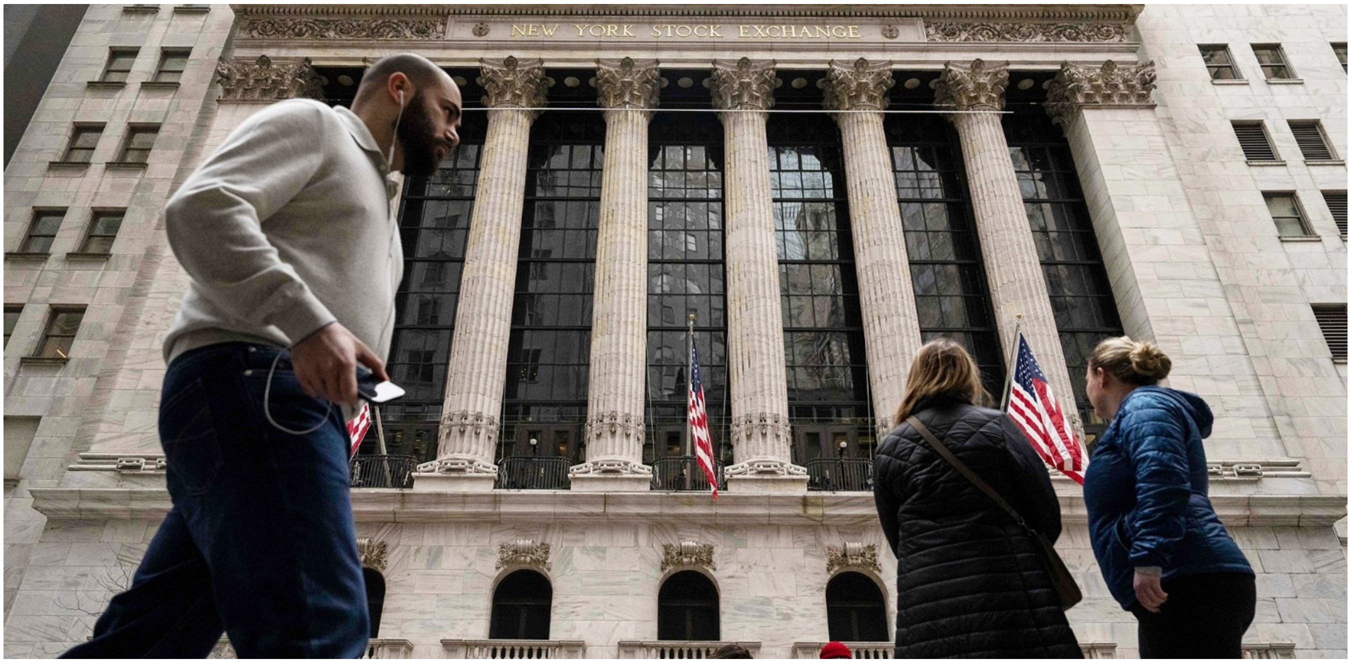
THOUGHTS FROM THE FRONTLINE

Where Does a Random Walk Through The Data Lead Us?

By John Mauldin | April 25, 2026



Like many of you, I am inundated with information. Most of it is not useful or repetitive. Even filtering for relevant content and source, it feels like I'm getting many times more data than even 10 years ago. Part of that is my own fault. I have "curated" a group of trusted friends who share information. I am part of several groups that interact with each other on that data. Most of it goes into the economic background or into my Outlook folders, but some of it eventually makes its way into *Thoughts from the Frontline*. Generally, I try to pick a theme for the week, go to the sources, and combine them into what I hope is a coherent letter.

Today, were going to do something different. Rather than one theme, let's look at various bits of data that I found interesting this week. A small, but important, part of it shows up in *Over My Shoulder*. But there is so much more. But first…

One Week Out: SIC 2026

Nine days from now, we're hosting 35 of the sharpest minds I know for five days of conversations I've been preparing for, honestly, my entire career. I've been doing this for 22 years, and I've never felt the weight of getting the lineup right more than I do this year.

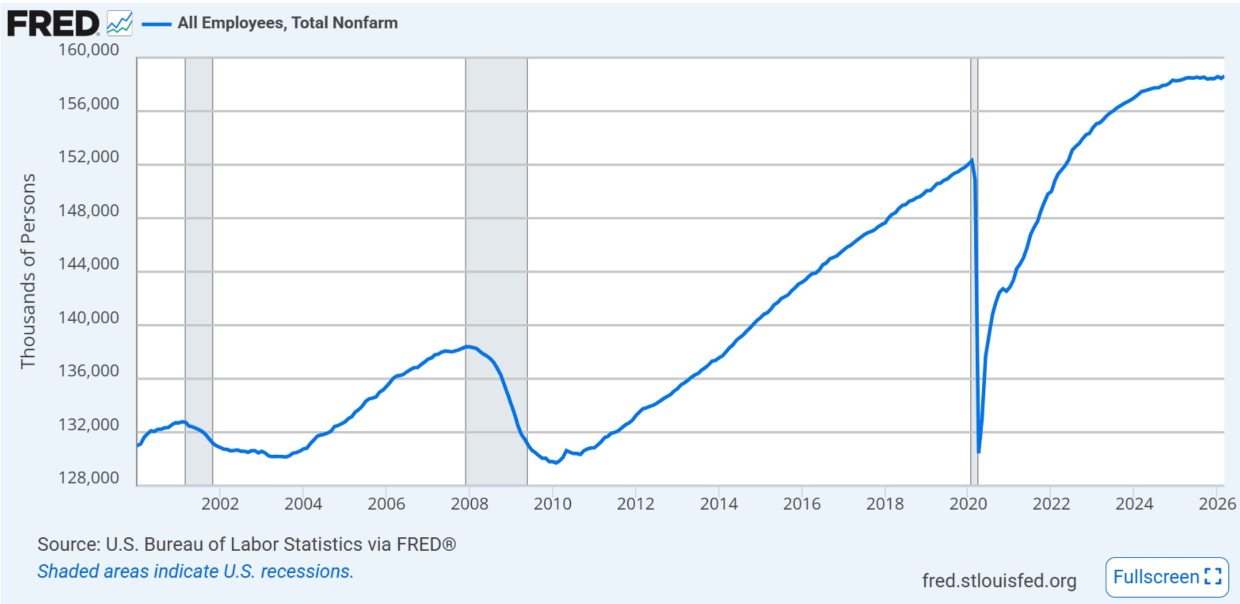
Not because of the theme, but because the long-term cycles I've been writing about are becoming the morning news. Peter Turchin's elite overproduction is the front page. Neil Howe's Fourth Turning is the policy calendar. A debt supercycle is looming. We are knee deep and getting deeper as we walk toward the ultimate inflection point.

That's what **Strategic Investment Conference 2026** gives you, direct access to 35 of the most plugged-in investors, economists, and strategists in the world. People who are actively managing money through this. Some you don't get to hear from anywhere else. Five days of their best thinking, directed at the one question that matters right now: how do you navigate what's ahead?

Every year, without fail, attendees tell me the same thing: it wasn't the full five days that got them. It was one special session, sometimes two, that completely reframed how they were thinking. The one conversation they heard that they'd never have had access to otherwise. I want to ask you to do one thing before you finish reading this letter. Go to **this link** and secure your spot at SIC 2026. It takes two minutes to register.

Where Does a Random Walk Through The Data Lead Us?

Let's start with a surprise. Paul Krugman brought up an interesting point, even though he did get snarky about it. We all know that the economy is producing fewer jobs that it has in the past. Notice that in the past year or so employment has more or less flatlined.

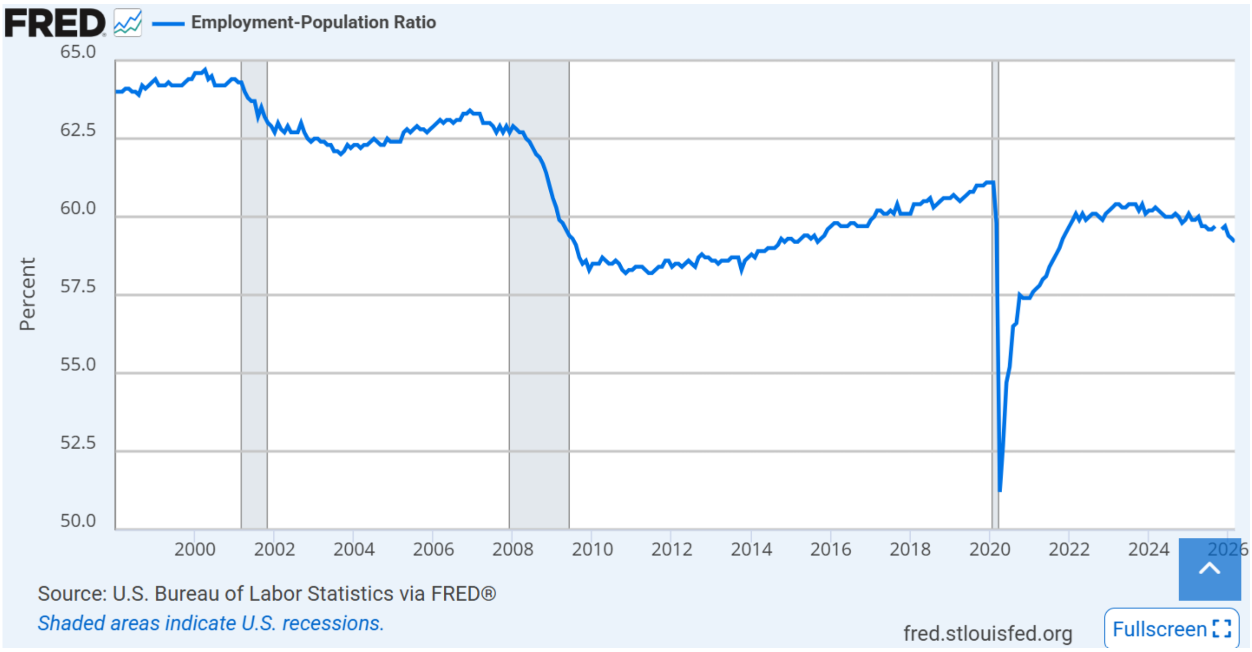


Source: FRED

Yet unemployment has not risen all that much. Why?

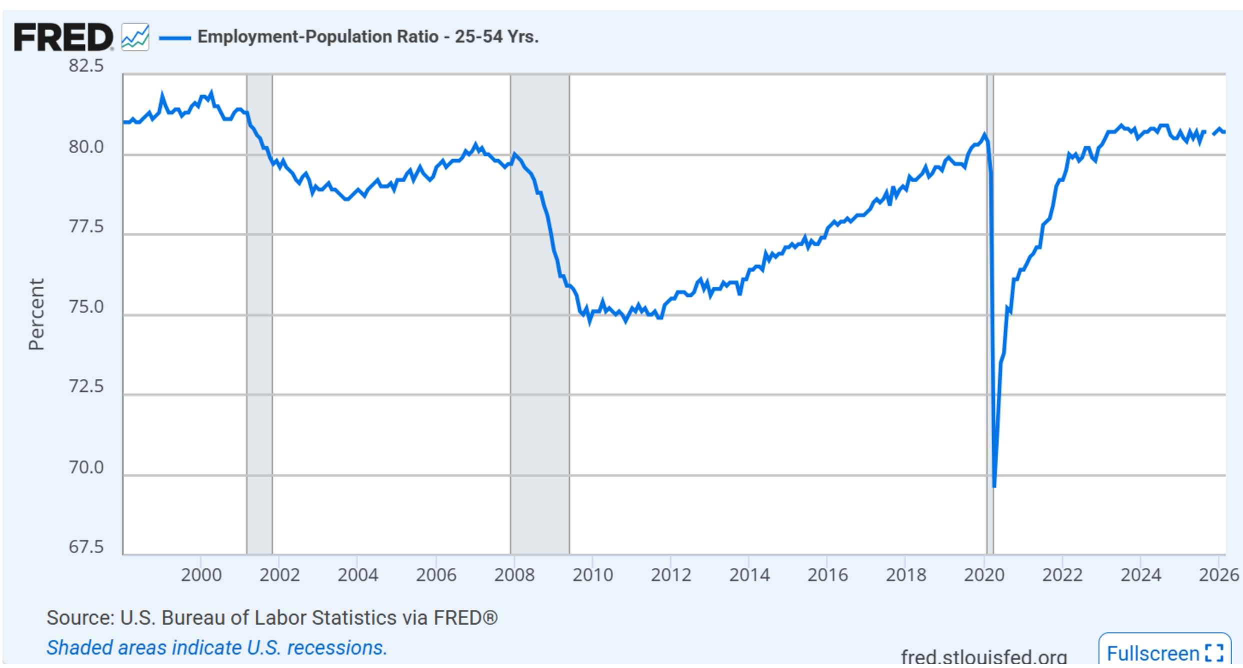
The old rule of thumb, which I've written about for decades, was that we needed about 125,000 new jobs per month to keep up with population growth. If we created more jobs, unemployment would follow and vice versa. Yet my back of the napkin calculation using BLS numbers is there we are producing less than 40,000 jobs per month for the last year and with all the negative revisions that's probably been going on for several years. Historically, that would have meant ***at least*** a 1% rise in the unemployment rate. A 5.5% unemployment rate would be setting off alarms in DC and the Fed.

Let's look at the employment-to-population ratio from the St. Louis FRED database. It has "flatlined" in recent years and is going down. A big part of that can be tied to the Boomer generation retiring.



Source: FRED

To dive deeper, let's look at the very important subset of workers from 25 to 54. Here we see the same flatlining, which would normally increase unemployment but hasn't.



Source: FRED

You likely have already come to the correct conclusion. There have been almost 500,000 illegal immigrants deported and another almost 2 million have voluntarily left. Call at 2.4 million total. Now, some of those were children or not working but many of them were in the workforce. They certainly were in the population measures.

What Krugman pointed out was that under the old rules we need 125,000 jobs per month to maintain employment rates has now dropped to zero. Obviously that can't happen. But the 1.5 million jobs needed to maintain employment numbers for population growth has been totally offset by illegal immigrants leaving.

Longtime readers know that I am a huge proponent of immigration. I used to write that we need more immigrants, not less. But we need to control our borders and have the right kind of immigrants. Bluntly, without immigrants this economy stalls over time.

There are 170 million workers in the US. We have seen roughly 1% of that number leave, and it didn't move the needle. Further, the unemployment rate of workers between 16 and 24 is higher and the number of workers in that age group who were not looking for a job is at an all-time high. Workers in that age group are generally seeking entry-level jobs. They are beginning to come back into the workforce. That tells me immigrants were in fact taking some of those jobs.

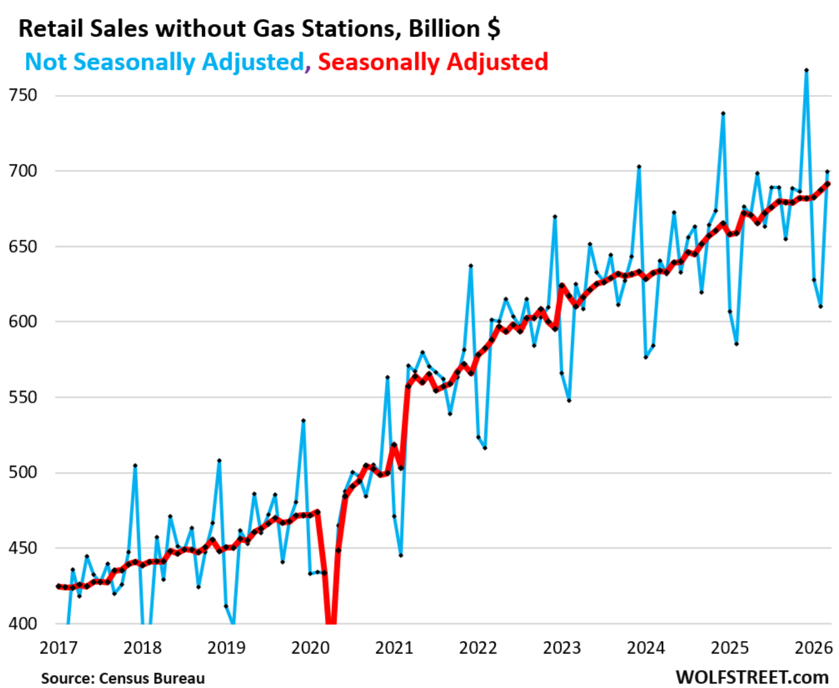
The problem is not immigrants per se but excess immigration. We need to control it. We also need a rational immigration policy. We need immigrants with skills and immigrants with less skills. It takes a wide range of people in jobs to make an economy work.

The task should not be to get rid of all illegal immigrants, because we need immigrants. We need to set the process and policies correctly. If we deport too many it will have a negative impact on the economy. We are not there yet but there will come a time when we are going to be wanting more immigrants. Just saying…

Sidebar: for those saying we don't need immigrants, I would point out the equation that says GDP is equal to the number of workers times their productivity. If you reduce the number of workers and productivity stays the same, the economy shrinks. Population growth in the US is declining with the exception of our immigrants. We don't want to become Japan or China or much of Europe.

Born to Splurge

The consumer spending numbers came out this week and they were quite robust. Some analysts (as a courtesy they will remain anonymous) tried to make the claim that it was all tied to energy, and then went on to blame the Iran war and Trump. Yes, gas prices did go up by 15% but consumer spending was still up 1.7%, and gasoline is a minor part of that. Wolf Richter of Wolf Street pointed out that Americans seem *born to splurge*. Notice that consumer spending has been rising for quite some time, with the exception of recessions. This is pretty much in line with GDP growth. What it suggests is that the economy is still resilient.



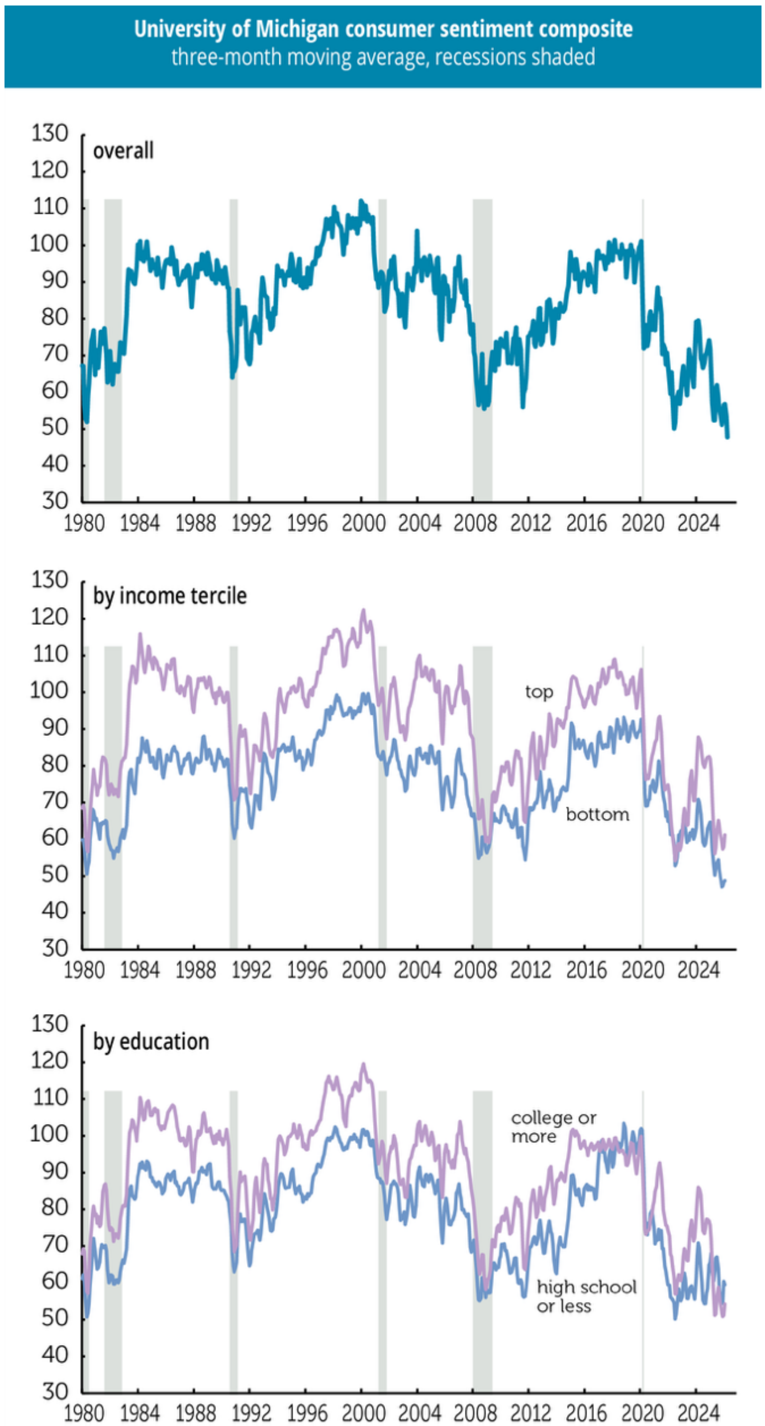
Source: Wolf Street

If you listen to the quarterly earnings calls from the major banks, they uniformly talk about the resilience of the consumer. American Express talked about how their numbers are rising. So why are we in such a bad mood?

One of my favorite reads is *The Liscio Report* by Philippa Dunne & Doug Henwood. They dive deep into all manner of mostly government data. They made some interesting points about the consumer sentiment survey.

> "April's sentiment figures were truly dismal. The composite measure, a series that begins in 1952, hit an all-time low, as did the current conditions component, a series that didn't get going until 1978. Expectations, which also begin in 1978, was close to a record low, beaten only by four months in 1979 and 1980, at the peak of the 1970s inflation.
>
> "…For the bottom income tercile, February's three-month average was below four of its five recession lows; for the top, below three of the five; for the high school or less, four; and for the college or more, three. Remarkably, the college or more measure was 10.2 points below the high school or less in February 2026, an unusual gap that has been persistent since January 2025. It's usually about 10 points above. For the bottom tercile, February's reading is below the worst of the 2022 inflation, as it is for the college or more group. In other words, consumers of all statuses were as gloomy or even gloomier than they were in the depths of previous recession or the peak of inflationary surges.
>
> "Unfortunately, the demographic detail figures, which end in February, came before the beginning of the Iran war and the bout of inflation it's unleashed. It seems unlikely that the war has improved the detailed sentiment figures—they certainly didn't the aggregates."

Even when consumers are in a foul mood, the data suggests they are still spending. I think it is more than just the economy that is driving that sentiment. It is pretty much the foul mood that seemed to pervade all of our media and political landscape. We are constantly barraged with negative "facts," and see very little of the good, and after a while it just beats you down. It's hard not to reflect the prevailing and currently overwhelming mood of the time.

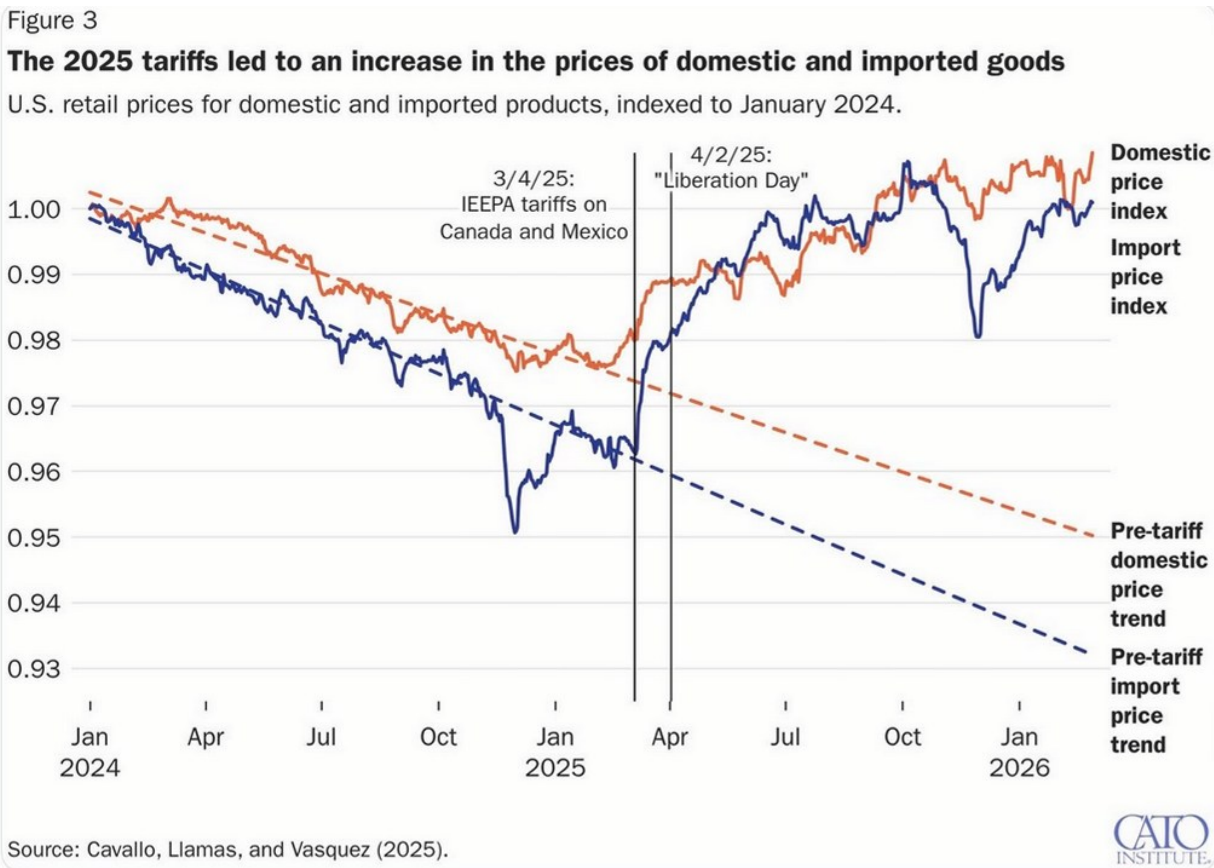


Source: [Adam Tooze]

Tariff Inflation

This is from my *Over My Shoulder* "Clips That Matter" service this week. I have consistently written against tariffs and protectionism for 25 years. Tariffs are by definition inflationary. They just are. Now comes the conservative Cato Institute given us some numbers (from OMS):

> "A year after the "Liberation Day" tariff announcements, the data is beginning to clarify its economic effects. This Cato Institute chart shows indexes of domestic and imported goods both turned higher from their previous downtrends.



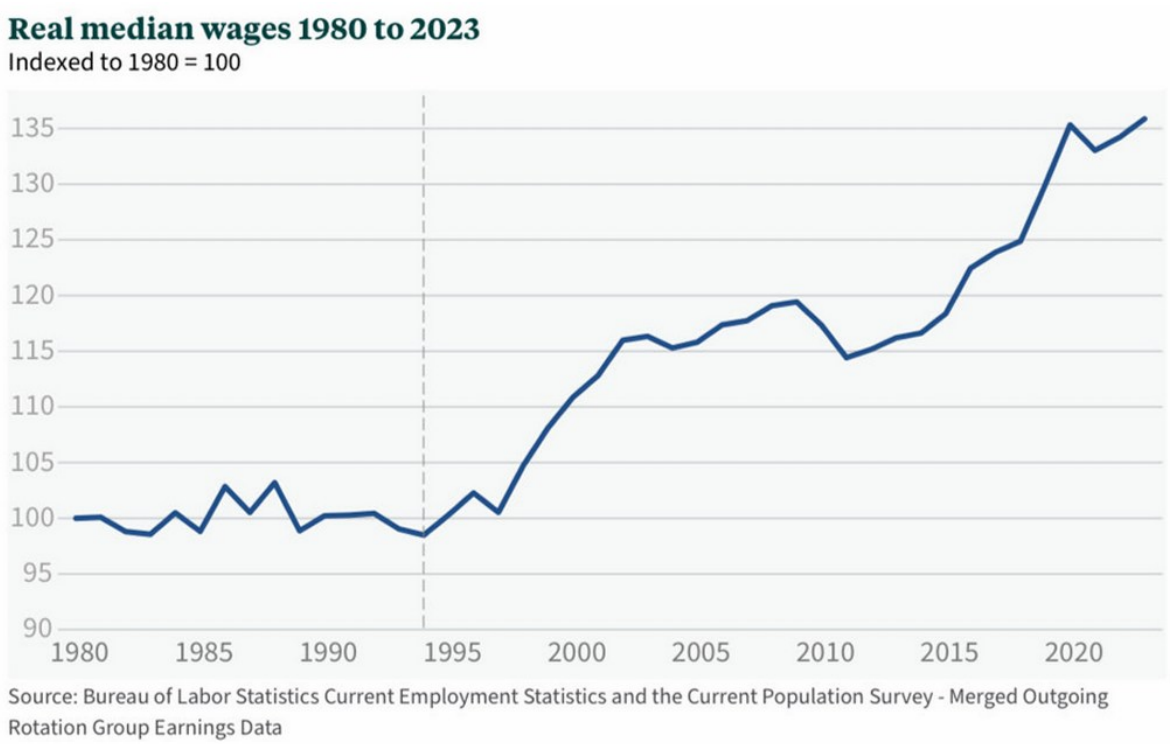
Source: Liz Ann Sonders

> "Why would import tariffs raise the price of domestic goods? That's what protectionism does. US companies suddenly faced less competition, allowing them to raise prices without losing sales. There are losers, though, mainly consumers who lost purchasing power to tariff-induced price inflation. The latest energy shock may add to this trend."

Rising Wages, Retiring Boomers

Here's another chart that we highlighted in *Over My Shoulder* this week:

> "Here we have a long-term chart of real (inflation-adjusted) median wages in the US, indexed to 1980. The wage level was generally flat from 1980 through the late 1990s, then began ascending. It briefly flattened following the 2008 recession but then resumed its climb.



Source: Chris Freiman

> "Demographics probably explain some of this. Wages began rising as the Baby Boom population approached retirement age. Subsequent generations were smaller and couldn't maintain the same pace of labor force growth, especially in skilled positions. There is a reason that younger plumbers, electricians and welders are making proportionately more money than boomers did at their current age. In that situation, the law of supply and demand says prices (the price of labor, in this case) will rise to a market-clearing level. It seems to be doing exactly that."

I get a daily newsletter from Columbia Professor Adam Tooze. He generally highlights three or four papers and charts. Some of it you have to filter for his bias, but I find it enlightening and forces me to look at things from a different perspective. And sometimes they're just great charts.

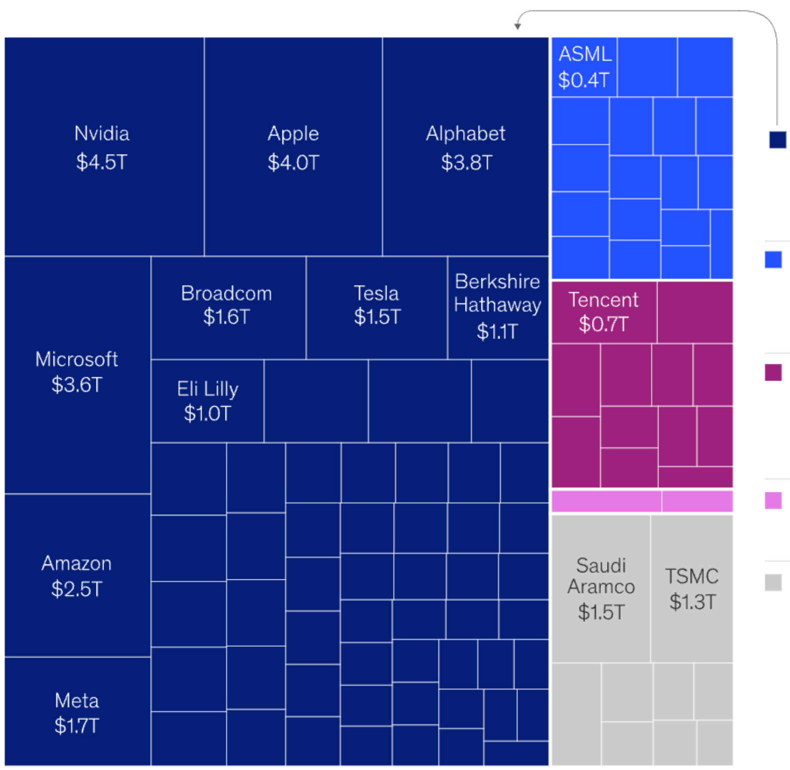
Last week I talked about how earnings were increasing by at least 13% this quarter, and so far it looks like earnings are rising even higher. American companies are doing well. But it's not just this quarter. American companies have been on a roll for 125 years. Look at this chart of the 10 largest companies in the world. The companies change but the pattern is consistent. Free markets work.

Even looking at the top 100 companies, the US dominates. 59 of the top 100 public companies in the world are American and they enjoy 75% of total market capitalization.

Exhibit 3

US firms make up the majority of the world's largest companies.

Top 100 public companies in the world by market capitalization, Dec 31, 2025



	Total market capitalization of companies in top 100	CAGR 2005–25,[1] %
US 59 companies	$40.9T	12
Europe 18	$4.6T	7
Mainland China 12	$3.9T	13
Japan 2	$0.5T	3
Other 9	$4.8T	15

[1]CAGR for only the combined value of companies displayed here—the top 100 by market capitalization in 2025—and not the entire economy.
Source: McKinsey Value Intelligence; McKinsey Global Institute analysis

McKinsey & Company

Source: McKinsey

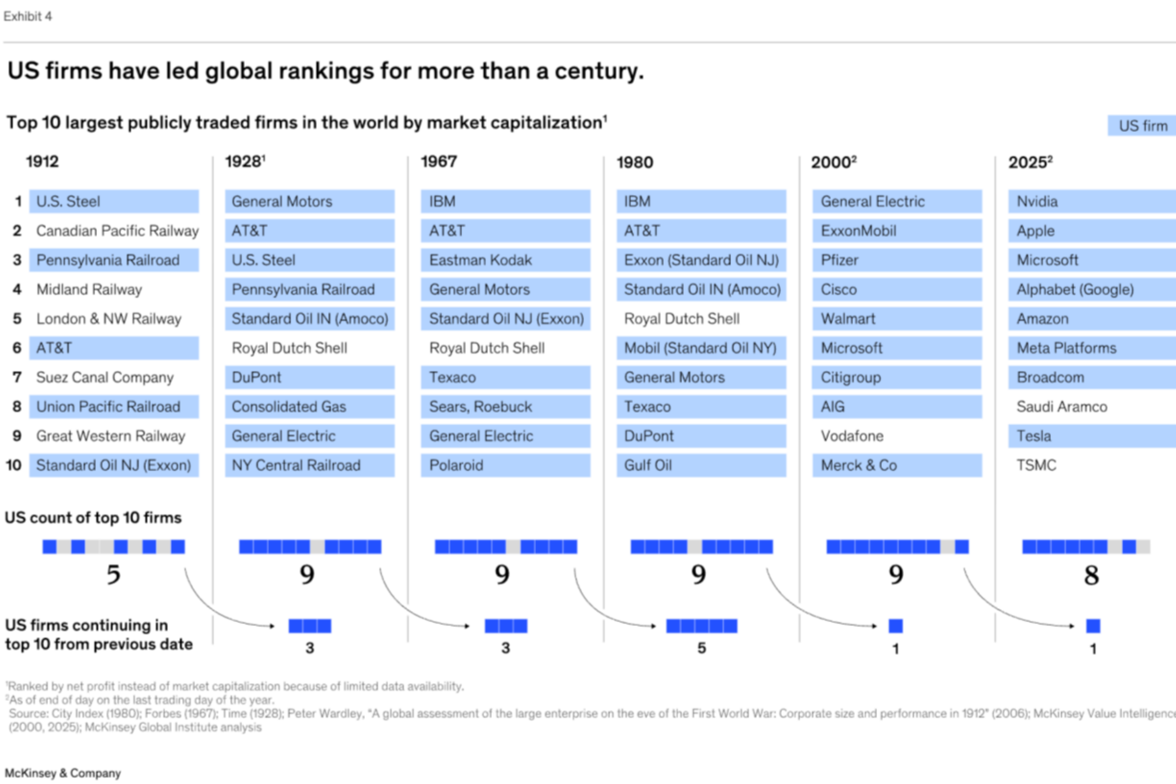


Exhibit 4

US firms have led global rankings for more than a century.

Top 10 largest publicly traded firms in the world by market capitalization[1]

US firm

	1912	1928[1]	1967	1980	2000[2]	2025[2]
1	U.S. Steel	General Motors	IBM	IBM	General Electric	Nvidia
2	Canadian Pacific Railway	AT&T	AT&T	AT&T	ExxonMobil	Apple
3	Pennsylvania Railroad	U.S. Steel	Eastman Kodak	Exxon (Standard Oil NJ)	Pfizer	Microsoft
4	Midland Railway	Pennsylvania Railroad	General Motors	Standard Oil IN (Amoco)	Cisco	Alphabet (Google)
5	London & NW Railway	Standard Oil IN (Amoco)	Standard Oil NJ (Exxon)	Royal Dutch Shell	Walmart	Amazon
6	AT&T	Royal Dutch Shell	Royal Dutch Shell	Mobil (Standard Oil NY)	Microsoft	Meta Platforms
7	Suez Canal Company	DuPont	Texaco	General Motors	Citigroup	Broadcom
8	Union Pacific Railroad	Consolidated Gas	Sears, Roebuck	Texaco	AIG	Saudi Aramco
9	Great Western Railway	General Electric	General Electric	DuPont	Vodafone	Tesla
10	Standard Oil NJ (Exxon)	NY Central Railroad	Polaroid	Gulf Oil	Merck & Co	TSMC
US count of top 10 firms	5	9	9	9	9	8
US firms continuing in top 10 from previous date		3	3	5	1	1

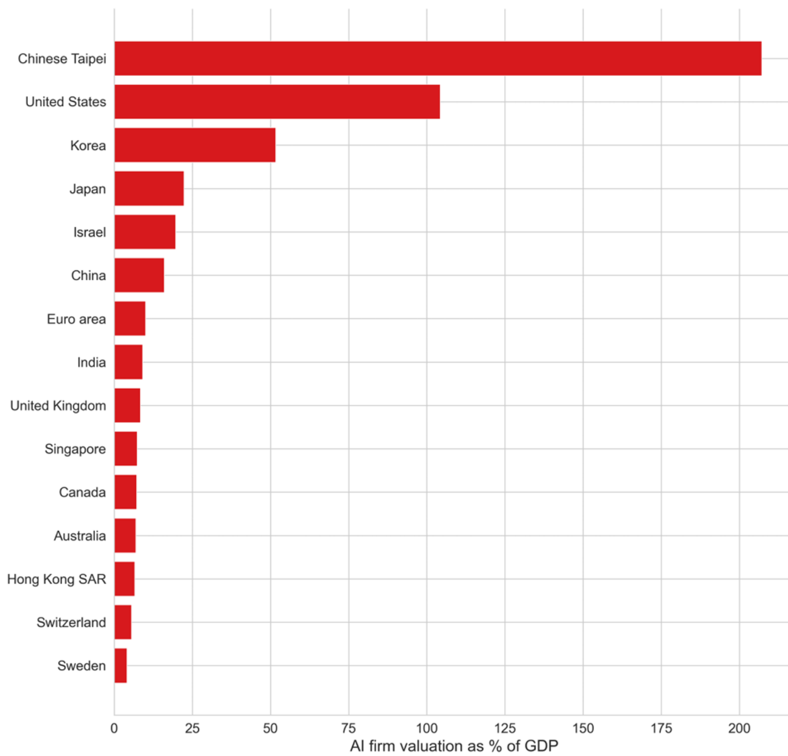
[1]Ranked by net profit instead of market capitalization because of limited data availability.
[2]As of end of day on the last trading day of the year.
Source: City Index (1980); Forbes (1967); Time (1928); Peter Wardley, "A global assessment of the large enterprise on the eve of the First World War: Corporate size and performance in 1912" (2006); McKinsey Value Intelligence (2000, 2025); McKinsey Global Institute analysis

McKinsey & Company

Source: McKinsey

This next chart shocked me, although it probably shouldn't. I knew AI was becoming increasingly important, but I didn't realize that the market cap of AI companies according to the BIS is now equal to the entire GDP of the US. And the market cap of Taiwan AI companies is twice their GDP. It falls off pretty quickly after that. Europe, which wants to control everything, has controlled their way to only minor participation in the AI race.

Figure 3: AI firm valuation as a share of 2025 GDP



Notes: Total AI firm valuation expressed as a percentage of nominal GDP for each jurisdiction. Top 15 economies selected by aggregate AI firm valuation.

Source: [TLR Analytics]

A quick plug for *Over My Shoulder*. My research associate Patrick Watson and I comb through scores (hundreds?) of articles each week and we select 2-3 that we think are worthy of your attention. Patrick helpfully summarizes them along with the link. Plus he compiles the weekly "Clips That Matter." You are literally looking over my shoulder as I read and research. It is just $14.95 a month. There is no long-term commitment and you can cancel at any time. I think if you try it for a few months, it will become one of your trusted and hopefully favorite sources.

Just **click here** to join the subscribers of one of our most popular services.

Boston, China? And SIC

The SIC is absorbing a great deal of my attention now as it always does one week out. This next week is full of prep calls with speakers where I will be moderating. I am doing a session this year for the first time in about five years, so I have my own prep work to do. It will be a preliminary view of my book on the coming crisis. We really have worked hard to make this the best SIC ever and you really do want to participate. If you can't watch everything live, you can watch the videos at any time, get an audio download or read the transcripts. You really want to join us.

I will be in Boston in early June for an Inner Circle meeting. I really look forward to these as they are a great group of people who I enjoy being with.

I have been invited (with Shane) to join a private tour hosted by one of my friends through China. I've been to 65 countries, but other than Macao and Hong Kong, I have not been to China. I am trying to move things around so we can join. I've always wanted to go and this trip sounds like an ideal way to do it.

I and much of the team at Lifespan Edge were in Palm Beach for the influential A4M (American Association For Anti-aging Medicine) longevity conference. We were simultaneously opening our West Palm Beach Lifespan Edge longevity clinic. We were swamped at our booth by doctors wanting to partner with us from not just US but all over the world. A lot more than we can handle, but it's a good thing.

The reason for the interest? More and more, longevity experts are telling their clients: the first part of your journey should begin with Therapeutic Plasma Exchange, which deals with inflammation, Alzheimer's and dementia, and other symptoms of aging. Some advanced exosome companies that are now requiring their patients get TPE before undergoing their company procedures. They want the blood and body "clean," so the patients get the best experience.

My partner in this endeavor is Dr. Mike Roizen, one of the true, leading longevity experts in the world. You can learn more at Lifespan-Edge.com. If you haven't, you really need to read our main research report. The research and other information (plus our fabulous documentary on the website) can make a real difference in your life. You can set up a discovery call to talk with our doctors about the procedure, as well as look at a lot more research. We now have clinics open in Dallas, Dorado Beach, West Palm Beach and shortly in the DC area. We are in serious discussions with numerous other potential partners. It's starting to get fun.

If you or friends have been impacted by Alzheimer's, especially if they are in the early stages, you really need to look at our research and contact us. We are actively looking to work with Alzheimer's groups around the world. Dr. Roizen will tell you that TPE is the only proven therapy working for early-stage Alzheimer's without significant side effects. The research shows that TPE doesn't just stop the progression of the disease, but reverses it. In the study, 15 months later their memory was actually continuing to improve. We reference it in the white paper above. More and more studies are beginning to demonstrate that TPE is actually making you younger. It really is something you should investigate.

And with that, I will hit the send button. You have a great week.

Your trying to find more time in the day analyst,

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