



CARSON

Charts of the Week

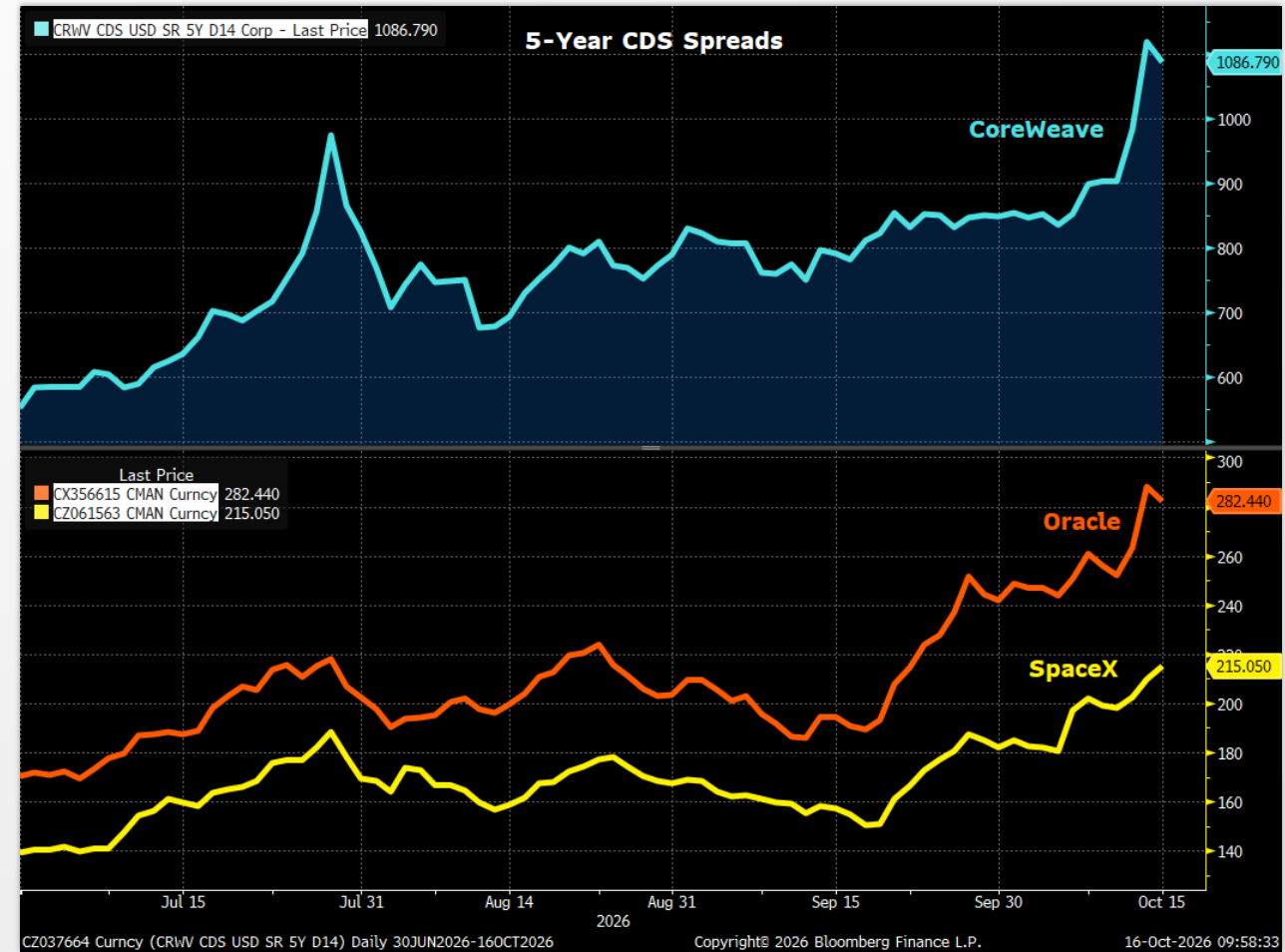
Carson Investment Research

October 12 – 16, 2026

Chart of the Week

Credit Markets Are Getting Pickier About AI

- Insuring CoreWeave debt now costs about 11% a year, nearly double early July. Oracle and SpaceX are up 45% and 37% in a month.
- Lenders are questioning whether AI revenue can cover compute contracts that start billing in 2027 and 2028. Even Meta's and Alphabet's CDS costs have nearly doubled this year.
- The 10-year yield fell from 5.33% to 5.08% in one day despite hot CPI, as AI doubts made Treasuries look better by comparison.



Source: Carson Investment Research, Bloomberg 10/16/26



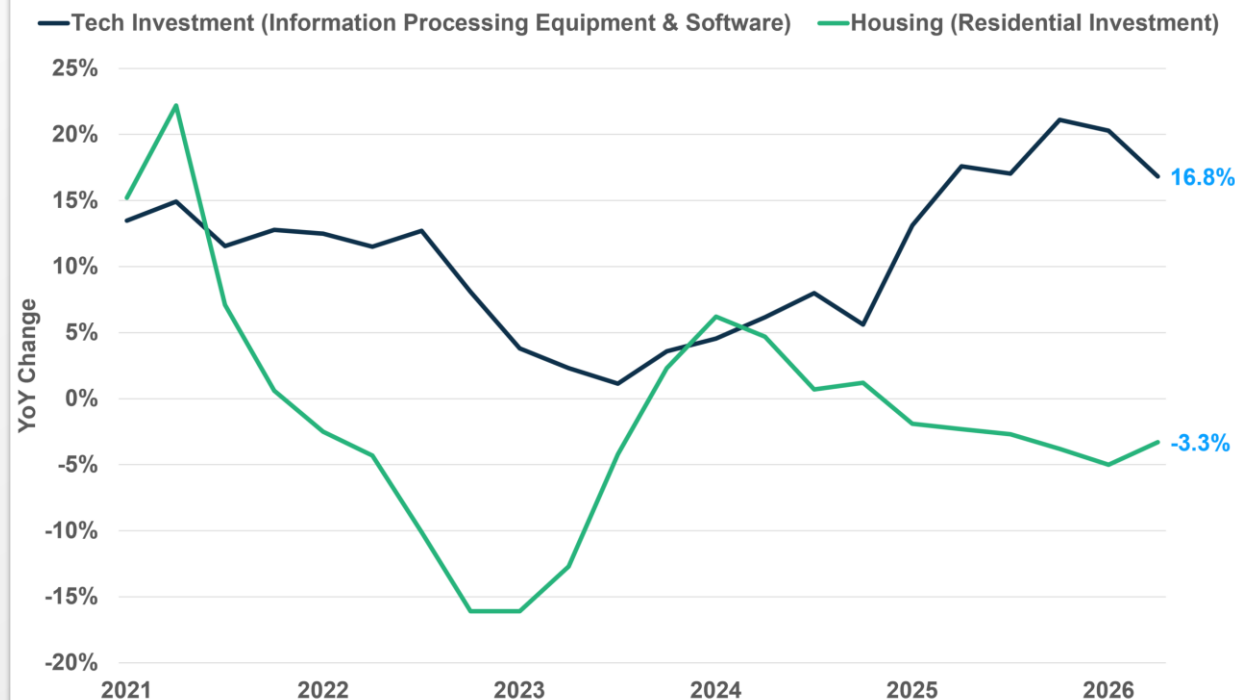
Macro

Housing Feels the Hikes, AI Keeps Spending

- Housing runs on mortgage rates, while AI projects target double-digit returns, so September's hike lands very differently on each.
- A small rate hike might not do too much to slow the AI boom, but things can change quickly if investor's expectations reverse down.
- Since late August, tech is up 5.5% while real estate, financials, and utilities are down 3% to 6% as rate hikes hit them first.

Real Tech Investment Is Up 16.8% While Housing Has Shrunk for Six Straight Quarters

Real Investment Growth, Year-Over-Year, Quarterly, Q1 2021–Q2 2026



Source: Carson Investment Research, YCharts, BEA 10/12/26



Macro

Inflation Is Picking Up

- The 3-month pace is above the 12-month rate on all six measures, so inflation is accelerating.
- Oil drives part of the headline, but core services ex shelter at 4.6% has little to do with energy.
- Even after September's hike, the real fed funds rate is only about 0.6%.

Inflation's elevated no matter how you cut the data

Inflation Metric	Last 3M (Annualized)	Last 12M	2017 - 2019 Trend (Annualized)
Headline CPI	4.6%	3.7%	2.2%
Core CPI	3.4%	2.6%	2.1%
CPI - Commodities Ex Food and Energy	2.2%	0.7%	-0.1%
CPI - Core Services Ex Shelter	4.6%	3.2%	2.2%
CPI - 16% Trimmed Mean	3.0%	2.7%	2.2%
Sticky CPI Ex Food, Energy, Shelter	3.6%	2.4%	1.6%

Data source: Carson Investment Research 10/14/2026

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Unlike 1999, This Tech Boom Is Inflationary

- Computer equipment prices are up 22.5% in a year. In the late 1990s, falling computer prices helped hold inflation down.
- Scarce capacity means pricing power. AI supply-chain earnings have roughly quadrupled in three and a half years.
- Price pressure is cooling for circuit boards and picking up for switchgear and capacitors, pointing to power gear as the next bottleneck.

AI-related bottlenecks translating to surging prices for key components

AI-Related Category (from PPI Indices)	Last 3M (Annualized)	Last 12M
Printed circuit assemblies (loaded boards)	48.4%	130.0%
Computer storage devices	69.0%	84.1%
Bare printed circuit boards	5.6%	45.8%
Electronic components and accessories	9.3%	26.8%
Electronic computers and computer equipment	26.6%	22.5%
Switchgear, switchboards, industrial controls	21.2%	12.4%
Capacitors and resistors for electronic circuitry	15.9%	7.8%

Data source: Carson Investment Research 10/14/2026

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Low Unemployment Is Masking a Hiring Slump

- The last long stretch of hiring this slow, 2008 to 2013, came with 8.5% average unemployment. Low quits and layoffs keep it at 4.2% today.
- Layoffs are the risk. Weekly claims holding above about 250,000 would mean hiring can't absorb job losses.
- The Conference Board's "jobs plentiful" minus "hard to get" gap is down to 1.7 points, from over 40 in 2022.

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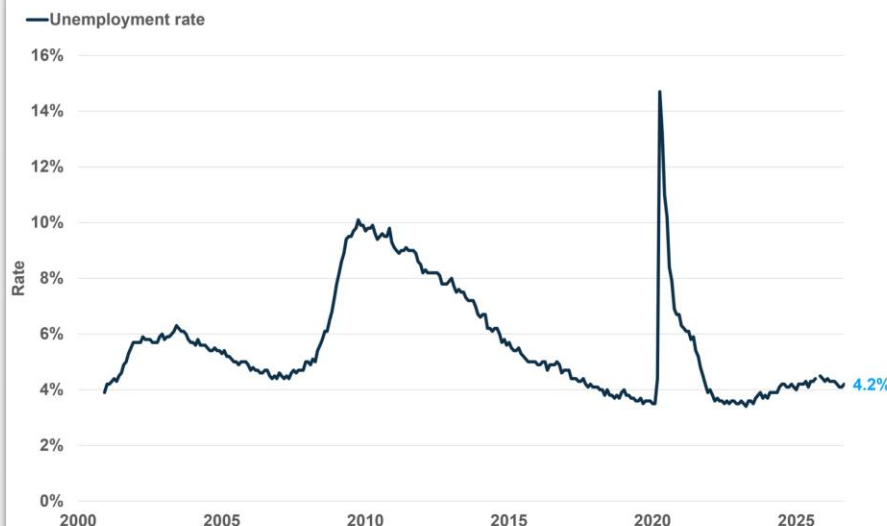
Employers Are Hiring at a 3.3% Rate, the Slowest Pace Since 2013 Outside of 2020

JOLTS Hires Rate (% of Employment), Monthly, SA, Dec 2000–Aug 2026



Unemployment Is Still Low at 4.2% Despite the Hiring Slowdown

Unemployment Rate, Monthly, SA, Dec 2000–Sep 2026



Source: Carson Investment Research, YCharts, FactSet 10/9/26



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Shareholders Are Getting a Bigger Slice

- Output has grown 2.8% a year since 2024 on just 0.2% more hours, versus 1.6% before the pandemic.
- Revenue outgrowing payroll supports record margins and sends more of the gains to shareholders.
- AI's role is still unclear, since the decline started in the early 2000s.

Workers' Share of Business Income Fell to a Record Low in Q2 2026

Labor Share Index, Nonfarm Business (2017 = 100), Quarterly, SA, Q1 1947–Q2 2026



Source: Carson Investment Research, BLS, YCharts 10/14/26



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Same Debt, Bigger Bills

- Median debt held flat at \$88,100, but card rates rose from 14.6% to 21.4% and new auto rates from 4.9% to 7.7%.
- Leverage is at a record low, but median checking and savings balances fell 6%. Home equity and retirement accounts don't cover monthly bills.

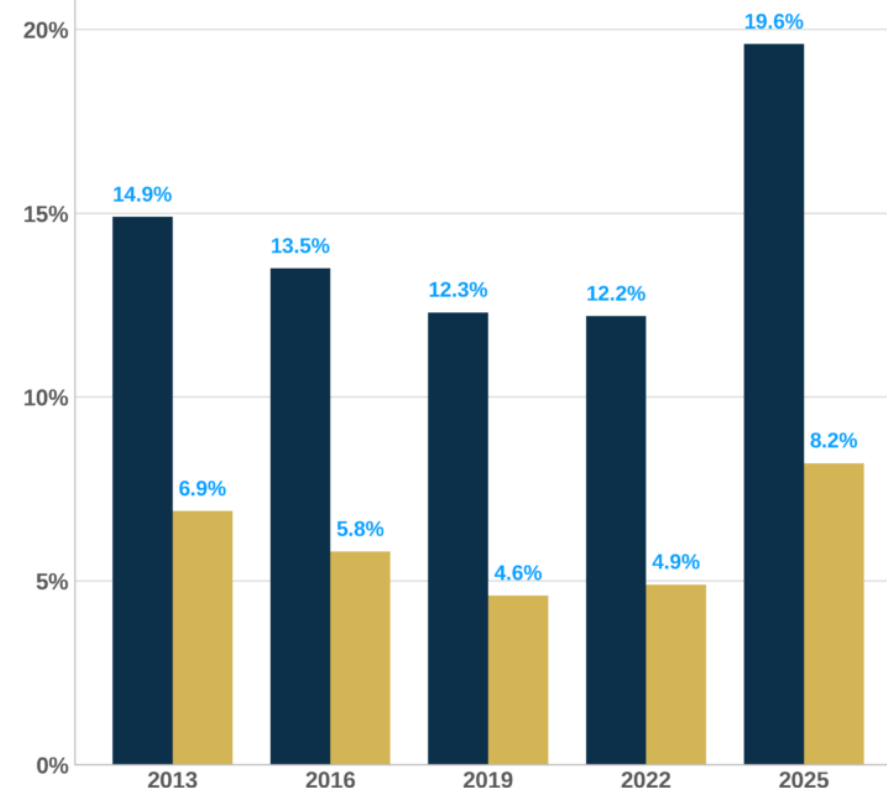
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A big jump in families falling behind on their debt payments

Percent of Families Late on Debt Payments (Past Year)

— Late on payments (past year)

— Late by 60 days or more



Data source: Carson Investment Research 10/11/2026
Federal Reserve Survey of Consumer Finances

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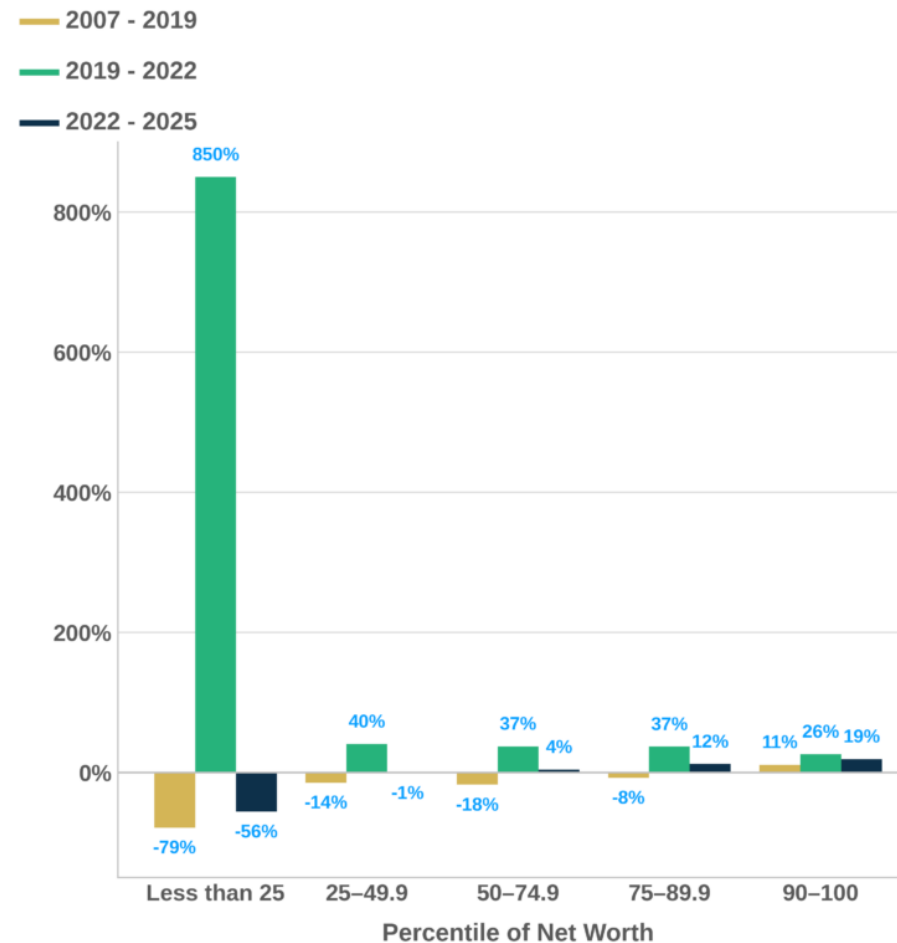
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The Wealth Gains Moved Back to the Top

- Stock ownership drove the split. The S&P 500 rose 85% from 2022 to 2025, while fewer lower-income families owned stocks.
- The top 10% of earners account for 28.5% of spending, which ties consumer spending more closely to the stock market.

Wealthier households saw the biggest gains since 2022

Real Median Net Worth (Percent Change Over the Period)



Data source: Carson Investment Research 10/11/2026
Federal Reserve Survey of Consumer Finances

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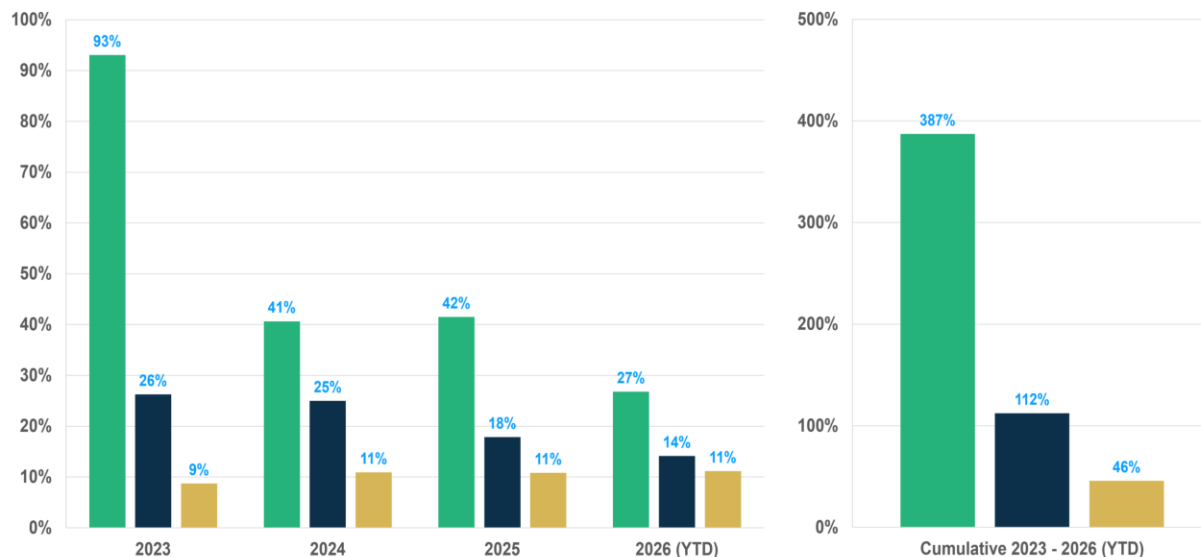
Strip Out AI and Returns Look Ordinary

- Without AI enablers, the S&P 500 has returned 9% to 11% a year since 2023, close to normal.
- Just 42 AI stocks account for about two-thirds of S&P 500 gains since January 2024.
- Lower yields from an AI bust would come with a hit to the profits carrying the index.

It's been AI vs everything else for a few years, and AI is winning by a wide margin. But for how long?

Total Returns

■ Broad AI ■ S&P 500 ■ S&P 500 Ex AI Enablers



Data source: Carson Investment Research, Bloomberg 10/15/2026

Broad AI: Goldman Sachs Broad AI Index
S&P 500 Ex AI Enablers: Goldman Sachs US 500 Excluding AI Enablers Index

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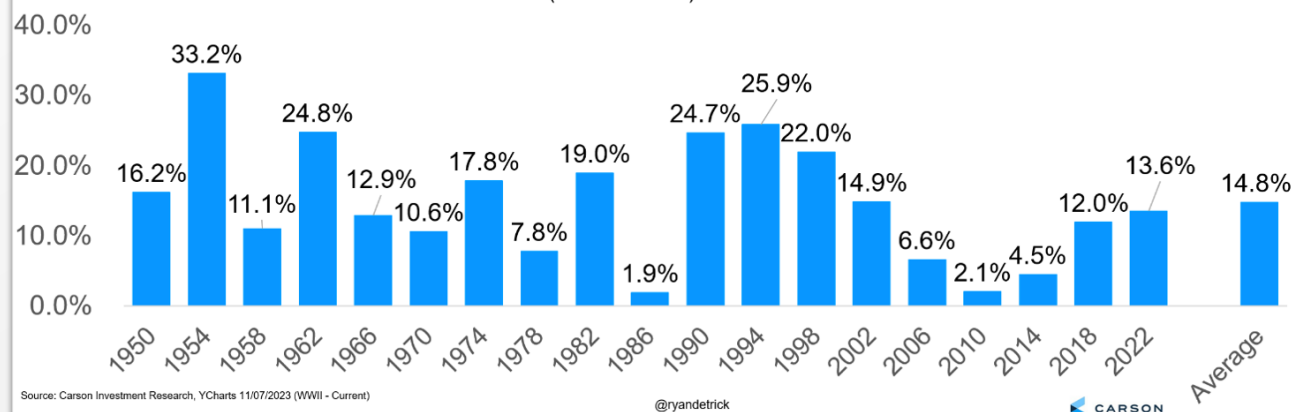
Markets

Post-Midterm Years Have Been Kind to Stocks

- The streak held through big House losses in 1994 and 2010, so it hasn't depended on which party wins.
- This year's 9.1% pullback ended March 30, about half the usual midterm-year drop.
- With stocks up 18% since that low, part of the typical rebound has likely already happened.

Stocks Tend To Soar The Year After Midterms

S&P 500 Performance One Year After Midterm Elections (1950 - Current)



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