

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.

AI Driver With a Positive Macro Backdrop

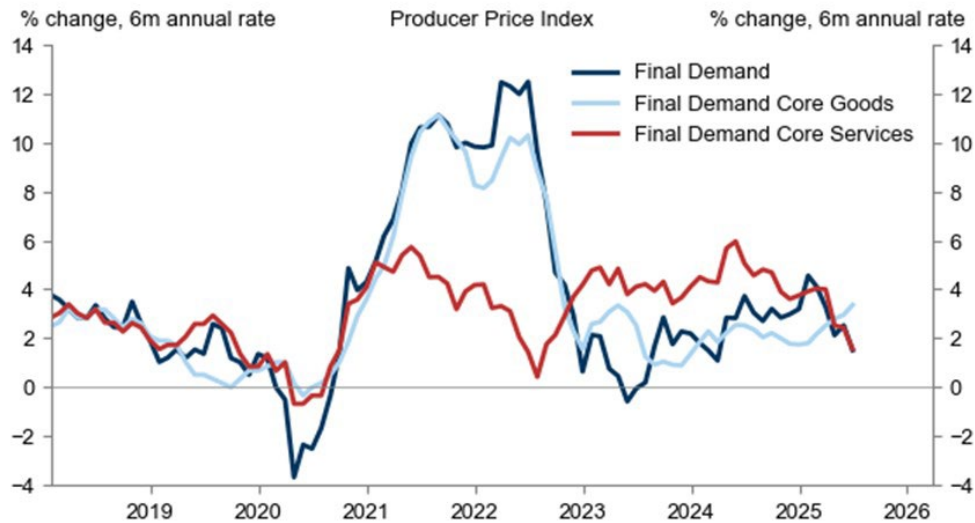
July 18, 2025

This week, Alphabet (GOOG) announced plans to invest \$25 billion in data center AI infrastructure and Coreweave (CRWV) said it is planning to invest up to \$6 billion in AI data centers. Nvidia is once again allowed to sell its H20 chip again in China which propelled the stock to new all-time highs.

When Jamie Dimon, CEO of JPMorgan Chase, compares the evolution of AI versus the Internet, he believes AI is capable of a significantly faster growth ramp. As background, JPMorgan spends roughly \$18 billion a year on their technology infrastructure and is involved in financing both private and public AI companies. For the Internet to work, huge amounts of infrastructure had to be built including fiber optic cable and superfast gigabit switches and routers. AI requires much less long-duration infrastructure build out. Over time, technology adoption cycles are becoming faster and larger.

The AI surge is occurring at a time of declining interest rates, low unemployment, elevated corporate profitability (especially among the largest stocks) and stable to declining inflation rates. The Consumer Price Index (CPI) was 2.7% year-over-year in June versus 2.4% in May. The Producer Price Index (PPI) was up 2.3% year-over-year in June was unchanged from the prior month and below analyst expectations.

PPI Inflation, 6-Month Annual Rate



This week's indications that the macro backdrop is healthy include:

- Total retail sales increased 0.6% month-over-month in June, well ahead of consensus expectations of 0.2%. The acceleration in retail sales was broad-based across retail businesses following declines in April and May. Importantly, the June report also conveyed increases in discretionary spending activity, captured in areas like autos (+1.2%), apparel (+0.9%), building materials and garden equipment supplies (+0.9%), and food services and drinking places (+0.6%).
- Initial jobless claims for the week ending July 12 decreased by 7,000. The remarkably low level of initial jobless claims connotes limited layoff activity that fits hand-in-hand with good business conditions and a good outlook.
- Bellwether companies including Travelers (TRV), PepsiCo (PEP), Abbott Labs (ABT), Taiwan Semiconductor (TSM), GE Aerospace (GE), U.S. Bancorp (USB), and United Airlines (UAL) all exceeded earnings expectations.

Higher than expected tariffs may slow growth and cause inflation to increase later this year. For now, all indications are pointing to further market appreciation.

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



"We spent the summer on the Côte de Jersey."

Delta Stock Market Dashboard

MARKET SENTIMENT IS

BULLISH

THIS WEEK'S NUMBER IS

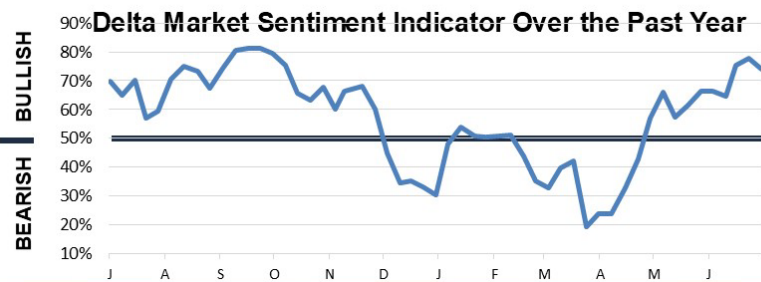
74.0

Our technical indicator decreased
from 77.9 to 74.0 this week

INDICATOR STATISTICS

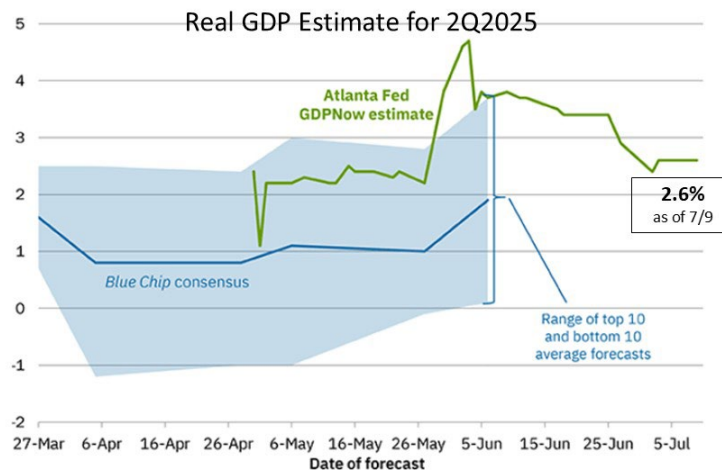
Consecutive Bullish Weeks:	10
Cycle Inception Date:	5/15/2025
Range:	56.9 – 77.9
Mean::	66.7
Bullish Weeks YTD:	15
Bearish Weeks YTD:	14
*S&P 500	6.1%
*DJIA	4.7%
*NASDAQ	9.2%

* Percentage change during current cycle



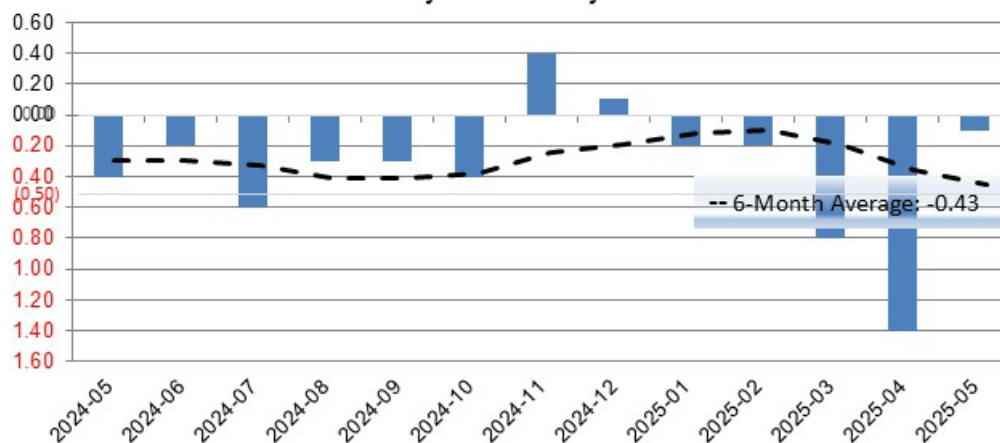
Delta Market Sentiment Indicator (MSI) is published weekly in *Barron's*

Evolution of Atlanta Fed GDPNow Forecast



Leading Economic Index % Change Monthly

May 2024 – May 2025



Source: The Conference Board – last update 6/20/2025

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Our mailing address is:

Rail-Splitter Capital Management
200 S. Wacker Drive, Suite 2650
Chicago, IL 60606