

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.

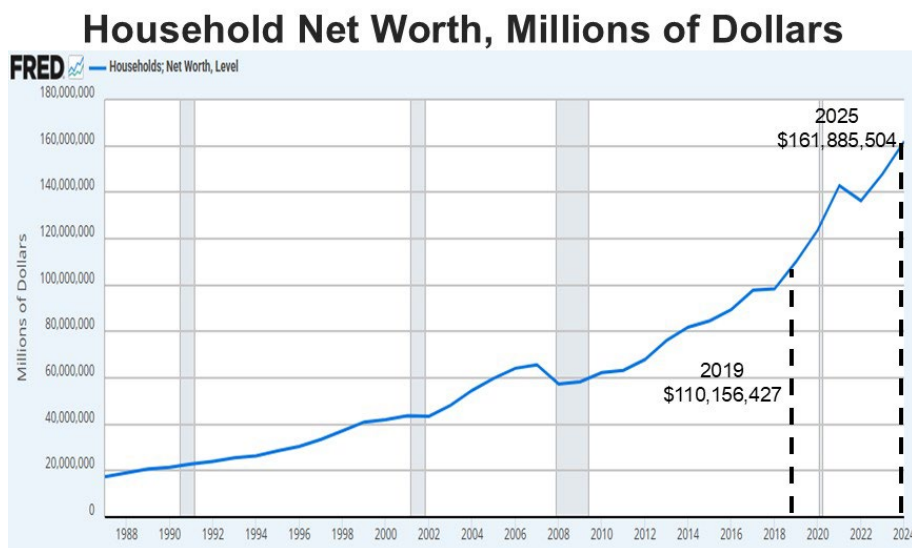
We welcome discussions on how we can help you manage your assets and maximize your wealth.

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

Wealth and Employment Outweigh Low Confidence

July 25, 2025

Underlying the current growth of the economy and the strength of the stock market is a labor market near full employment, wage growth greater than inflation and all-time high household wealth. Since 2019, pre-pandemic, household net worth has increased by 47%.



The continuation of the bullish stock market trend is predicated on the consumer remaining resilient. In earnings reports over the past week, we learned:

American Express: "When you look at our performance across spend, transactions, demand for new cards, retention and credit in the context of the significant macroeconomic and geopolitical developments of the past few months, what you see is remarkable resilience across our customer base." – CFO Christophe Le Caillec

US Bancorp: "Consumer spend remains resilient, especially in the nondiscretionary spend, where we are slightly overweight." – CEO Gunjan Kedia

Wells Fargo: "As we look ahead, what we see regarding the health of our clients and customers has not changed. Consumers and businesses remain strong as unemployment remains low and inflation remains in check." – CEO Charles Scharf

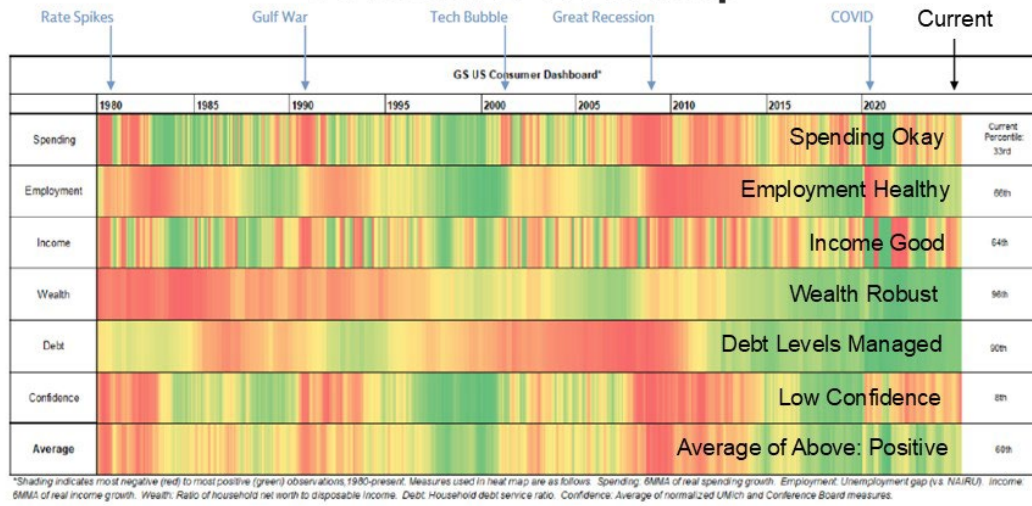
Regions Financial: "Our customers are still in very good shape. They maintain good liquidity much like our business customers do. They're managing their debt levels well. We're not seeing any real deterioration at all" – CEO John Turner

JPMorgan Chase: "We continue to struggle to see signs of weakness. We just -- the consumer basically seems to be fine." - CFO Jeremy Barnum

Goldman Sachs: "Questions have arisen regarding the state of the subprime consumer given uncertainties created by tariffs, inflation, and the risk that lower-tier consumers will face disproportionate difficulty in repaying their credit obligations. Our call is that subprime consumers are, and will remain, resilient, with positive spending growth and improving delinquency trends despite economic uncertainty." – Goldman Sachs Global Investment Research.

Although consumers appear to be resilient, consumer confidence is low. Since the beginning of the year, low consumer confidence has not led to recession.

Consumer Heat Map



Source: Goldman Sachs Global Investment Research, As of June 25, 2025. Past performance does not predict future returns and does not guarantee future results, which may vary. For illustrative Purposes Only.

Based on observations of actual consumer behavior from many of the most informed sources, it appears low consumer confidence will not be a trigger that disrupts the bull market in 2025.

Reflections on Wealth Through Time

Today, five of the ten largest U.S. corporations are in California - Apple, Nvidia, Alphabet, Meta and Broadcom. Washington is home to Microsoft and Amazon. Tesla is in Texas (after moving out of California). Berkshire Hathaway is headquartered in Nebraska. Only one of the top ten largest U.S. companies is east of the Mississippi; JP Morgan in New York.

In 1980, only one of the 10 largest U.S. companies (IBM, AT&T, Exxon, Standard Oil, Schlumberger, Shell Oil, Mobil, Atlantic Richfield, General Electric, Eastman Kodak) was on the West coast. Six of the top ten were east of the Mississippi. Only one of the top ten was a technology company.

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.



"By the way, I'm taking off the first two weeks in August."

Delta Stock Market Dashboard

MARKET SENTIMENT IS

BULLISH

THIS WEEK'S NUMBER IS

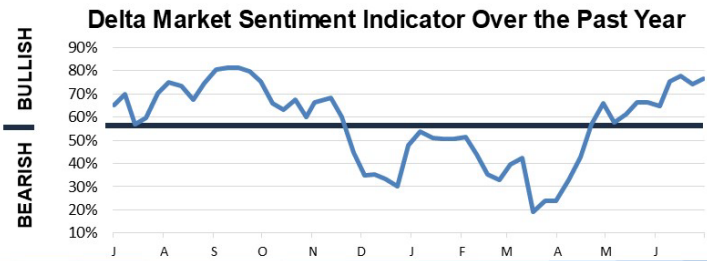
76.5%

Our technical indicator increased from 74.0 to 76.5 this week

INDICATOR STATISTICS

Consecutive Bullish Weeks:	11
Cycle Inception Date:	5/15/2025
Range:	56.9 – 77.9
Mean::	67.6
Bullish Weeks YTD:	16
Bearish Weeks YTD:	14
*S&P 500	7.4%
*DJIA	6.3%
*NASDAQ	10.3%

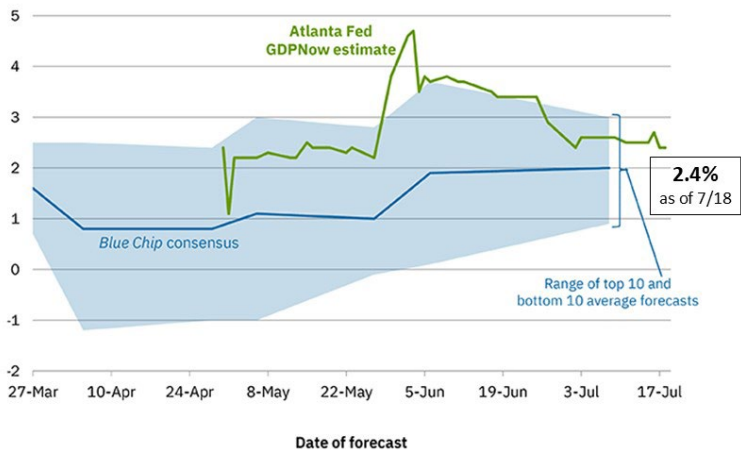
* Percentage change during current cycle



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

Evolution of Atlanta Fed GDPNow Forecast

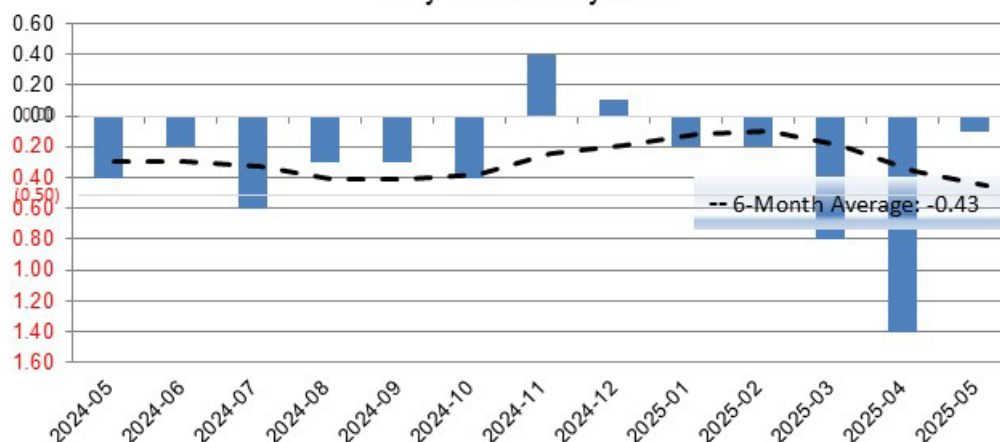
Real GDP Estimate for 2Q2025



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Leading Economic Index % Change Monthly

May 2024 – May 2025



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

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