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Charts of the Week

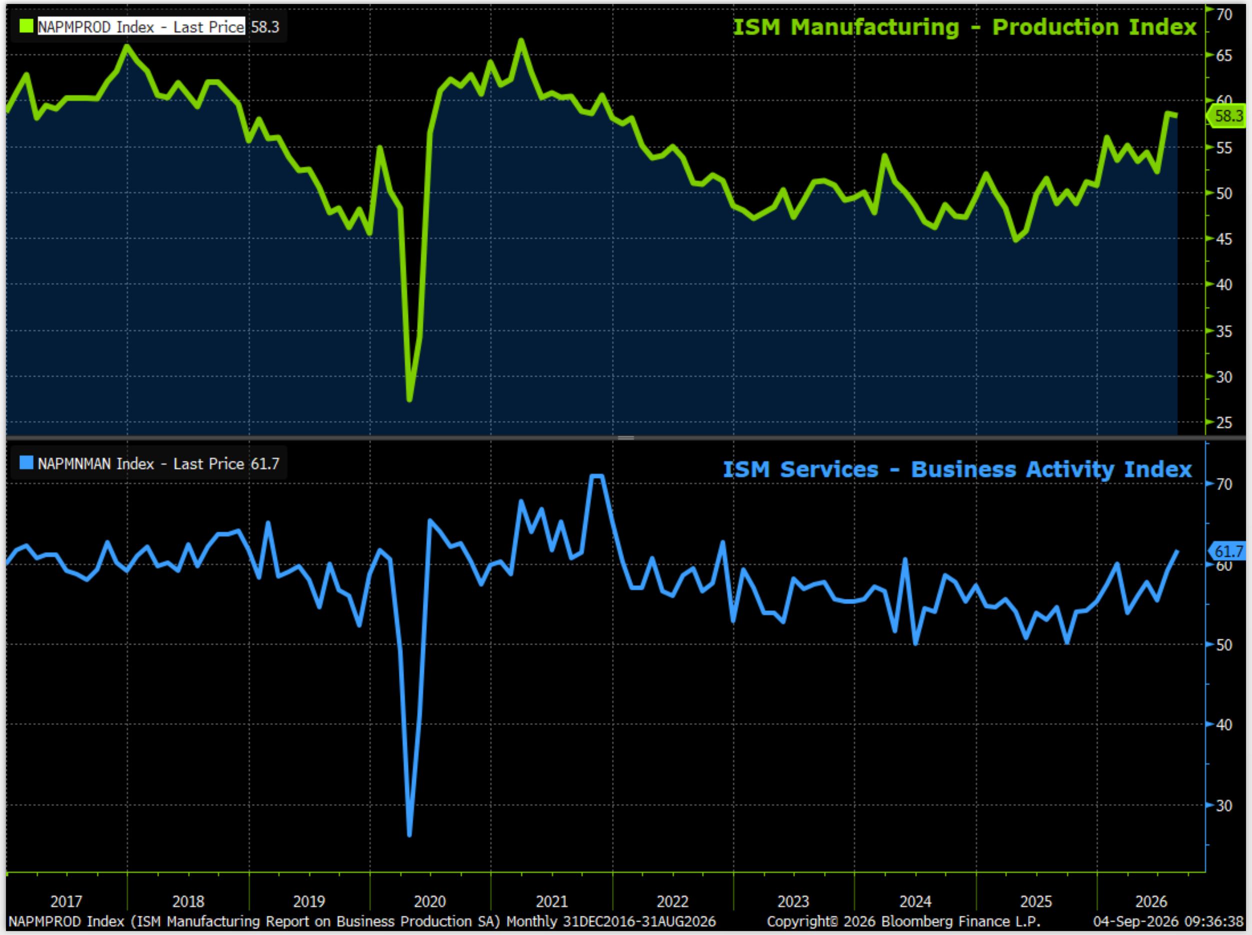
Carson Investment Research

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.

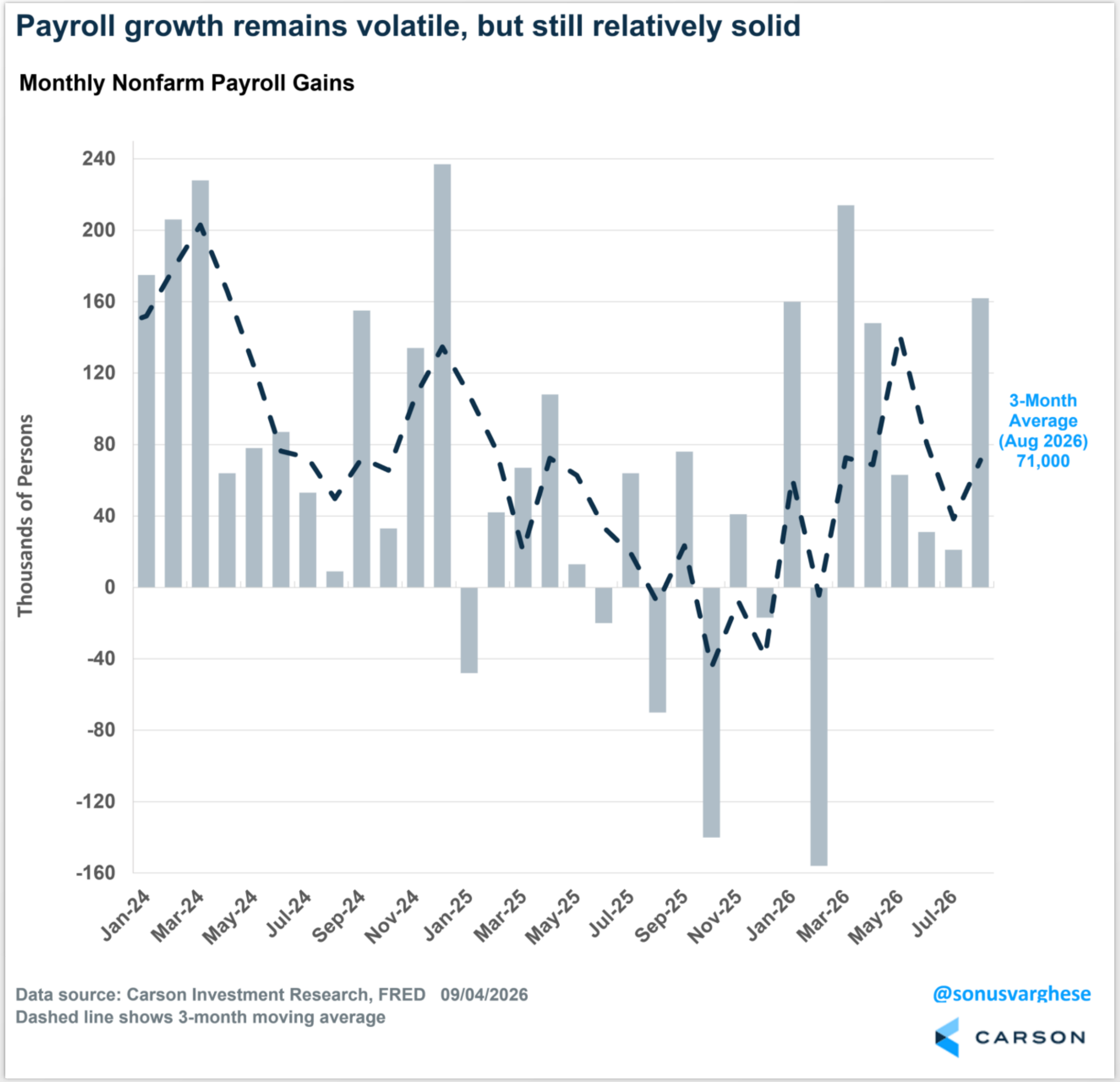


Source: Carson Investment Research, Bloomberg 9/4/26

Macro

The Jobs Slowdown That Got Revised Away

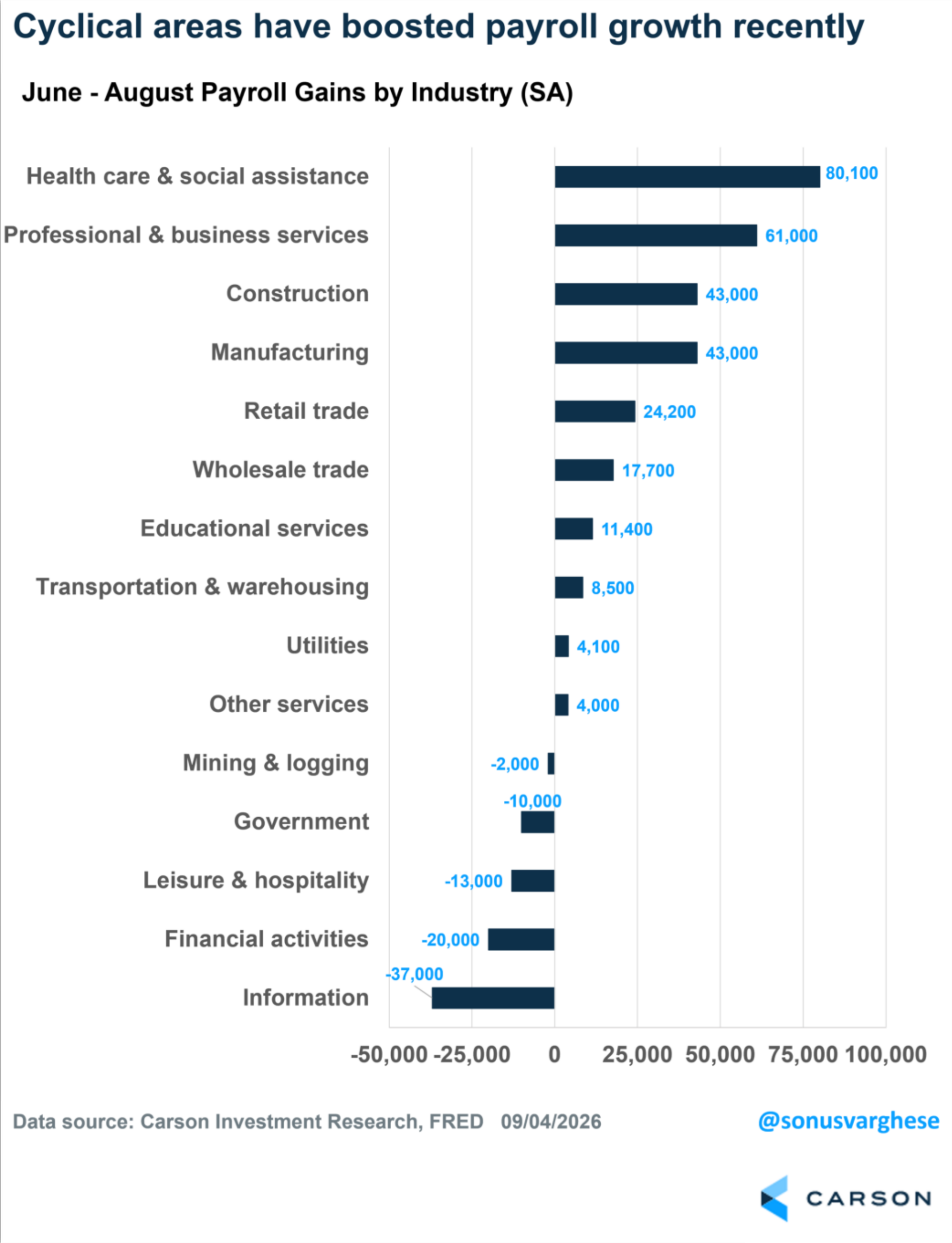
- 162,000 in August, the best since March, but the revisions are the main story: the three-month average went from 20,000 to 71,000.
- With immigration stalled, the economy needs fewer jobs to hold the line. Weak-looking hiring can still be a healthy market.
- Unemployment stayed at 4.1%, and it's been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



Macro

The AI Buildout Shows Up in the Payroll Data

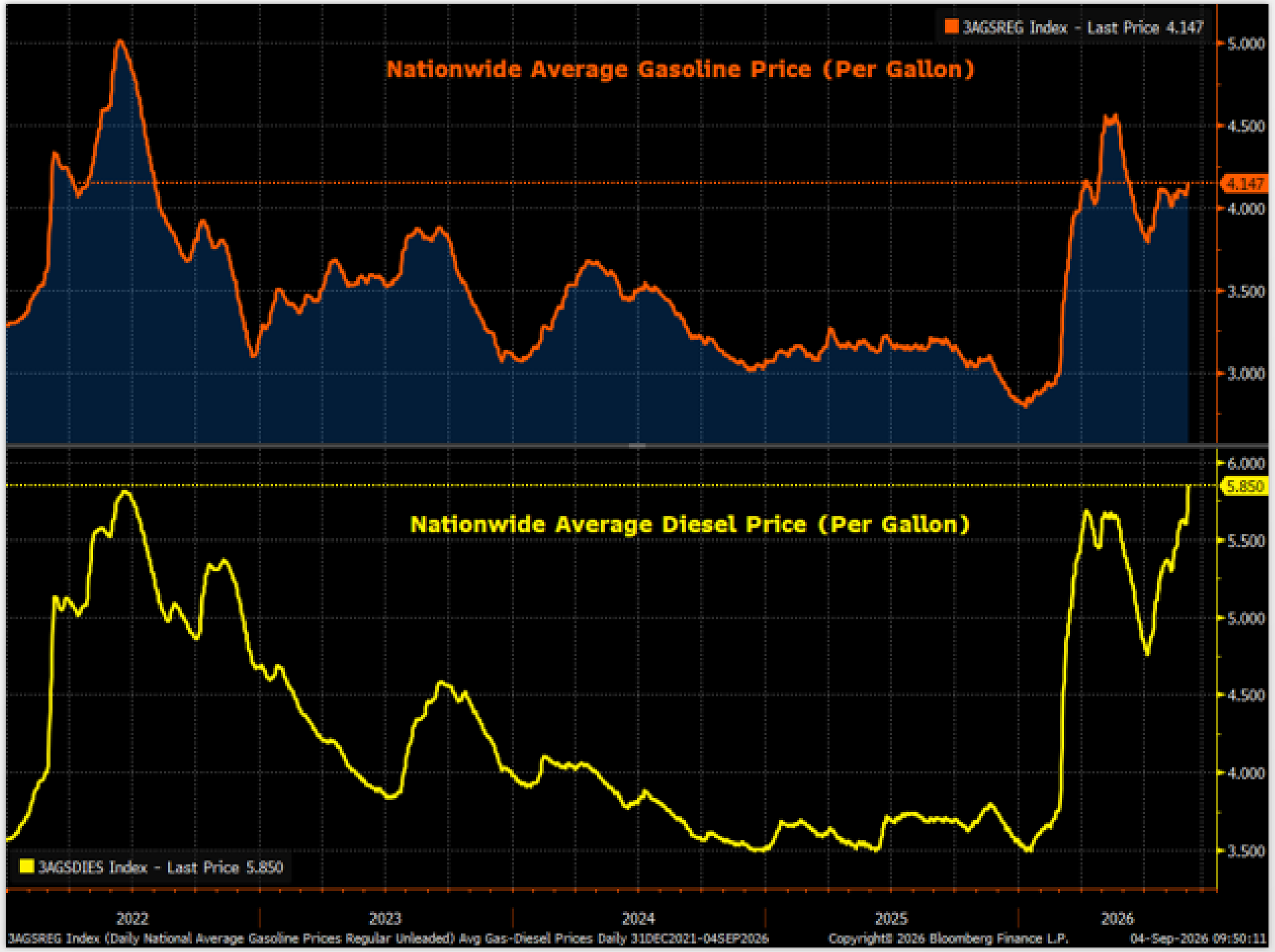
- Health care is still the biggest single chunk, but the next four are all cyclical. Those five are 88% of the gain since June.
- Construction hiring is data centers. Manufacturing is durable goods. Same story, different line item.



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.

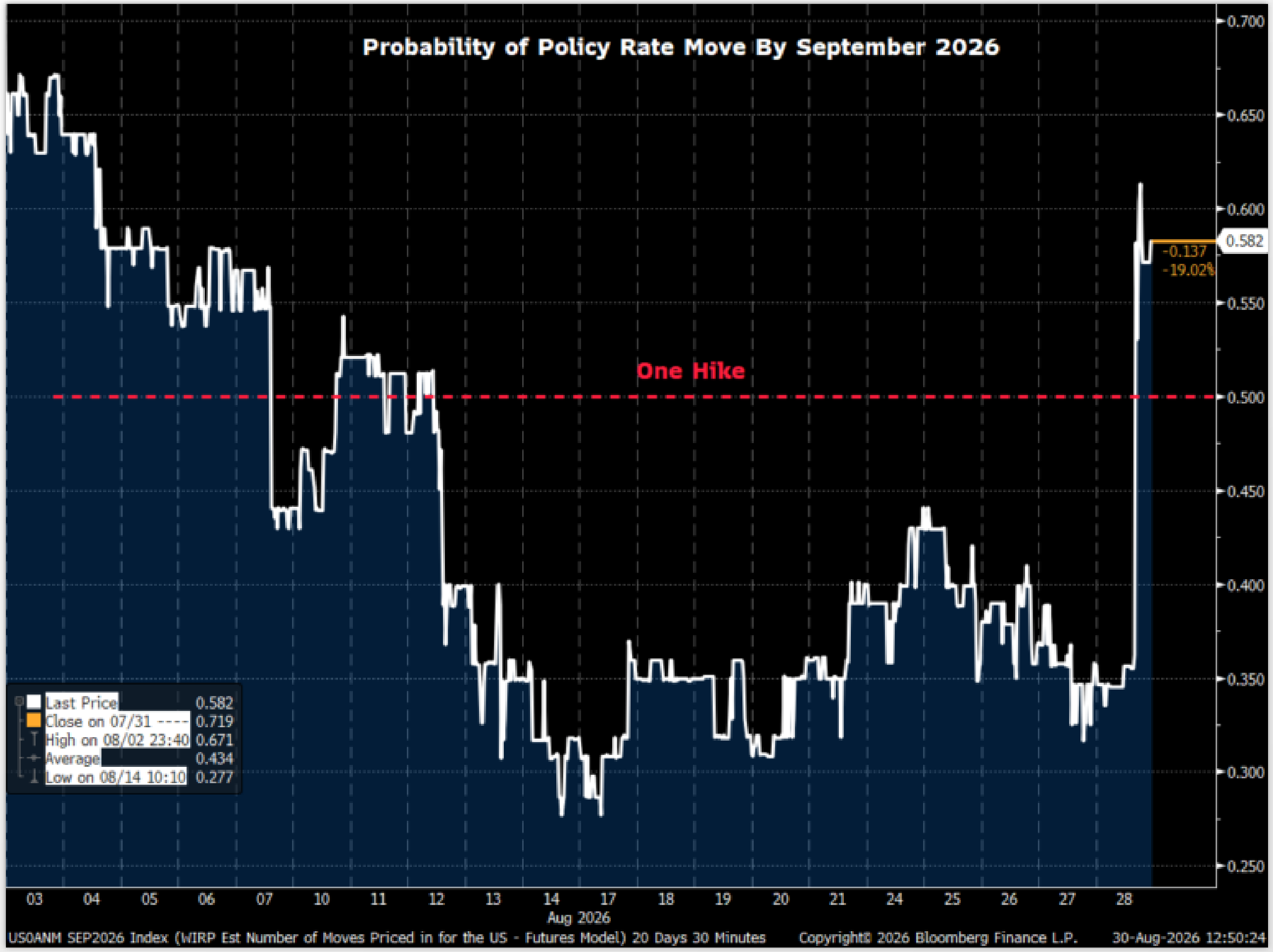


Source: Carson Investment Research, Bloomberg 9/4/26

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.

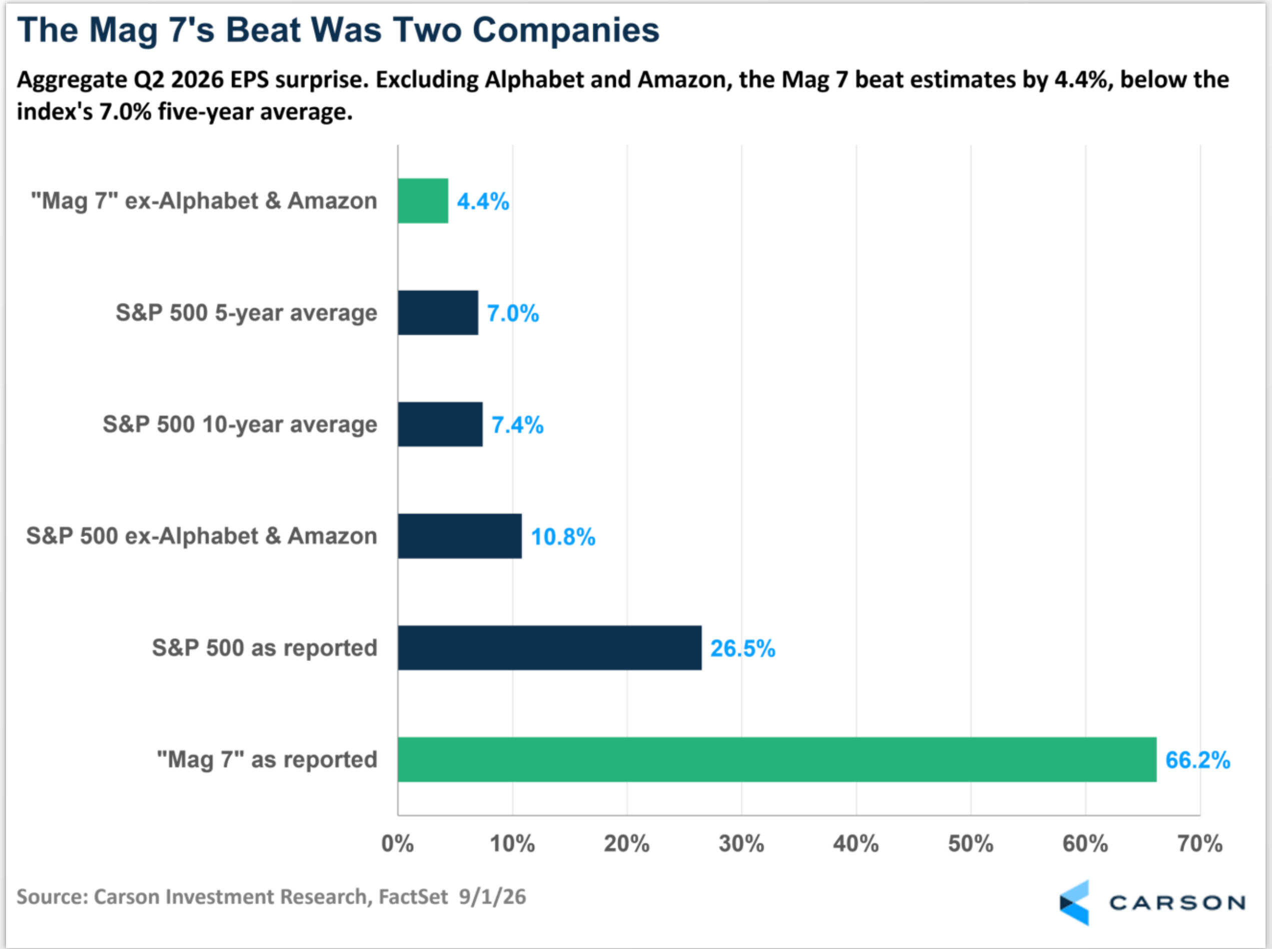


Source: Carson Investment Research, Bloomberg 8/30/26

Markets

Two Companies Carried the Blowout

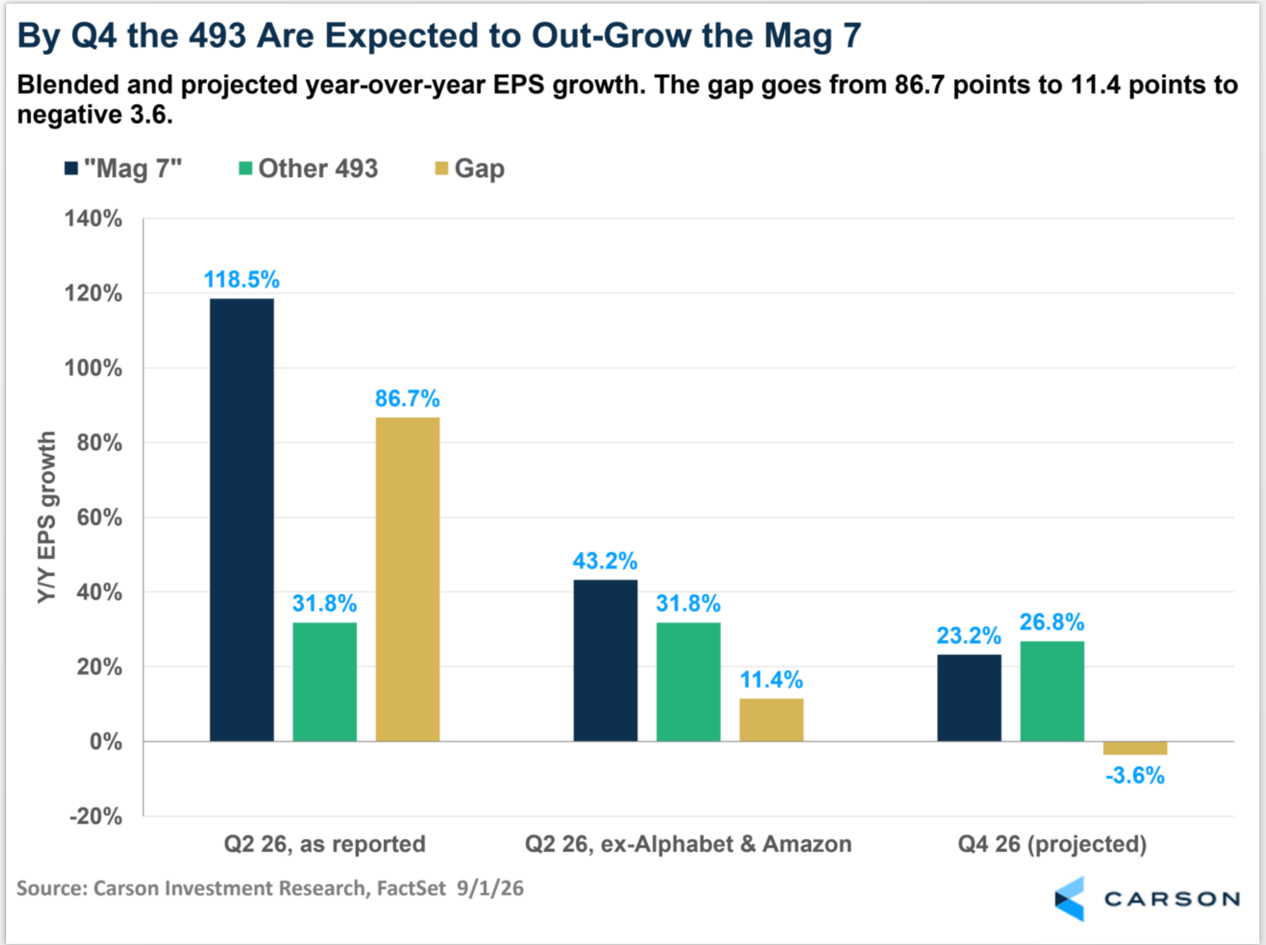
- The Mag 7 beat by 66.2%. Drop Alphabet and Amazon and the other five beat by 4.4%, under the index's own 7.0% average.
- The gap is $151 billion of marks on private AI stakes. Real money, but a mark only repeats if the valuation moves again.
- Investors may have not noticed because the aggregate looked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



Markets

Analysts Think the Lead Flips by Q4

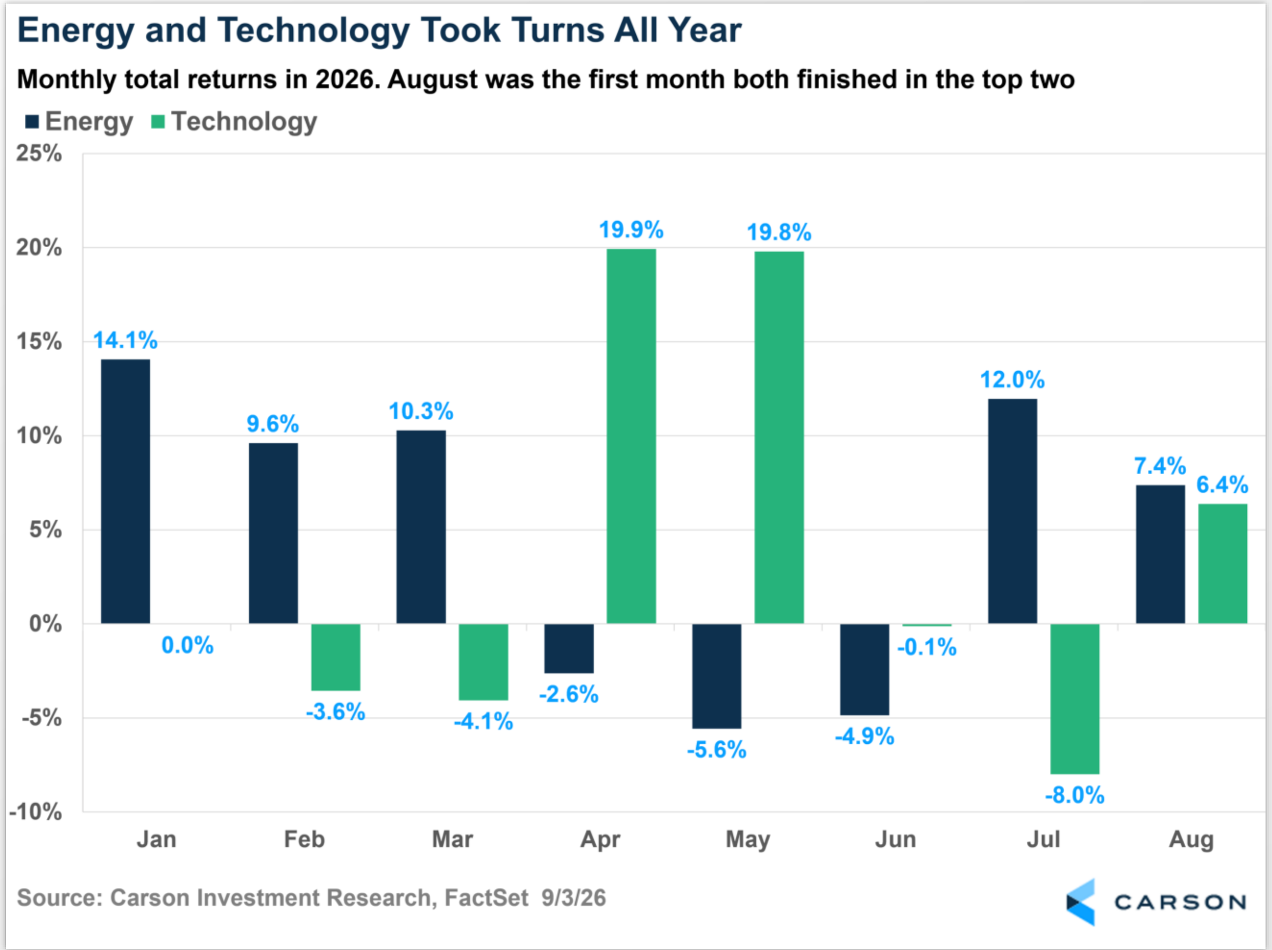
- As reported, the Mag 7 beat the field by 86.7 points. Strip the marks and it's 11.4. By Q4 it's negative.
- The 493 grew 31.8% on their own, best since 2021, with ten of eleven sectors revised up since June.



Markets

August Broke the Pattern That Carried the Year

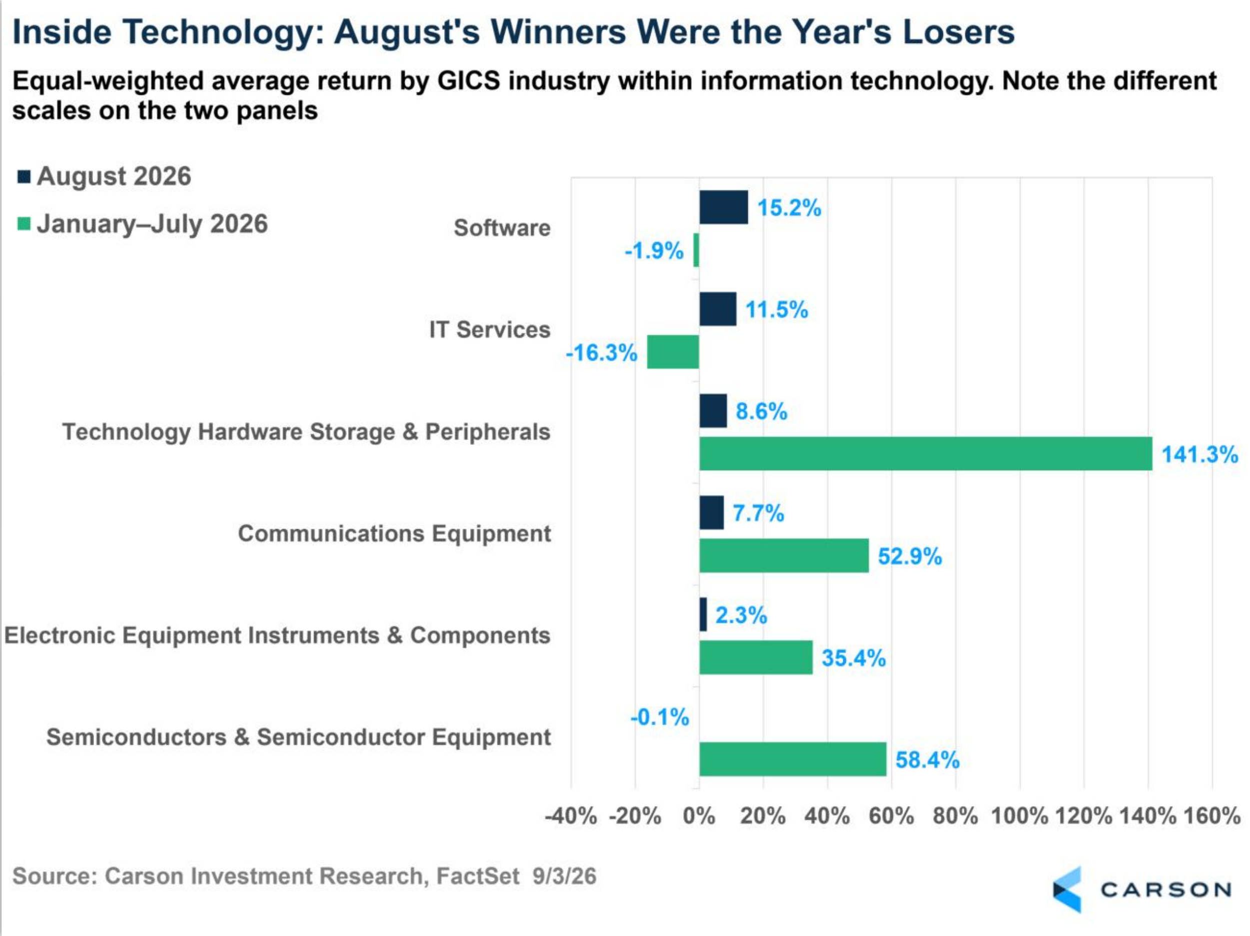
- Energy and tech ran a -0.75 correlation through July. Two of the best return streams in the market, reliably offsetting each other.
- August was the first month all year they finished top two together.
- If the negative correlation comes back, this year's diversification was repeatable. If not, the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



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.



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)

			S&P 500 Forward Returns	
Year	YTD	August	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
@ryandetrick
* Month not over yet'

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