

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.

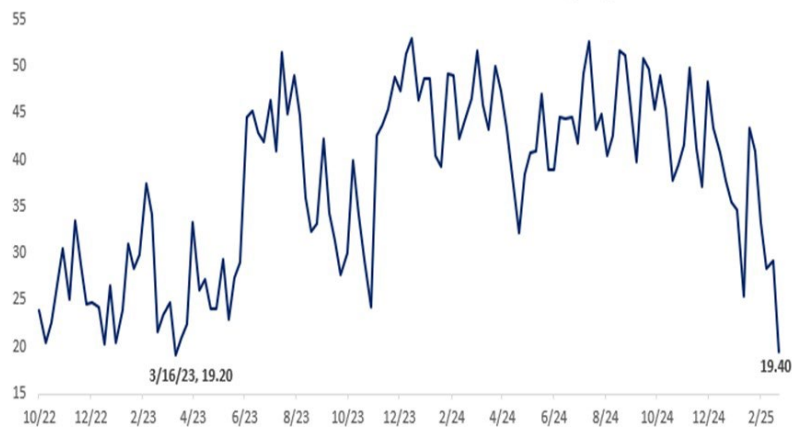
Please contact us at info@rail-splitter.com or 312-724-8722.

Bearish Sentiment Spikes

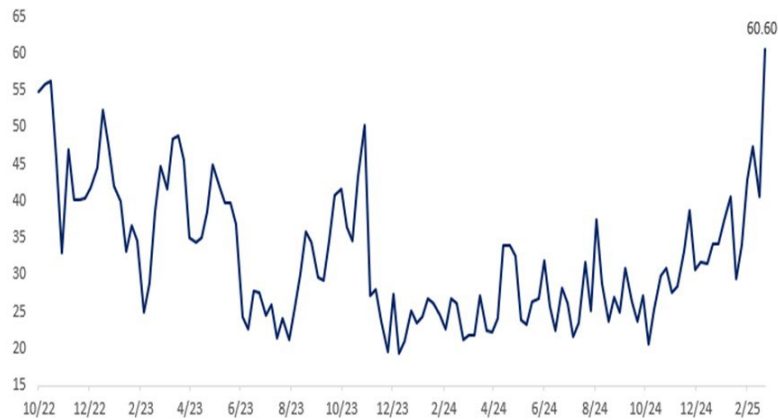
February 28, 2025

As investment managers, we speak to many individual investors about their thoughts about the markets. Last week, we received an unusually high call volume from worried investors. According to the American Association of Individual Investors (AAII), bullish sentiment collapsed and bearish sentiment spiked.

AAII Bullish Sentiment (%)



AAll Bearish Sentiment (%)



Measures of broad consumer confidence have fallen in the past week. This has been seen across all age and wealth groups with worries centered on tariffs, inflation and future employment prospects. The University of Michigan Index of Consumer Sentiment for February shows inflation expectations over the next year at 4.3% primarily driven by tariff concerns.

Measures of business confidence have also fallen. The expected surge in mergers and acquisitions and initial public offerings following the election has not materialized. From a mid-January high to today, crude oil (WTI) has fallen by about 12%. The 10-year treasury rate has declined from 4.8% to a low of 4.2%. Falling oil prices and 10-year treasury rates are not typical of a strengthening economy.

The bullish breakouts to all-time highs we experienced in the major market indexes last week have failed for the moment. The highest momentum stocks, including the Magnificent 7 (MAG 7), experienced large declines. On average the MAG 7 is -8.0% year-to-date and -15.8% off their 2025 highs. The Equal Weighted S&P 500 (ticker RSP) is up 1.7% year-to-date and a modest -2.5% off the highs. Although a falling 10-year Treasury may not be a sign of strengthening/growth, lower yields are positive for borrowers!

Symbol	Description	OFF YHI	YTD
AAPL	APPLE	-4.0%	-5.1%
NVDA	NVIDIA	-19.6%	-10.5%
MSFT	MICROSOFT	-12.0%	-6.7%
AMZN	AMAZON	-13.8%	-4.9%
META	META PLATFORMS	-10.6%	12.4%
GOOGL	ALPHABET	-18.4%	-11.0%
TSLA	TESLA	-32.1%	-30.3%
Average MAG 7		-15.8%	-8.0%
SPY	S&P 500	-4.5%	-0.2%
DJI	DOW JONES	-3.5%	1.8%
COMPQ	NASDAQ	-7.5%	-4.0%
RSP	S&P 500 EQUAL WEIGHT	-2.5%	1.7%
TNX	10-YEAR TREASURY YIELD	-10.8%	-7.2%

Prices through 2/27/2025 close

Possibly the most bullish indicator for the stock market today is the bearish sentiment spike. The last time the AAll bearish sentiment was this high was October 2022. The S&P 500 has appreciated 70% since then. The last time the AAll bullish sentiment was this low was March 2023. The S&P 500 is up roughly 60% since then.

Sentiment, including fear and greed, are powerful drivers of investor behavior. The swings can be dramatic in short periods of time. To have long-term success in investing and avoid buying the highs and selling the lows, it is important to be disciplined (non-emotional) and allow the markets and other robust economic indicators to provide high-probability guidance. This is the Rail-Splitter discipline.

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.



"Save my spot?"

Delta Stock Market Dashboard

MARKET SENTIMENT IS

BULLISH

THIS WEEK'S NUMBER IS

51.3

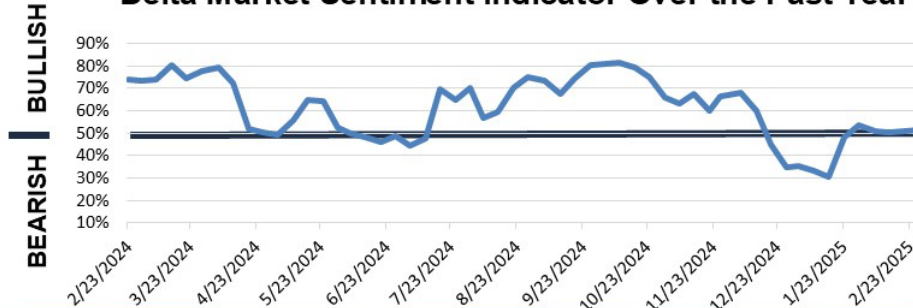
Our technical indicator increased from 50.7 to 51.3 this week

INDICATOR STATISTICS

Consecutive Bullish Weeks:	5
Cycle Inception Date:	1/30/2025
Range:	50.6 - 53.8
Mean::	51.5
Bullish Weeks YTD:	5
Bearish Weeks YTD:	4
*S&P 500	-1.2%
*DJIA	-2.2%
*NASDAQ	-3.2%

* Percentage change during current cycle

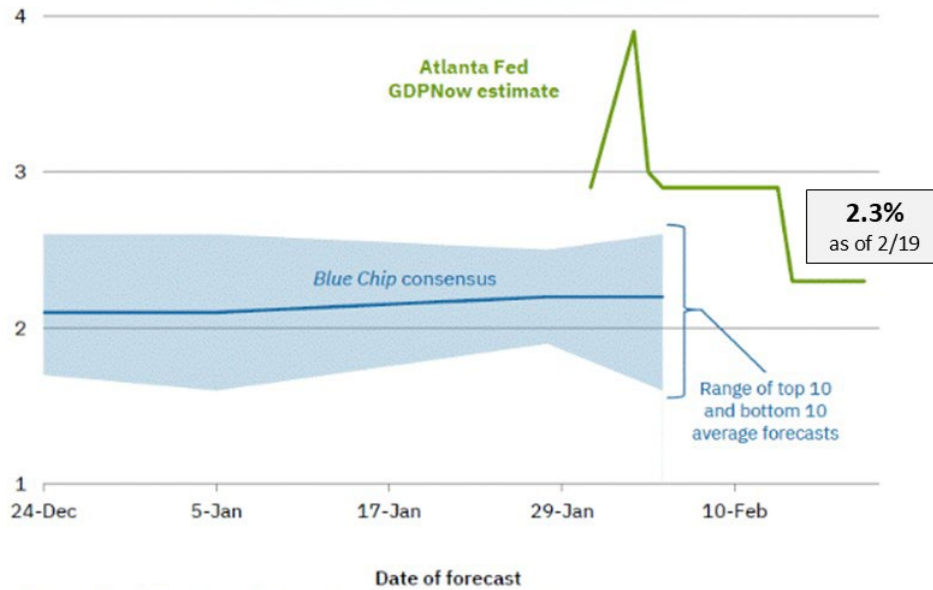
Delta Market Sentiment Indicator Over the Past Year



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

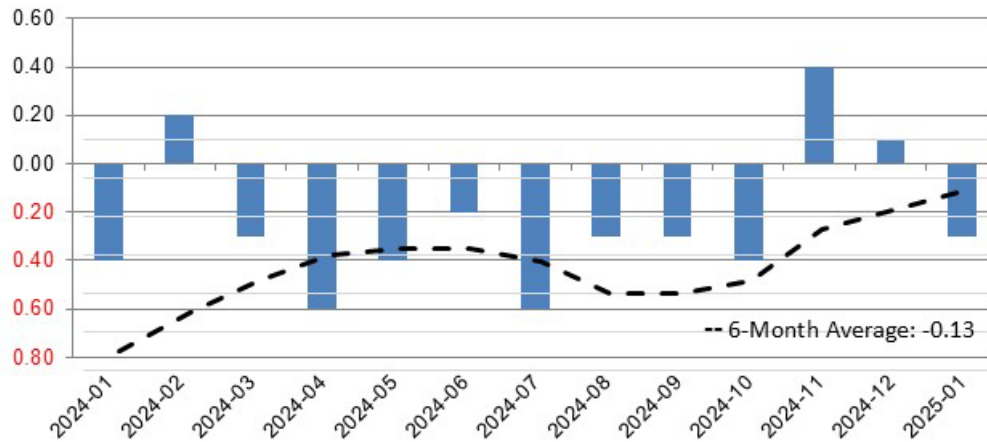
Atlanta Fed GDPNow Forecast

Real GDP Estimate for 1Q2025



Leading Economic Index % Change Monthly

Jan 2024 – Jan 2025



Source: The Conference Board – last update 2/20/2025

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