

Rail-Splitter Capital Management

Rail-Splitter Insights

a weekly commentary on
investing

Rail-Splitter Capital Management is focused on protecting and growing wealth for our clients. Our services are provided through Delta Investment Management a registered investment advisory firm.

We welcome discussions on how we can help you manage your assets and maximize your wealth.

Please contact us at info@rail-splitter.com or 312-724-8722.

Headlines Pivot Towards the Positive

April 25, 2025

The starting point for headline news this week was highly negative.

- The S&P 500 fell 10.5% over April 3-4, which is one of the worst 2-day stretches in modern history (75 years); Motley Fool, 4/20/2025
- The S&P 500 had the worst performance since inauguration day for any new president dating to 1928; Bespoke Investment Group, 4/22/2025
- The Dow Jones Industrial Average is set to have its worst April since 1932; WSJ, 4/22/2025
- "Powell's (Federal Reserve Chairman) termination cannot come fast enough!"; Donald Trump, 4/17/2025

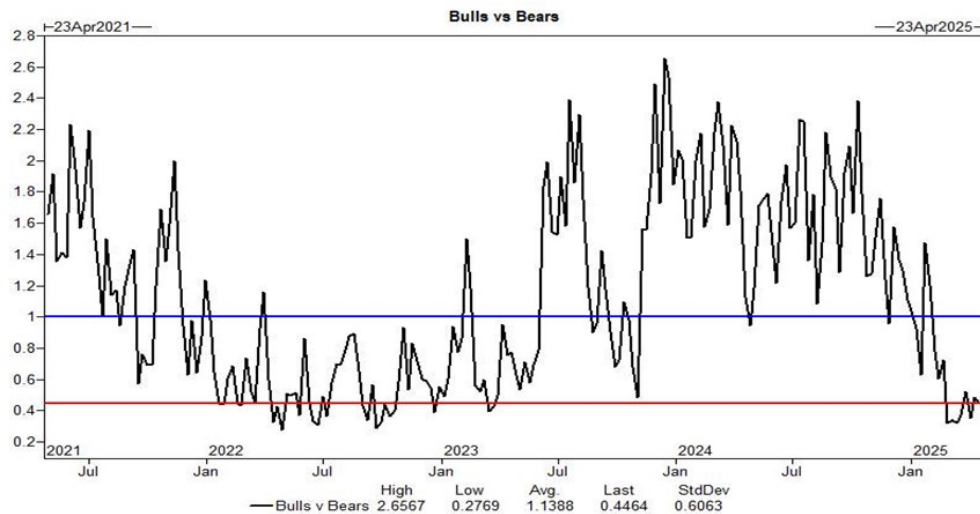
On Tuesday and Wednesday, the news flow pivoted to the positive.

- Donald Trump said he has "no intention" of firing Jerome Powell before his term at the Federal Reserve expires; Donald Trump 4/23/2025
- Trump says China tariffs will "come down substantially" suggesting a U-turn in policy; CNN, 4/23/2025
- White House is "closing in" general agreements with Japan and India; Politico, 4/23/2025
- Treasury Secretary Bessent expects tariff standoff with China to de-escalate; Bloomberg, 4/23/2025

- Treasury Secretary Bessent noted in a speech at the Institute of International Finance that more than 100 countries have approached the U.S. wanting to help "rebalance global trade." Bessent, 4/22/2025

The percentage of "bulls" in the American Association of Individual Investors (AAII) declined by 60% since the start of the year. Bearish sentiment at the beginning of April was 61.9%—the third highest since 1987. Bearish sentiment in March 2009 and October 1990 were only worse at 70.3% and 67.0%, respectively. We have just barely lifted off from max bearishness in the past week. The latest reading is 55.6% and the bullish sentiment is 21.8%. A bullish turn in the headlines with a backdrop of intense negative sentiment can create a significant market rally.

AAII Bull vs. Bear Sentiment Ratio



Month-to-date through midday Thursday, the S&P 500 was down by about 2.9%. This is substantially better than a few days ago and now does not rank in the top ten worst April's since 1950. Investors and all financial markets are on high alert for an investible, steady trend in headline news flow.

Let Us Help You Position Your Portfolio – Give Us a Call Today

We pride ourselves on our unique and sophisticated investment strategies designed to capture the gains of the stock market while minimizing drawdowns during bear markets. If you're seeking expert guidance in your financial planning journey, we're here to assist you.

Whether you're a seasoned investor looking to optimize your portfolio or someone just starting to explore investment opportunities, our team is dedicated to providing tailored solutions to meet your financial goals.

To learn more about how we can help you navigate the complexities of the financial markets and achieve your investment objectives, we invite you to reach out to us. You can give us a call at **(312) 724-8722**, visit our website at www.rail-splitter.com, or simply email us at info@rail-splitter.com.



*"My desire to be well-informed is currently
at odds with my desire to remain sane."*

Delta Stock Market Dashboard

MARKET SENTIMENT IS

BEARISH

THIS WEEK'S NUMBER IS

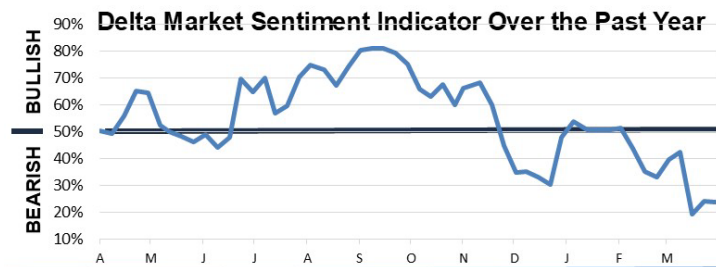
23.7

Our technical indicator decreased
from 24.0 to 23.7 this week

INDICATOR STATISTICS

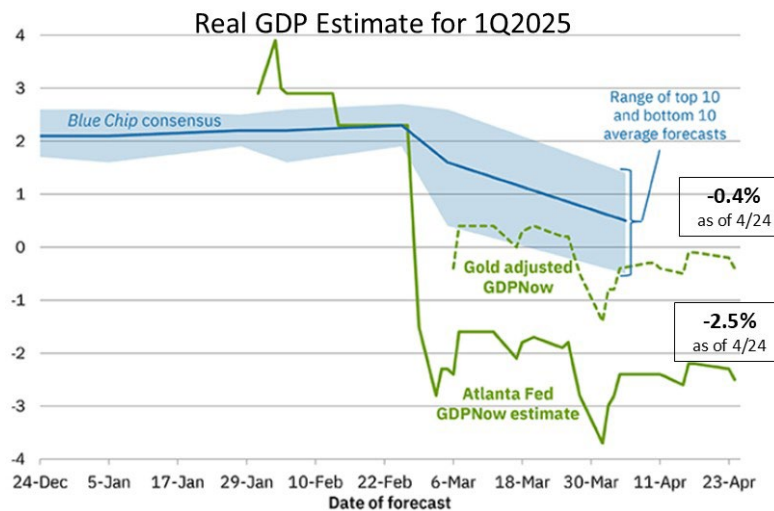
Consecutive Bearish Weeks:	8
Cycle Inception Date:	3/6/2025
Range:	19.3 - 43.9
Mean::	32.6
Bullish Weeks YTD:	5
Bearish Weeks YTD:	12
*S&P 500	-6.5%
*DJIA	-6.9%
*NASDAQ	-7.8%

* Percentage change during current cycle



Delta Market Sentiment Indicator (MSI) is published weekly in Barron's

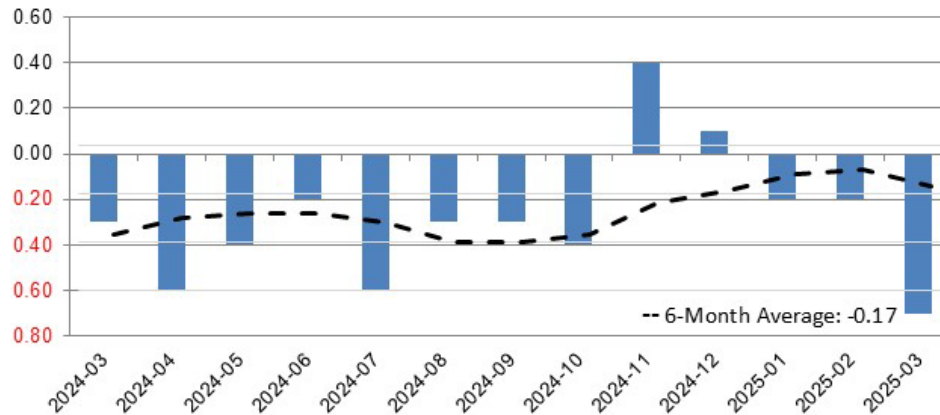
Evolution of Atlanta Fed GDPNow Forecast



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Leading Economic Index % Change Monthly

March 2024 – March 2025



Source: The Conference Board – last update 4/21/2025

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