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Charts of the Week

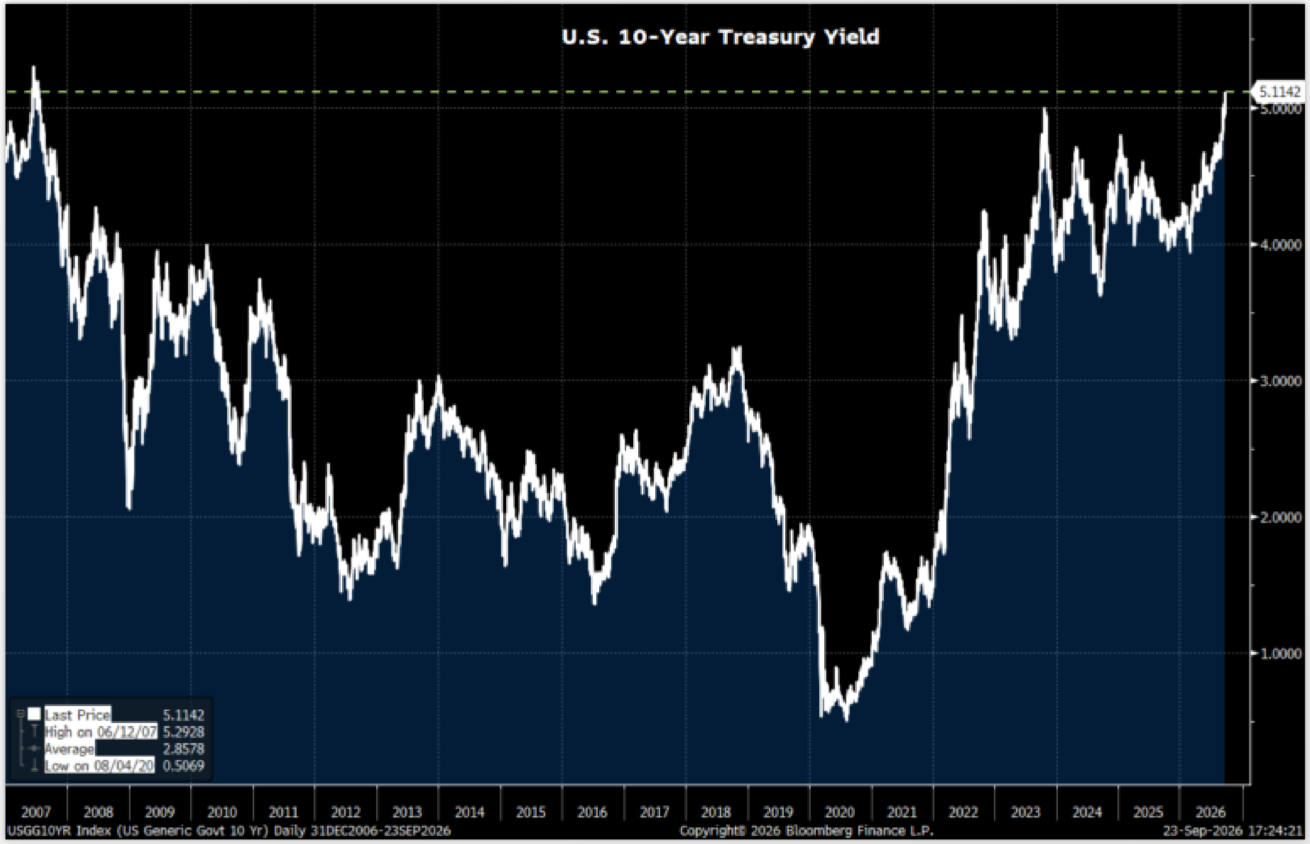
Carson Investment Research

September 21 - 25, 2026

Chart of the Week

The 2023 Ceiling Didn’t Hold

- The 10-year closed at 5.11% on Sept. 23, above its October 2023 peak and the highest since July 2007. The 15 bp jump was the largest one-day move since the April 2025 tariff shock.
- The front end barely moved. The 1-year rose 5 bps while 2- to 10-year yields rose 14 to 16.
- After inflation, the 10-year pays about 2.5%, near a two-decade high. That's real tightening for mortgages, small caps, and anything else priced off long rates.



Source: Carson Investment Research, Bloomberg 9/23/26

Macro

Yields Follow Oil Up

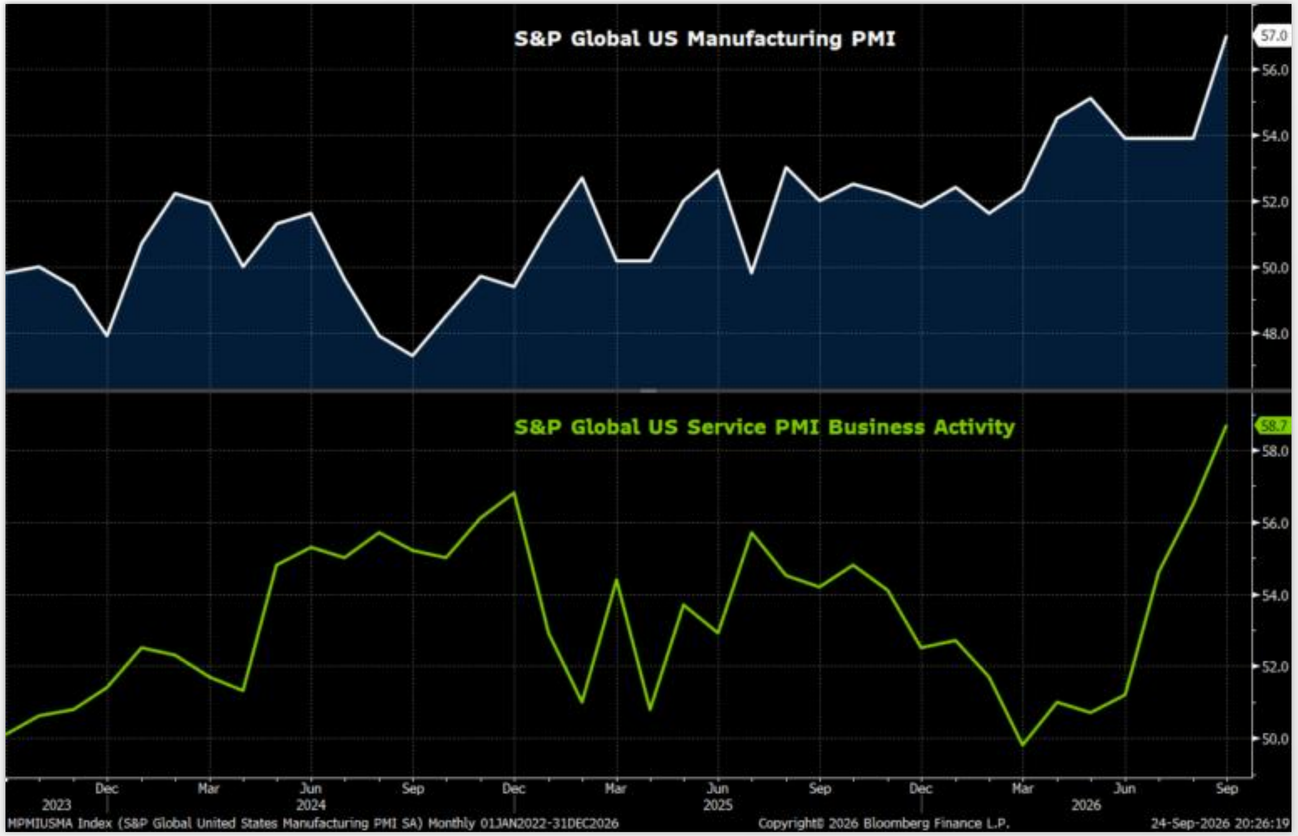
- Yields rose with oil from March to mid-May. When crude collapsed, the 10-year held near 4.5% instead of returning to its pre-war level below 4%.
- The same pattern showed up this month. Oil pulled back from $106 to $96, yet the 10-year kept climbing and broke 5.1% two days later.
- Consumers are paying more for fuel without cutting back elsewhere. With demand this firm, cheaper oil hasn't given yields a reason to retreat.

Source: Carson Investment Research, Bloomberg 9/21/26

Macro

Growth Is Running Into Capacity

- The composite flash PMI rose to 58.4, the fastest expansion since July 2021 and a fourth straight month of acceleration. Manufacturing and services both hit multi-year highs.
- Demand is coming from home, since goods exports are still falling. Backlogs and supplier delays are at their worst since 2022.
- Input costs rose at the fastest pace since October 2022 and firms are regaining pricing power.

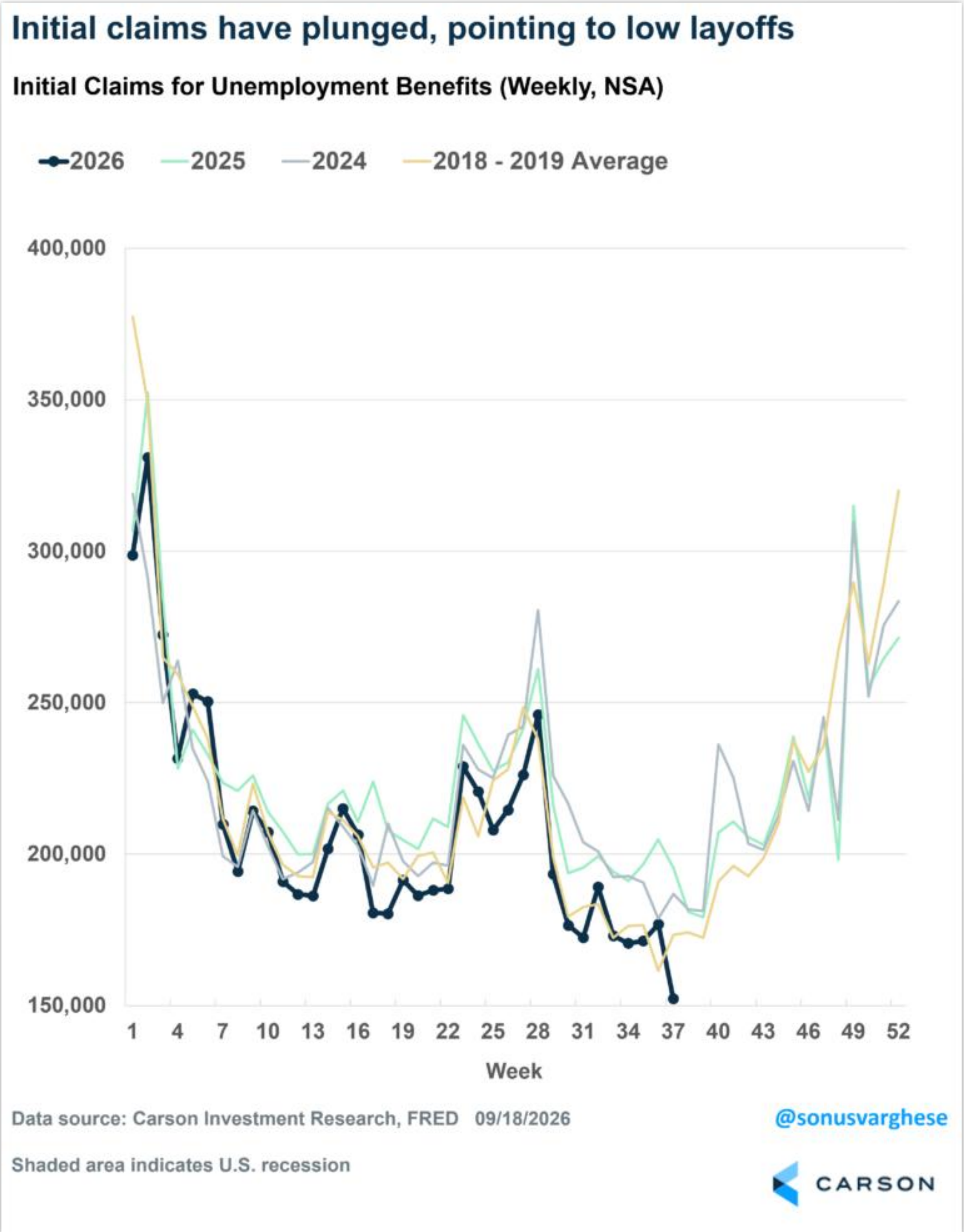


Source: Carson Investment Research, Bloomberg 9/24/26

Macro

Fewer Layoffs Than Before the Pandemic

- Unadjusted initial claims fell to about 152,000, the lowest weekly print since September 2022. That's 22% below the same week last year and 12% below the 2018–2019 average.
- The drop was bigger than the usual seasonal pattern, so it holds up even with a late Labor Day muddying the adjusted data.
- Continuing claims are 10% below a year ago, and the insured unemployment rate is back to 1.0%, in line with 2018–2019. People who lose jobs are finding new ones faster.



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Paying More, Still Buying More

- Retail sales rose 1.2% in August and the control group 1.4%, both well above forecasts. Twelve of 13 categories gained.
- Restaurant sales are up 10% annualized over three months. Dining out is usually the first thing households cut when stretched, and real restaurant spending is still up about 2.5% from a year ago.
- The real pace is firm too. Adjusted for inflation and Prime Day timing, core spending is estimated near 4% annualized, up from about 1% a month earlier.

	Contribution to august 2026 Gain (M/M)	July to September 2026 Gain (M/M)	3M Annualized Change (September 2026)
Nonstore Retailers	0.5%	2.6%	7.6%
Gasoline Stations	0.2%	3.1%	-11.0%
Food Service & Drinking Places	0.2%	1.2%	10.0%
Motor Vehicle & Parts Dealers	0.1%	0.6%	4.9%
General Merchandise Stores	0.1%	0.7%	4.9%
Food & Beverage Stores	0.0%	0.4%	0.0%
Health & Personal Care Stores	0.0%	0.9%	3.5%
Miscellaneous Stores	0.0%	1.9%	12.7%
Clothing & Clothing Accessory Stores	0.0%	0.7%	5.3%
Electronics & Appliance Stores	0.0%	1.6%	8.0%
Sporting Goods, Hobby, Book & Music Stores	0.0%	1.2%	7.6%
Furniture & Home Furnishings Stores	0.0%	0.9%	2.5%
Building Materials, Garden Equip., Supply Stores	0.0%	-0.2%	2.6%
Control Group Retail Sales	0.8%	1.4%	5.3%
Retail & Food Services, Total	1.2%	1.2%	4.1%

Source: Carson Investment Research, Factset 09/17/2026 @sonusvarghese

Control Group excludes Food Services, Auto Dealers, Gasoline Stations, Building Materials, Garden Equipment and Supplies Dealers, Office Supply and Stationary Stores, Mobile Home Dealers, Tobacco Stores

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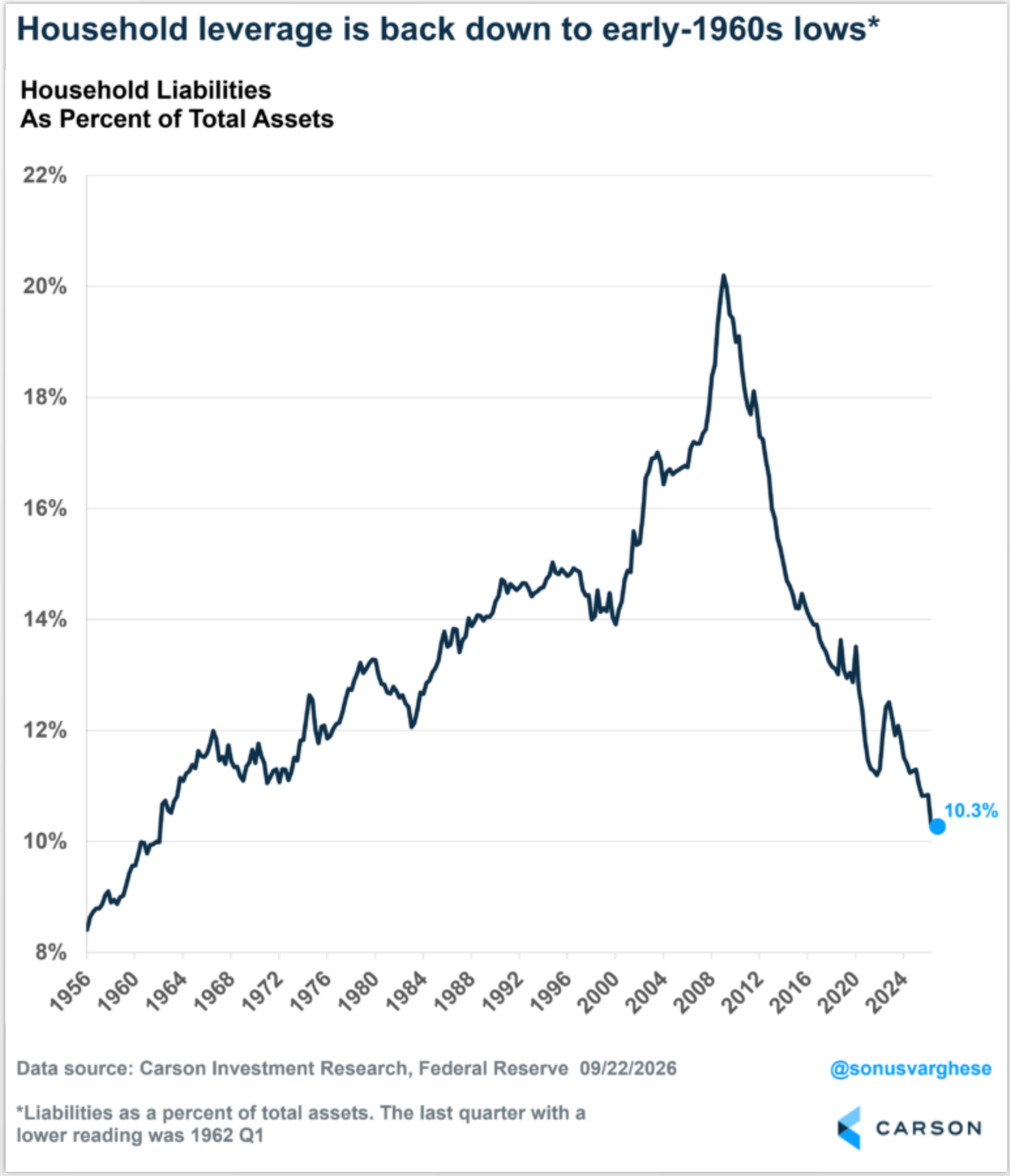
The Leverage Cycle Has Unwound

- Household liabilities fell to 10.3% of assets in Q2, the lowest since 1962. The ratio peaked at 20.2% in early 2009 and was 12.9% at the end of 2019.
- Every income group is less levered than in 2019, including the bottom 40%, where stress usually shows up first.
- Rising asset prices did much of the work. Equities are now a record 38.9% of household net worth, so a long bear market would push leverage back up on its own.



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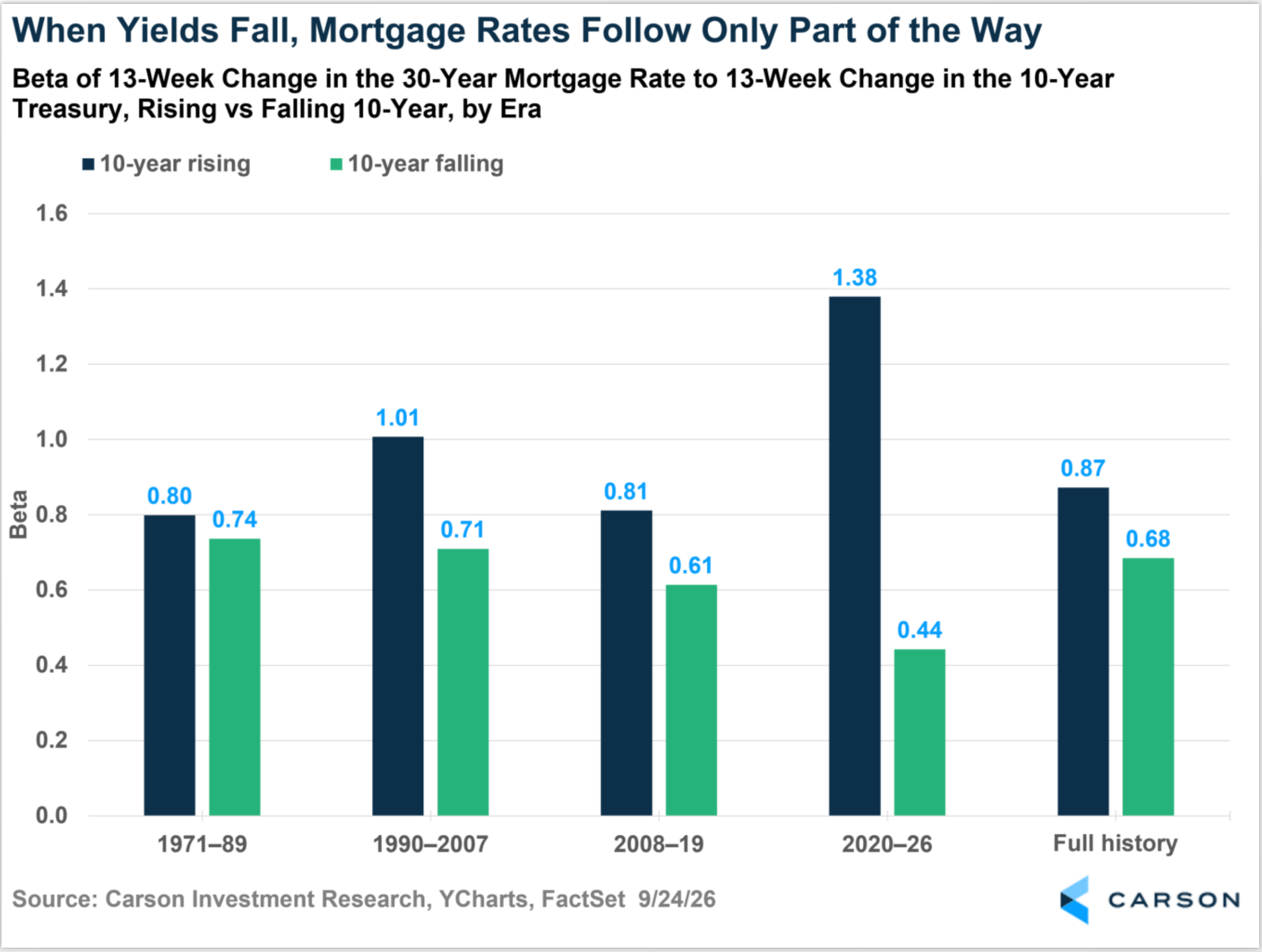
Mortgage Relief Comes at a Discount

- Since 1971, mortgage rates have captured about 87% of the 10-year's move when yields rose, but only 68% when they fell.
- Since 2020 the gap has been widest: 1.38 on the way up, 0.44 on the way down. Falling rates raise refinancing risk for mortgage investors, and wider spreads eat into the relief.
- When mortgage rates briefly dipped below 6% in February, refinancing more than doubled from a year earlier, but purchase applications rose only about 10%.



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Rate Caught Up With Small Caps

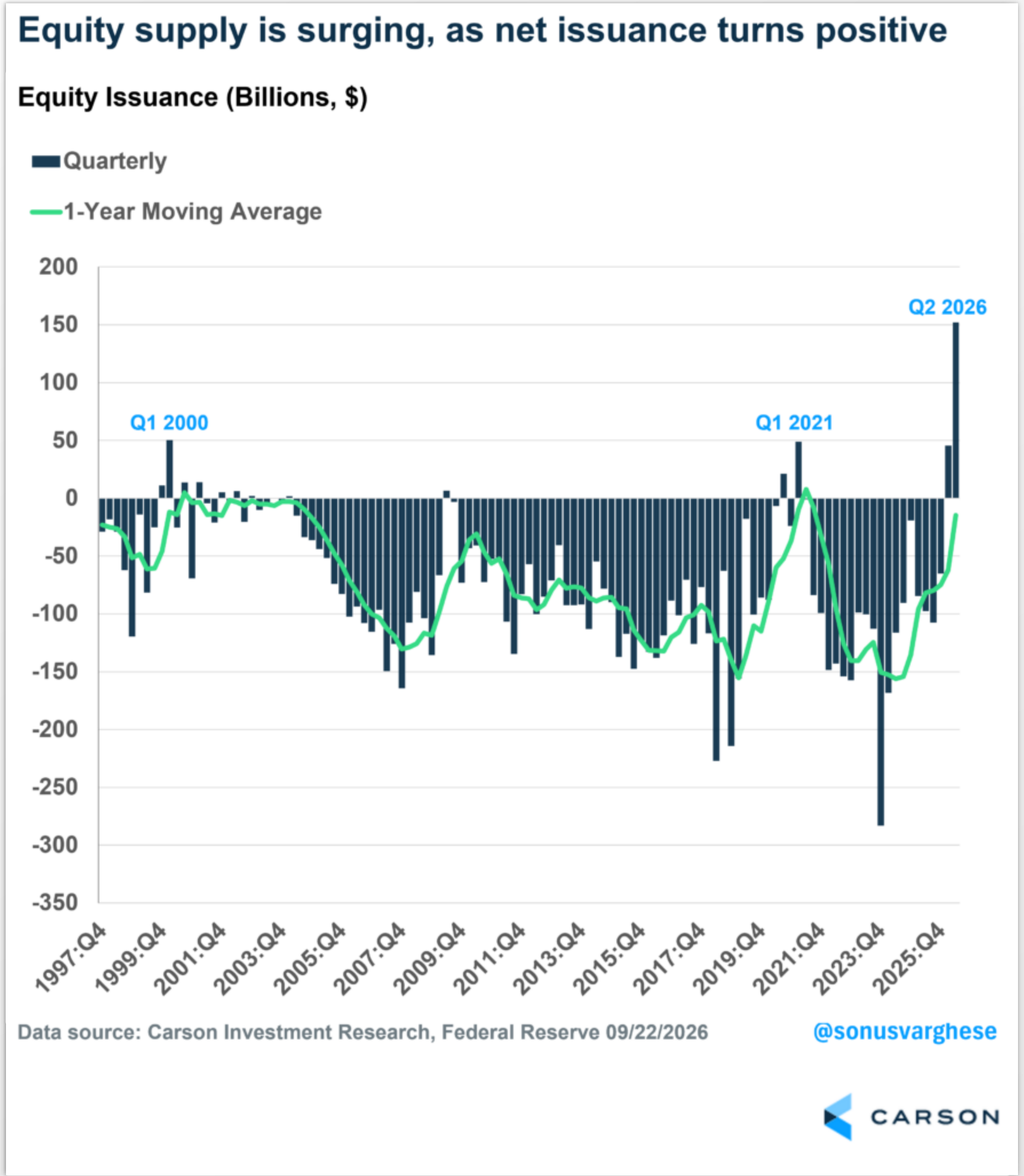
- The Russell 2000 led the S&P 500 by nearly 14 points in late June. That lead is down to about 2.
- Smaller companies rely more on floating-rate and short-term debt, so they feel higher yields sooner. The AI buildout is holding up the index while much of the market absorbs the rate move.

Source: Carson Investment Research, Bloomberg 9/24/26

Macro

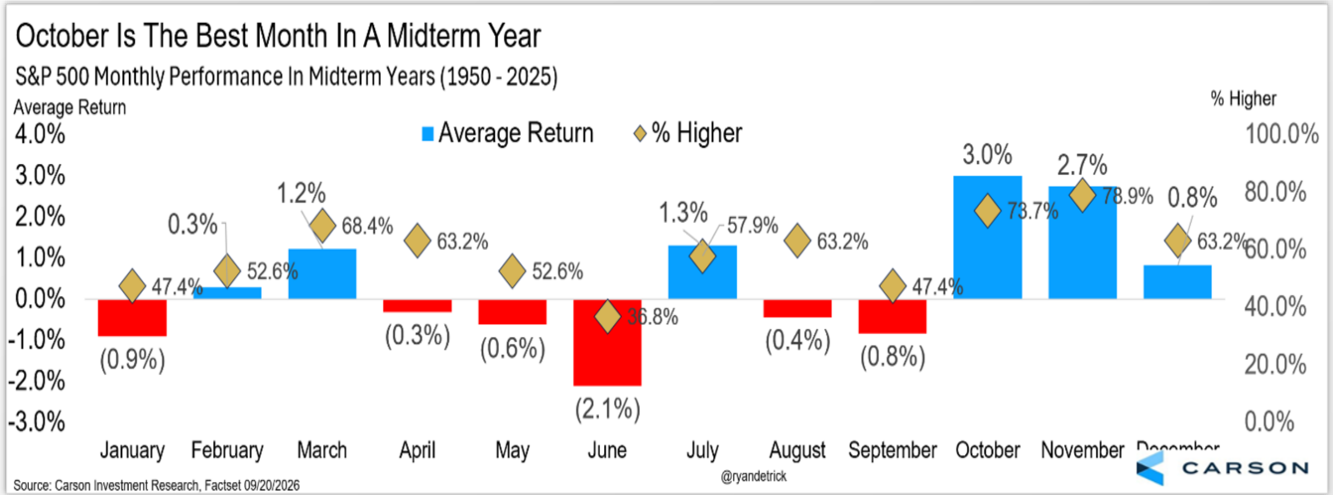
Corporate America Flips to Net Seller

- Nonfinancial companies issued a net $152 billion of stock in Q2, the most in Fed data going back to 1996. The prior high was $50 billion in early 2000.
- Buybacks haven't slowed and are running near a record. Issuance just got much bigger, averaging $463 billion a quarter this year versus $88 billion in the 2010s.



Markets

The Midterm Calendar Is About to Turn



- Since 1950, October and November have been the two best months of midterm years, averaging gains of 3.0% and 2.7%. Both finished higher roughly three-quarters of the time.
- Sentiment soured with the S&P 500 about 2% from a record. AAII bears jumped 14 points in a week to the most since May 2025, and bulls fell to a 2026 low.
- Heavy pessimism near highs has more often been a contrarian signal than a warning.

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