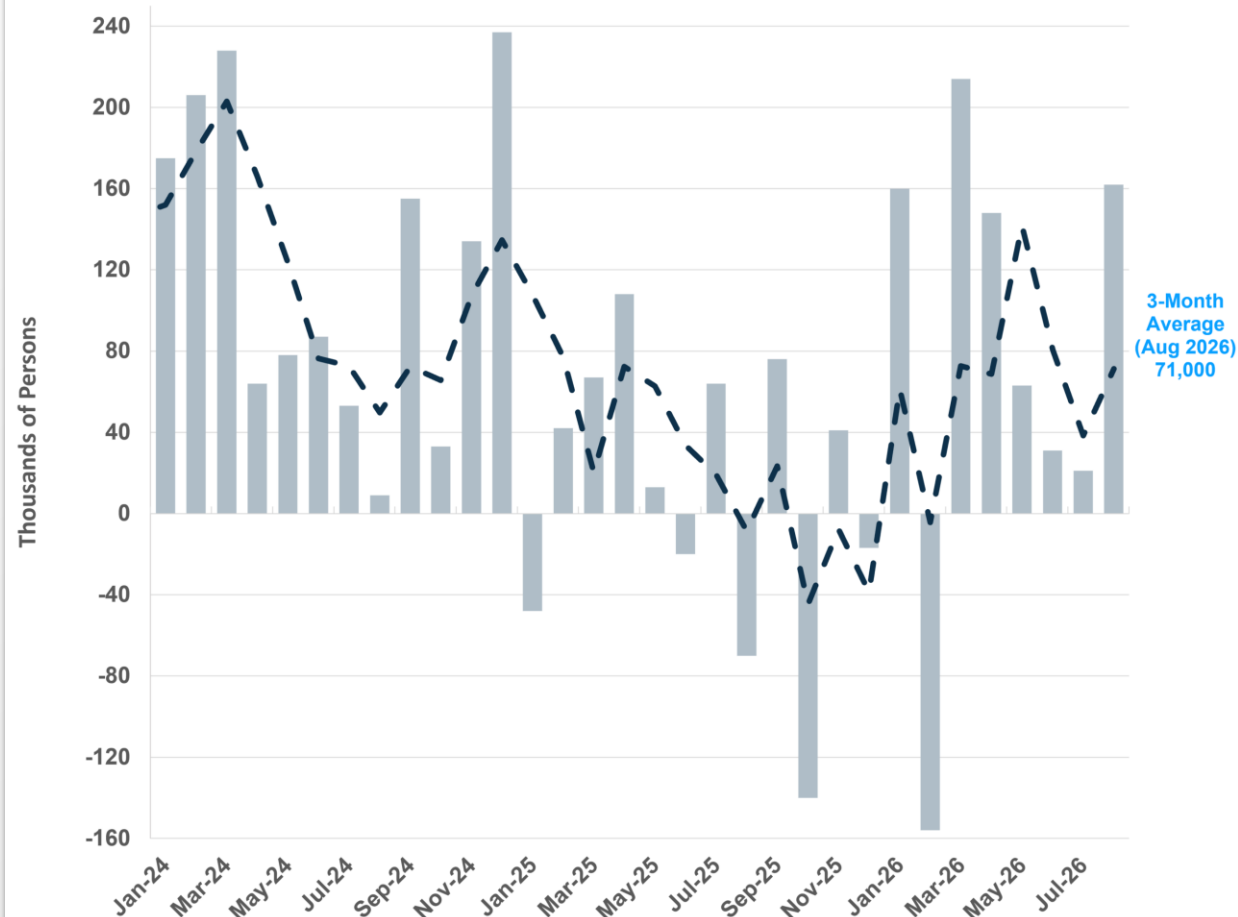
Macro

The Jobs Slowdown That Got Revised Away

- 162,000 in August, the best since March, but the revisions are the main story: the three-month average went from 20,000 to 71,000.
- With immigration stalled, the economy needs fewer jobs to hold the line. Weak-looking hiring can still be a healthy market.
- Unemployment stayed at 4.1%, and it's been at or under 4.5% for 59 straight months. That's a record.

Payroll growth remains volatile, but still relatively solid

Monthly Nonfarm Payroll Gains



Data source: Carson Investment Research, FRED 09/04/2026
Dashed line shows 3-month moving average

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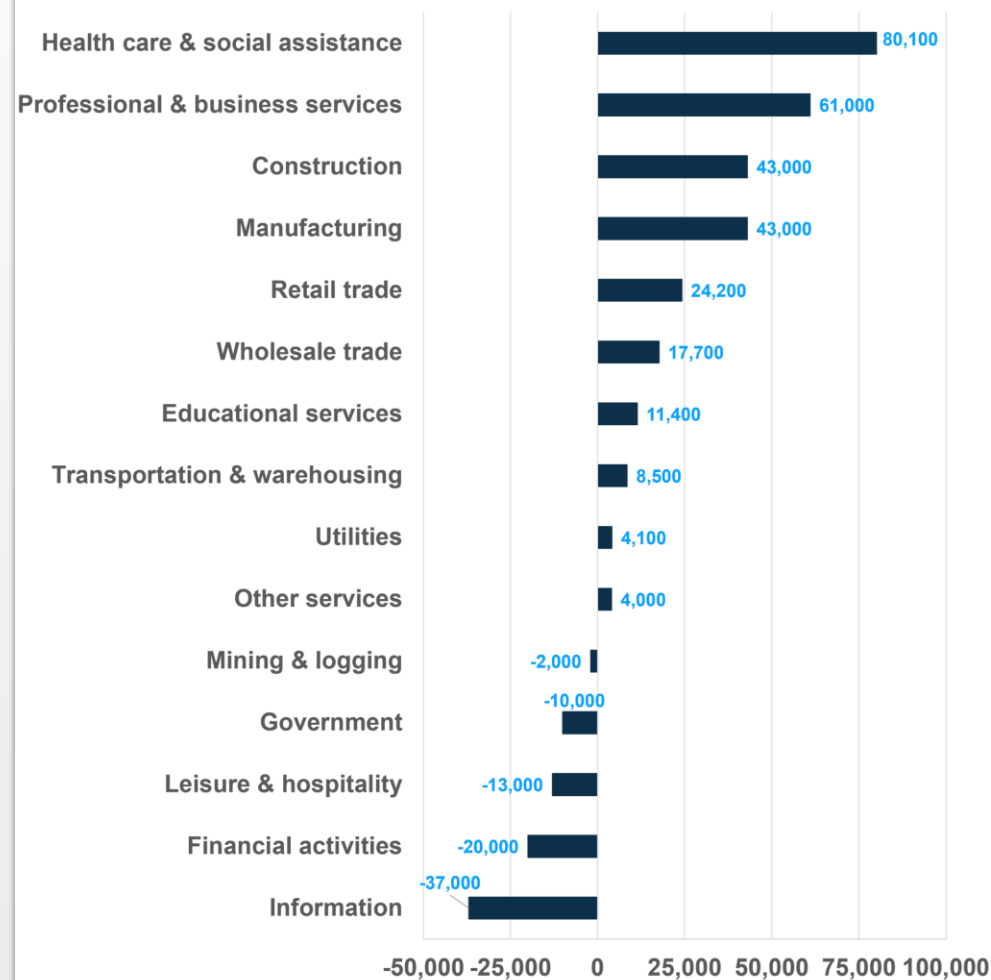
Macro

The AI Buildout Shows Up in the Payroll Data

- Health care is still the biggest single chunk, but the next four are all cyclical. Those five are 88% of the gain since June.
- Construction hiring is data centers. Manufacturing is durable goods. Same story, different line item.

Cyclical areas have boosted payroll growth recently

June - August Payroll Gains by Industry (SA)



Data source: Carson Investment Research, FRED 09/04/2026

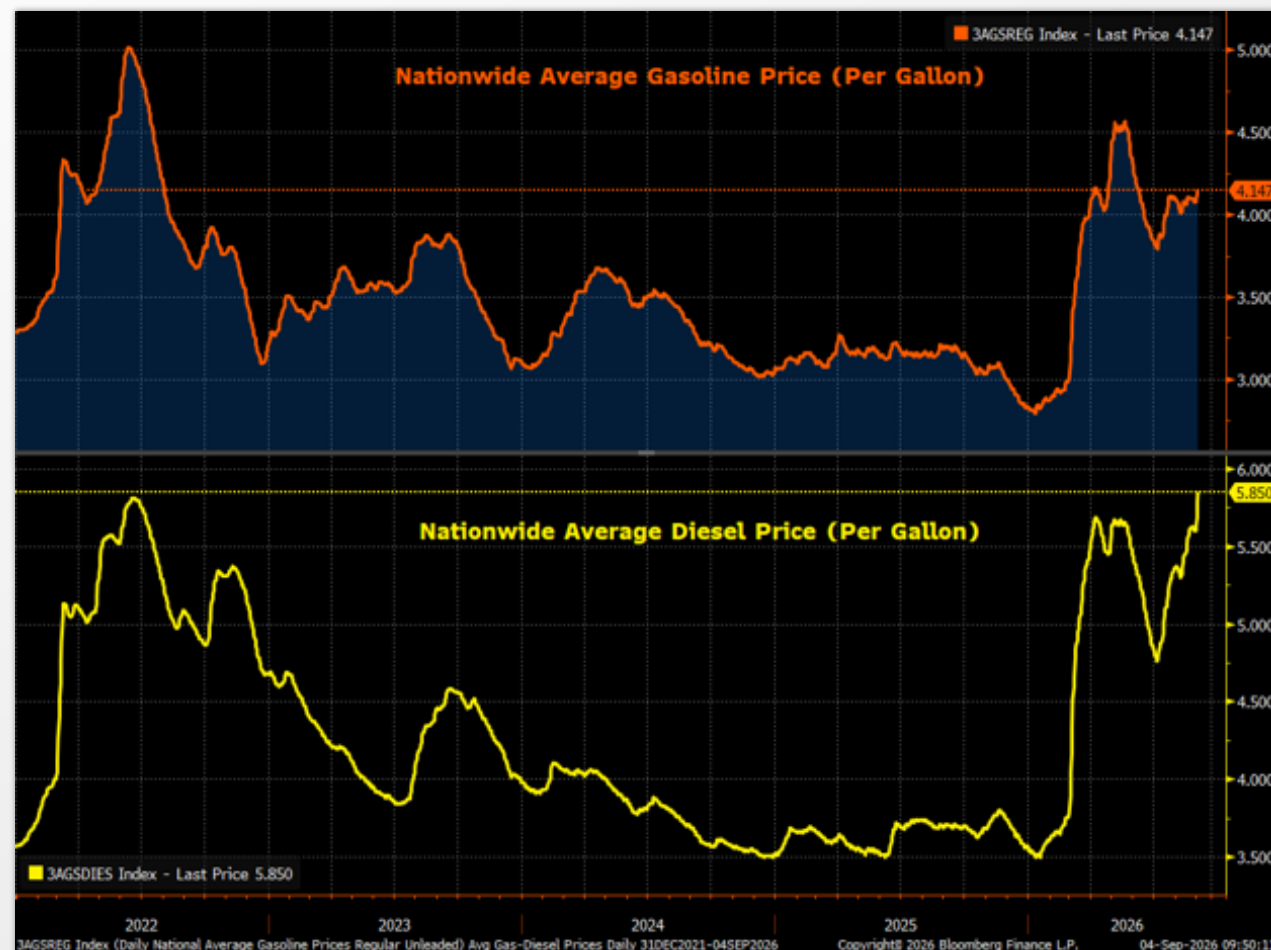
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Macro

Record Diesel Prices Reach Every Shelf

- Diesel at \$5.85 is above the 2022 peak. Diesel moves freight, so this ends up in grocery prices a few months out.
- Gas at \$4.15 is the highest ever for early September.
- The squeeze is in refining, not necessarily crude. Hormuz plus strikes on Russian refineries hit capacity, which is why the pump moved more than the barrel.



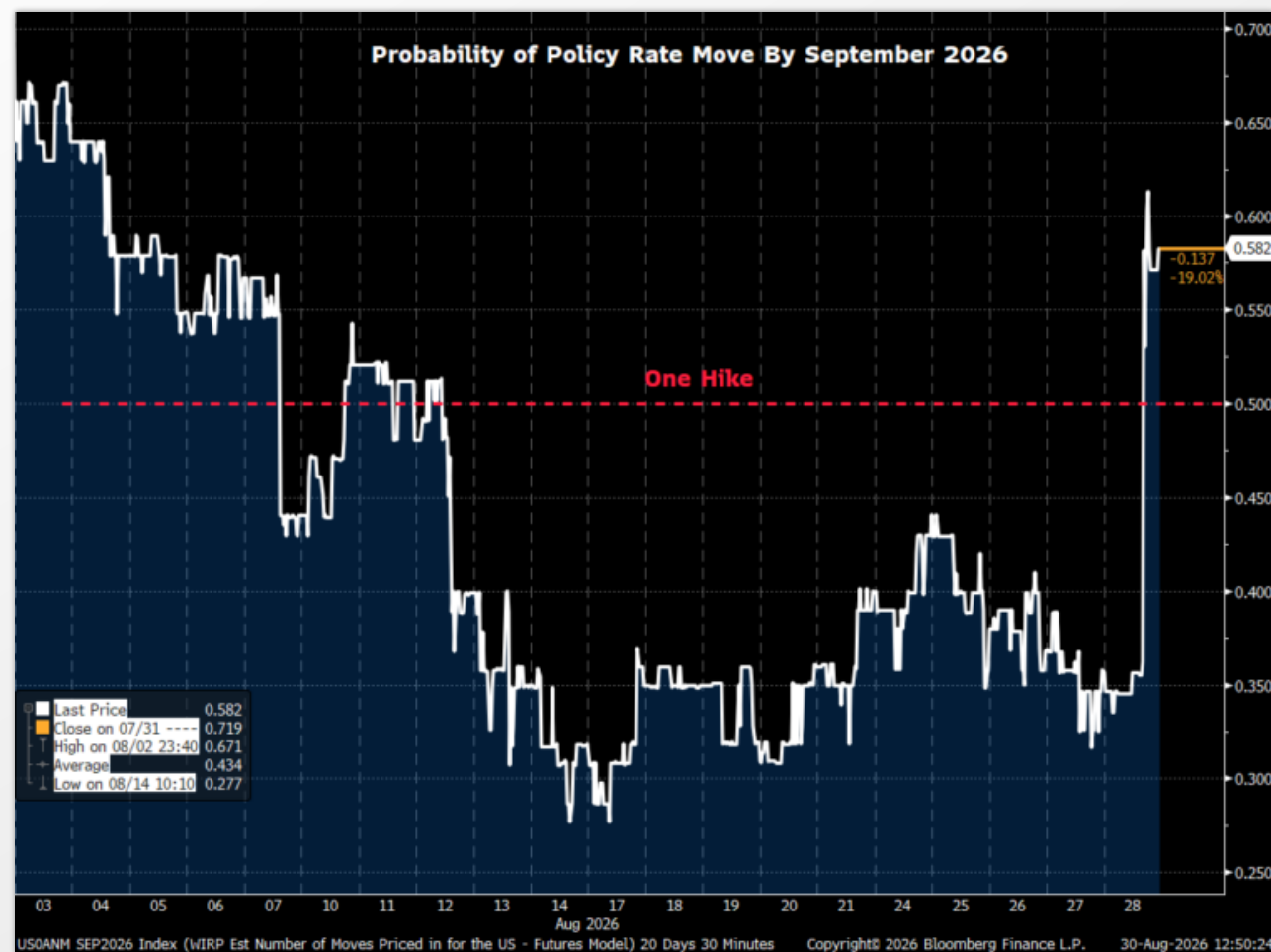
Source: Carson Investment Research, Bloomberg 9/4/26



Macro

A Coin Flip a Week Out

- Hike odds went from the mid-30s to about 58% on one speech. They'd spent most of August under 40%.
- Being this undecided a week before a meeting is unusual, and it says a lot about how little guidance Jackson Hole gave.



Source: Carson Investment Research, Bloomberg 8/30/26



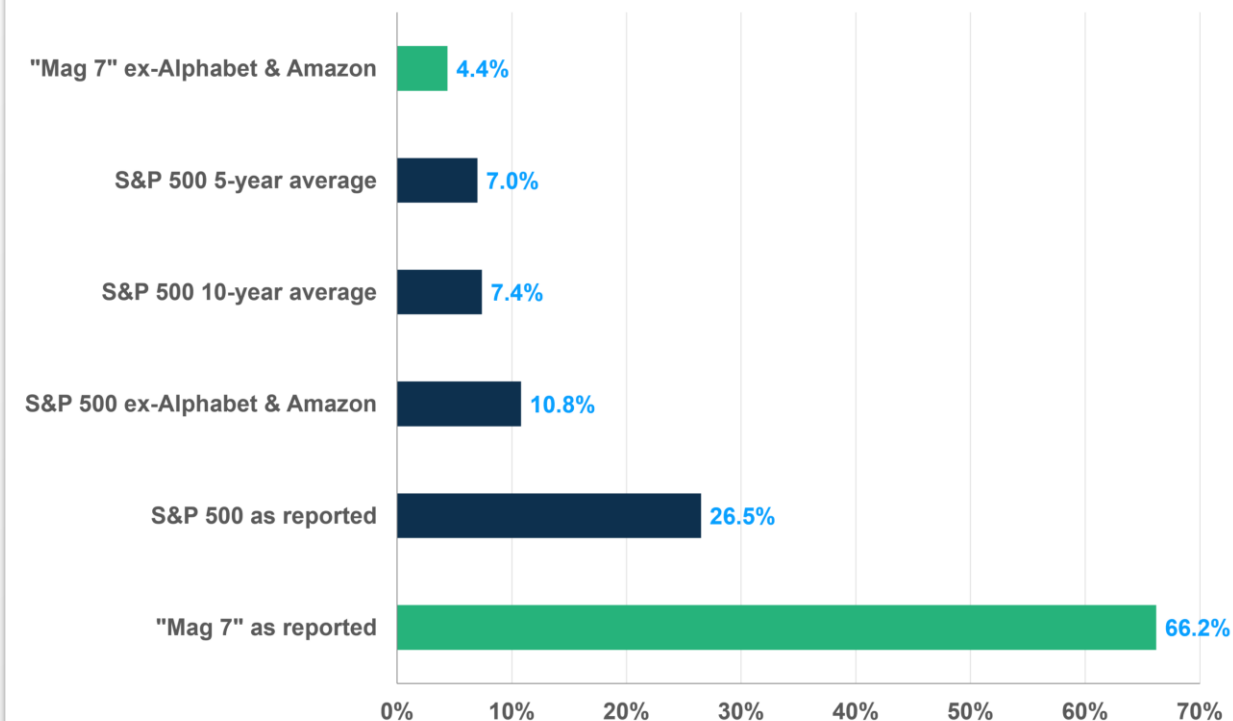
Markets

Two Companies Carried the Blowout

- The Mag 7 beat by 66.2%. Drop Alphabet and Amazon and the other five beat by 4.4%, under the index's own 7.0% average.
- The gap is \$151 billion of marks on private AI stakes. Real money, but a mark only repeats if the valuation moves again.
- Investors may have not noticed because the aggregate looked like a historic quarter.

The Mag 7's Beat Was Two Companies

Aggregate Q2 2026 EPS surprise. Excluding Alphabet and Amazon, the Mag 7 beat estimates by 4.4%, below the index's 7.0% five-year average.



Source: Carson Investment Research, FactSet 9/1/26



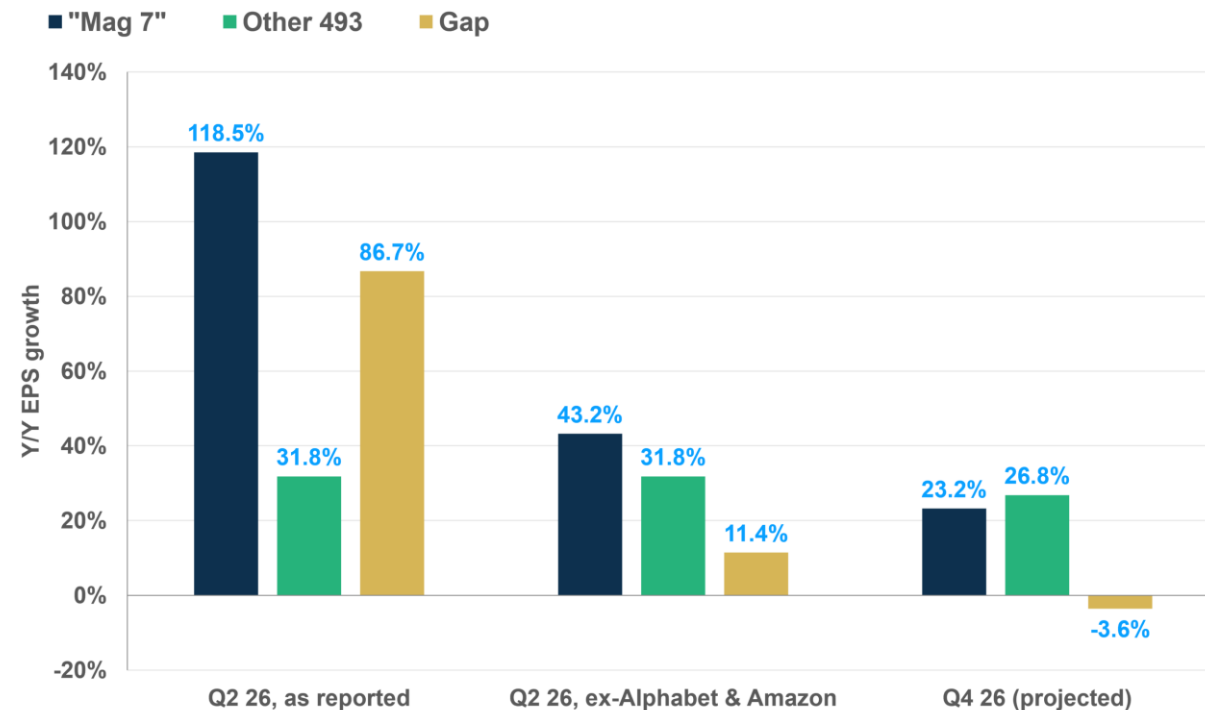
Markets

Analysts Think the Lead Flips by Q4

- As reported, the Mag 7 beat the field by 86.7 points. Strip the marks and it's 11.4. By Q4 it's negative.
- The 493 grew 31.8% on their own, best since 2021, with ten of eleven sectors revised up since June.

By Q4 the 493 Are Expected to Out-Grow the Mag 7

Blended and projected year-over-year EPS growth. The gap goes from 86.7 points to 11.4 points to negative 3.6.



Source: Carson Investment Research, FactSet 9/1/26



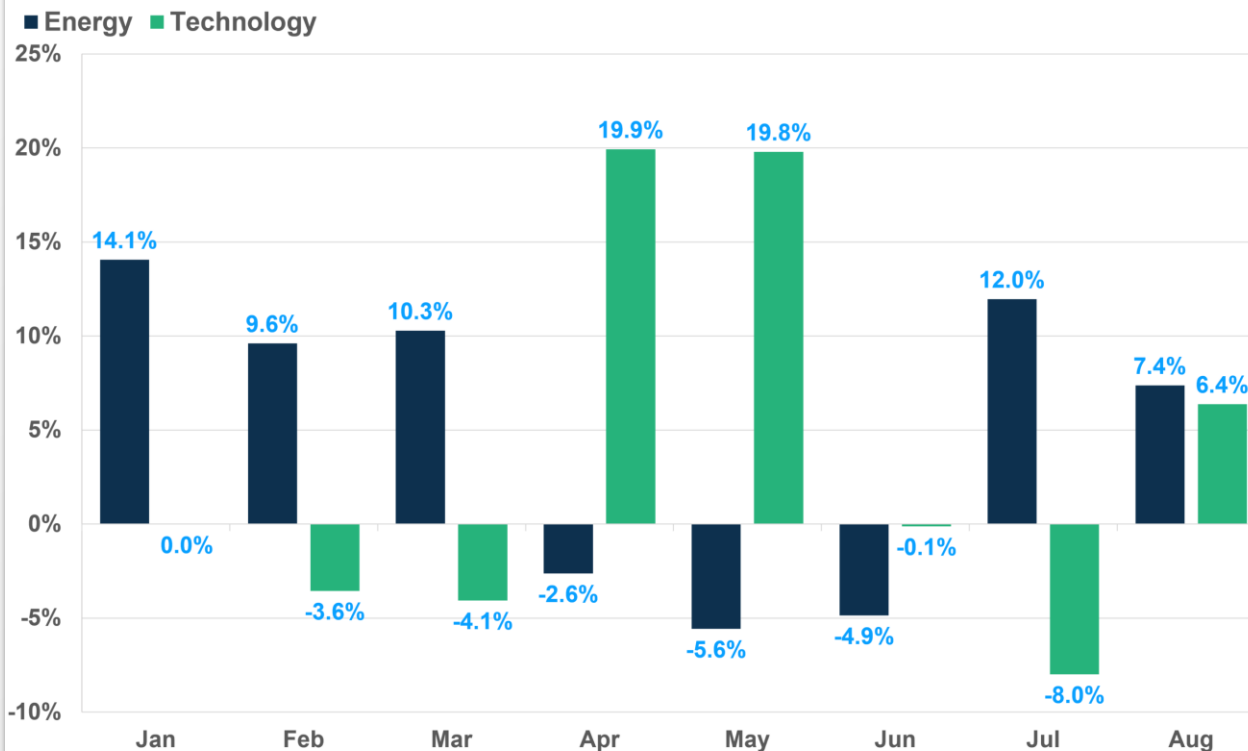
Markets

August Broke the Pattern That Carried the Year

- Energy and tech ran a -0.75 correlation through July. Two of the best return streams in the market, reliably offsetting each other.
- August was the first month all year they finished in the top two together.
- If the negative correlation comes back, this year's diversification was repeatable. If not, the market is narrower than the leaderboard may suggest.

Energy and Technology Took Turns All Year

Monthly total returns in 2026. August was the first month both finished in the top two



Source: Carson Investment Research, FactSet 9/3/26



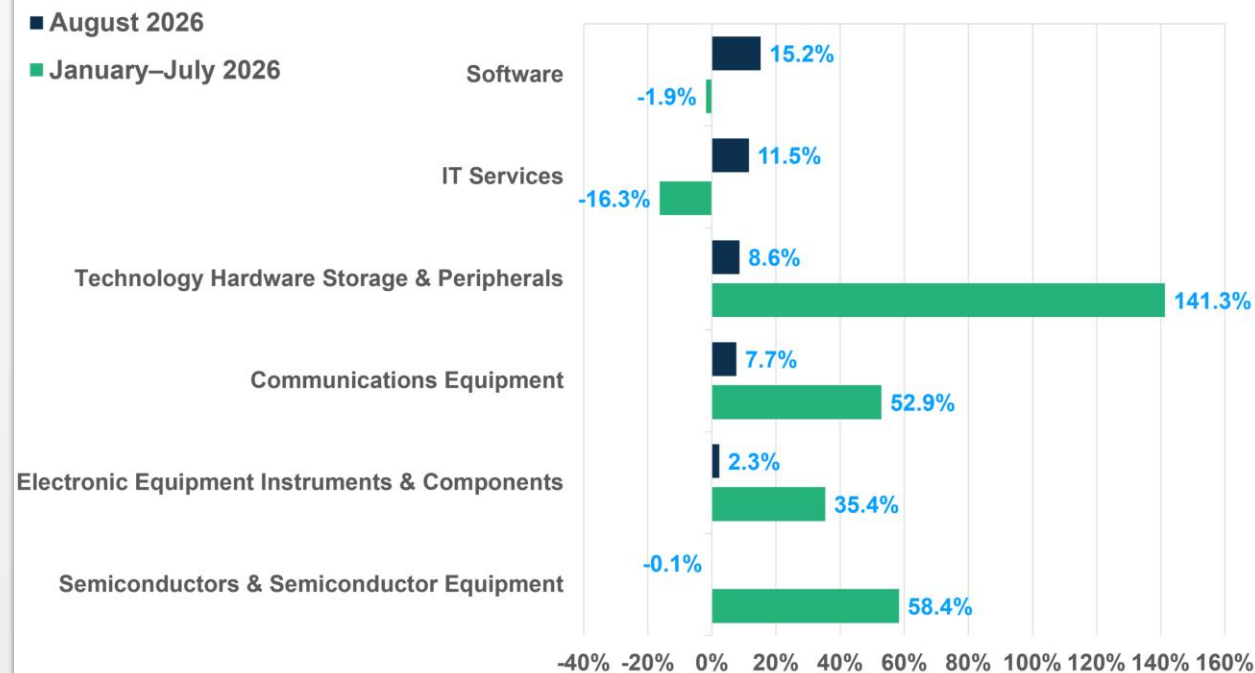
Markets

The Market Paid for the Application Layer

- Software gained 15.2% in August after losing money all year. IT services jumped 11.5% after being down 16.3%.
- Meanwhile semis went flat and hardware slowed hard. The infrastructure trade cooled off.
- Through July the average software stock was down 1.9% but the median was down 21.2%. In August they were nearly identical, which is what broadening looks like to me.

Inside Technology: August's Winners Were the Year's Losers

Equal-weighted average return by GICS industry within information technology. Note the different scales on the two panels



Source: Carson Investment Research, FactSet 9/3/26



Markets

Not All Septembers Start From the Same Place

- The reputation is earned, but the bad ones cluster. Nine of the ten worst Septembers started the month with stocks down for the year.
- In the eleven prior years that looked like this one, a green August and a 10% to 17.5% YTD gain, September was higher six times.
- Those final four months were positive ten of eleven times, averaging 5.6%.

A Green August And Good Year So Far Should Bode Well For The Bulls

S&P 500 Performance After A Positive August And YTD Between 10% And 17.5% (WWII - Current)

Year	YTD	August	S&P 500 Forward Returns	
			September	Final Four Months
1945	16.8%	4.3%	3.5%	11.9%
1951	14.0%	11.1%	-0.1%	2.1%
1961	17.1%	5.3%	-2.0%	5.1%
1963	14.9%	4.5%	-1.1%	3.5%
1979	13.7%	6.2%	0.0%	-1.3%
1980	13.4%	7.1%	2.5%	10.9%
1983	16.6%	-2.4%	1.2%	0.5%
2003	14.6%	3.4%	-1.2%	10.3%
2009	13.0%	11.0%	3.6%	9.3%
2012	11.8%	3.3%	2.4%	1.4%
2017	10.4%	2.0%	1.9%	8.2%
2026	12.8%*	3.0%*	?	?
Average			1.0%	5.6%
Median			1.2%	5.1%
Higher			6	10
Count			11	11
% Higher			54.5%	90.9%

Source: Carson Investment Research, FactSet 08/26/2026

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* Month not over yet



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