

# Rail-Splitter Capital Management

**Rail-Splitter Insights**

a weekly commentary on  
investing

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*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](mailto:info@rail-splitter.com) or 312-724-8722.*

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## Monetary Airbags

March 21, 2025

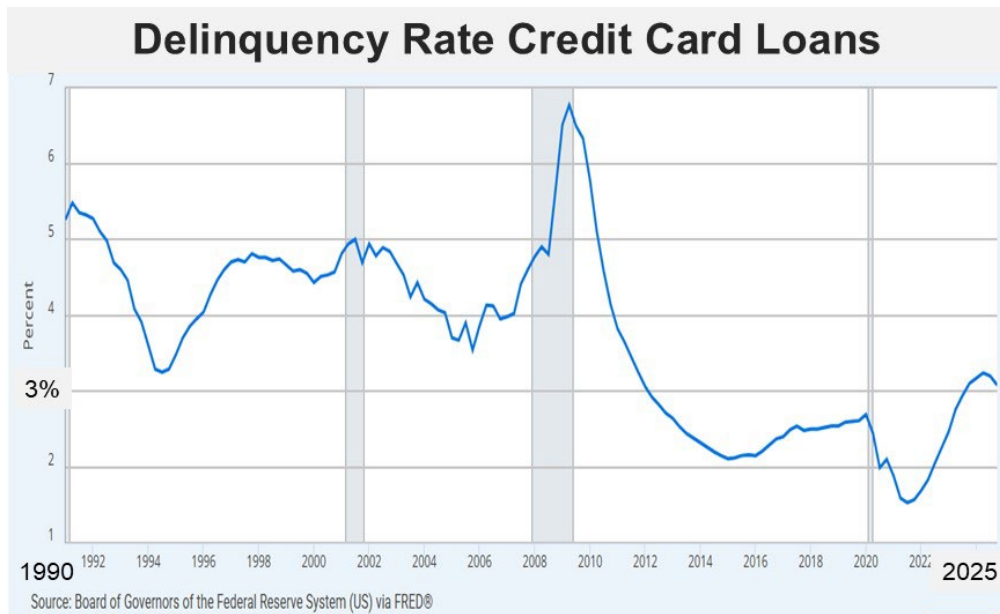
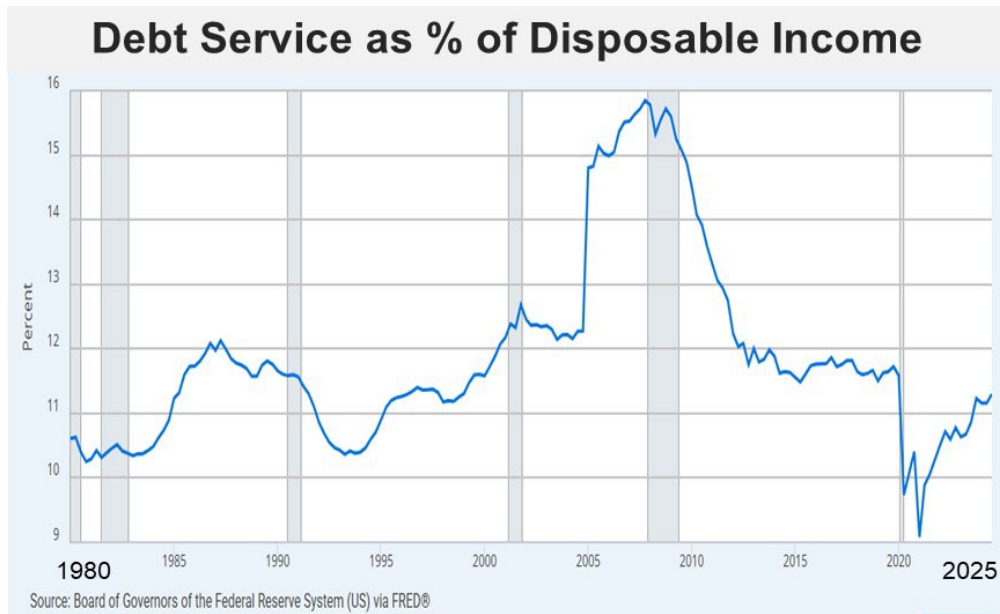
From the 52-week high to the recent lows, the NASDAQ and S&P 500 traded down by over 10% in one of the fastest sell-offs in market history. Inflation and growth expectations changed principally in reaction to tariff announcements.

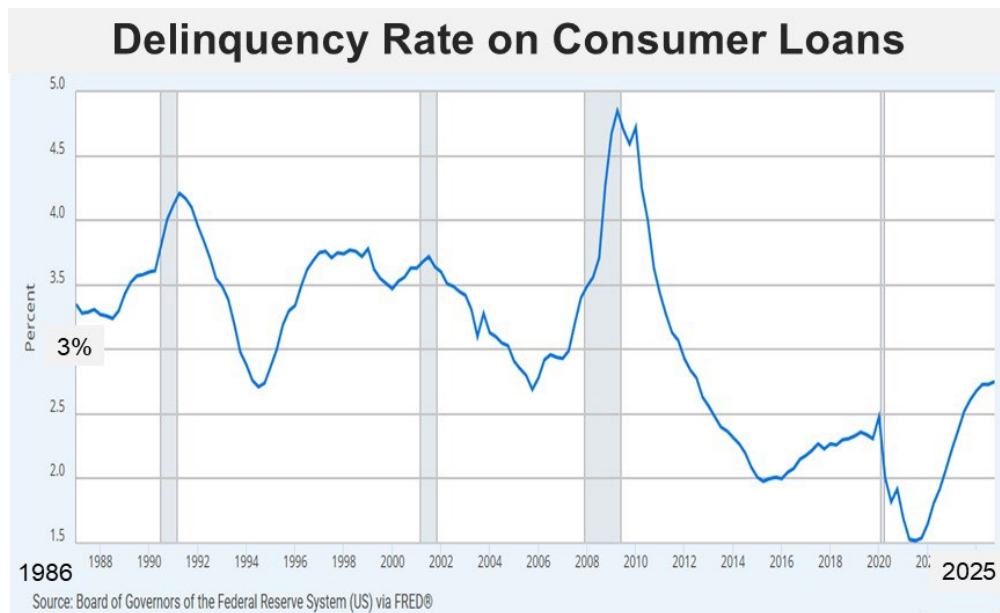
The Federal Reserve is projecting 2025 GDP growth of 1.5-1.9%, down from the December projection of 1.8-2.2%. It sees PCE inflation of 2.6-2.9%, up from its prior projection of 2.3-2.6%.

Much like when a car has a collision and airbags inflate to protect the occupants from a forceful impact, the U.S. economy has a cash airbag to reduce the force of a potential economic blow. U.S. checking accounts have a balance of \$5.3 trillion (as of end of 2024), up from \$1.53 trillion at the end of 2019 (pre-Covid). Funds in checking accounts are typically designated for near-term consumption. Bank of America's CEO said this week that consumers are spending about 6% more this year than the same time last year. If you look at the combined balances of checking, savings and money market funds, the balance is \$21.6 trillion, up from \$14.8 trillion at the end of 2019.

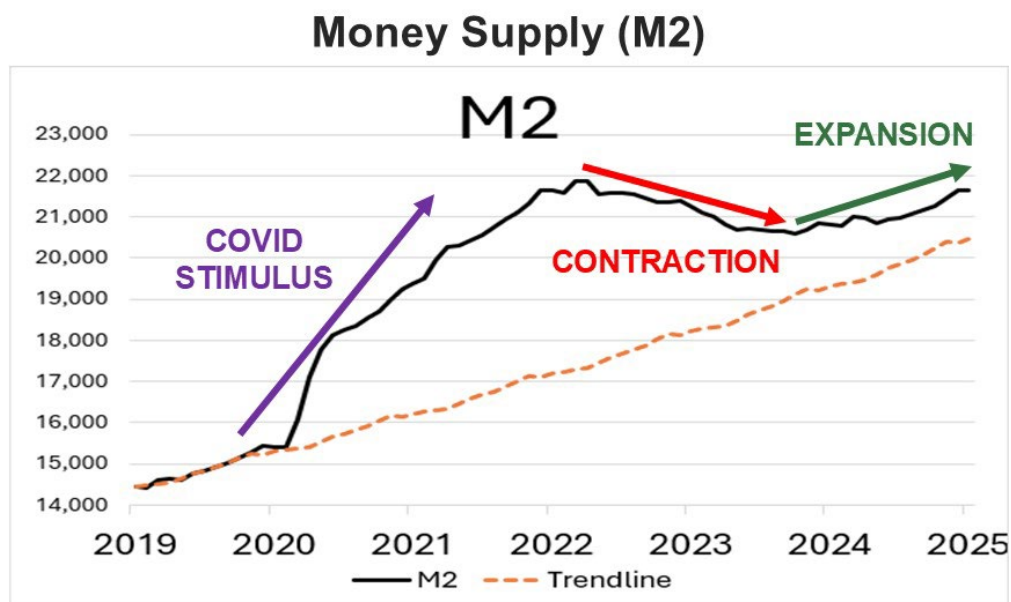
There has been rising concern regarding consumer credit levels and default rates with automobile and credit card debt. Yet, household debt service as percent of disposable personal income is at a "normal" level relative to the past 45 years and consumer credit

delinquencies remain at below “stressed” levels.



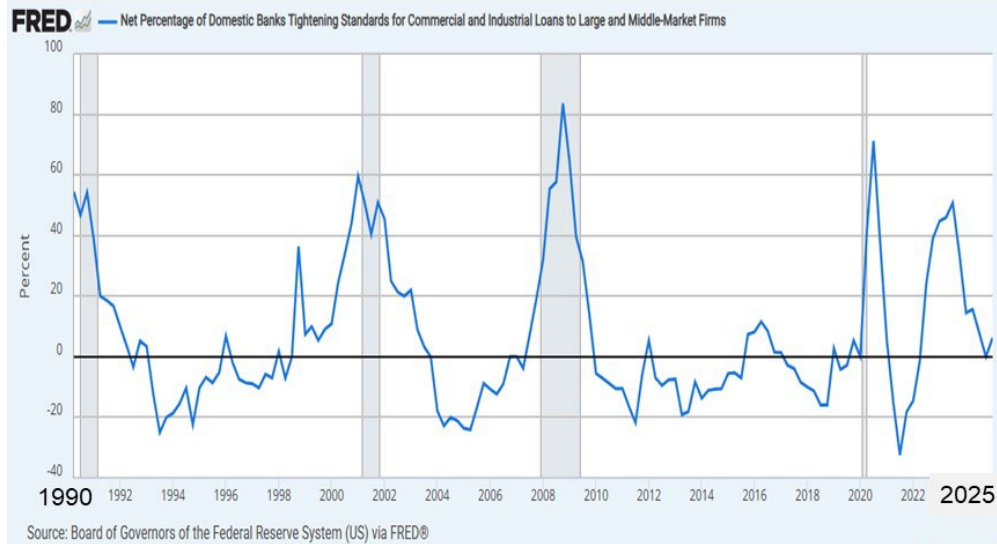


In addition to the cash airbag, the U.S. economy has an easy money liquidity airbag. The Federal Reserve announced this week it is slowing the pace of its quantitative tightening. Monthly redemptions of treasury securities will be reduced from \$25 billion to \$5 billion. This should ease financial conditions by keeping more money in the system. The money supply is rising at about a 4% annual rate.

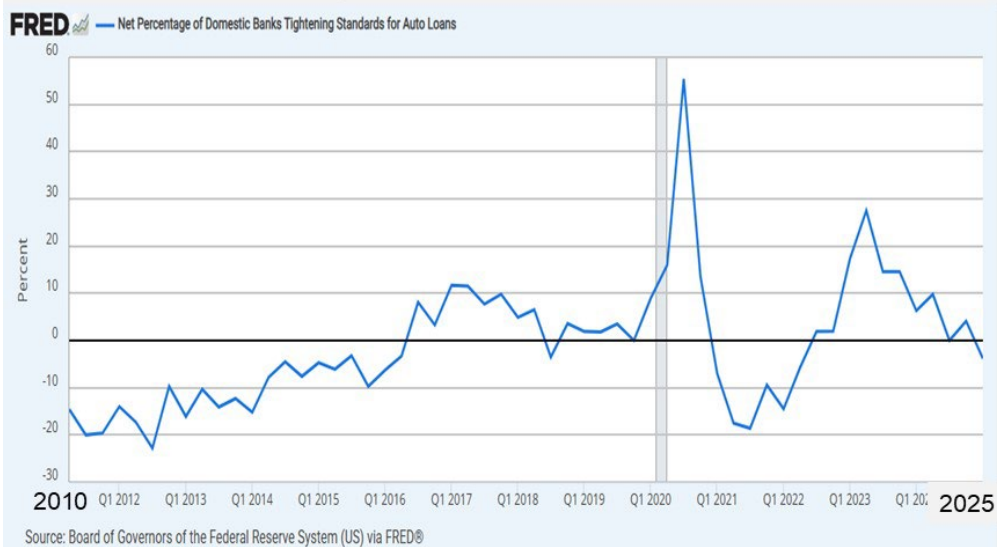


More money in the system allows banks to make more loans. Banks are easing lending standards currently rather than making them more restrictive. Below are two examples showing banks making commercial and industrial loans to large and middle-market firms and auto loans easier to obtain. If banks were worried about rising delinquency rates and recession, they would not be making loans easier to obtain.

## Lending Standards Commercial Loans



## Lending Standards Auto Loans



Fed Chairman Powell acknowledged yesterday that he doesn't know anyone who has a lot of confidence in their economic forecast. On the other hand, the hard data (versus "soft" data like consumer confidence) suggests the economy is not headed for recession. Without a recession, stock market pullbacks of 10% are a buying opportunity.

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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](http://www.rail-splitter.com), or simply email us at [info@rail-splitter.com](mailto:info@rail-splitter.com).



*"I know—let's call this one Operation Lowered Expectations."*

# Delta Stock Market Dashboard

MARKET SENTIMENT IS

**BEARISH**

THIS WEEK'S NUMBER IS

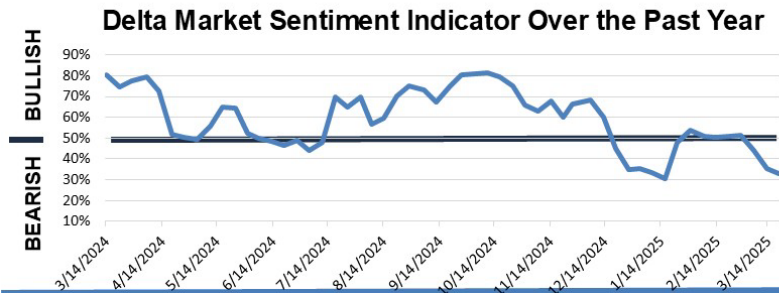
**33.0**

Our technical indicator decreased  
from 35.2 to 33.0 this week

## INDICATOR STATISTICS

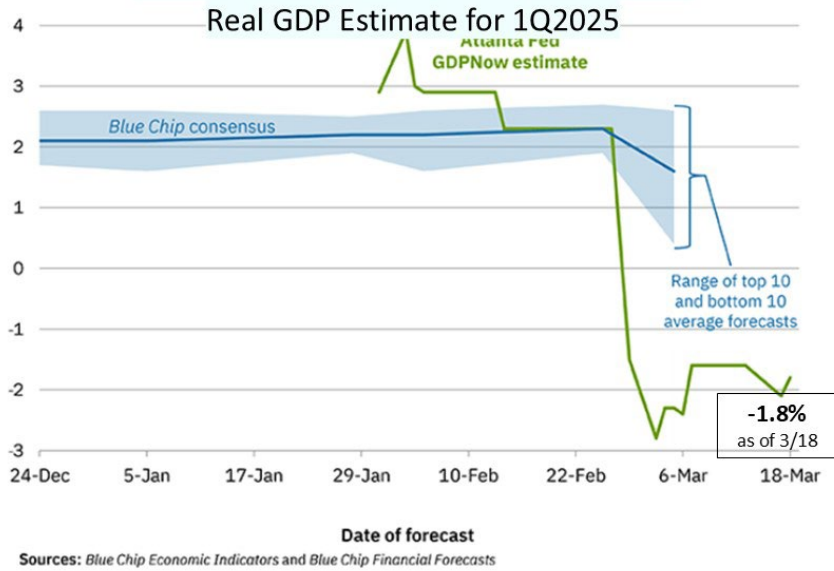
Consecutive Bearish Weeks:	3
Cycle Inception Date:	3/6/2025
Range:	33.0 - 43.9
Mean::	37.4
Bullish Weeks YTD:	5
Bearish Weeks YTD:	7
*S&P 500	-0.8%
*DJIA	-1.0%
*NASDAQ	-1.7%

\* Percentage change during current cycle



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

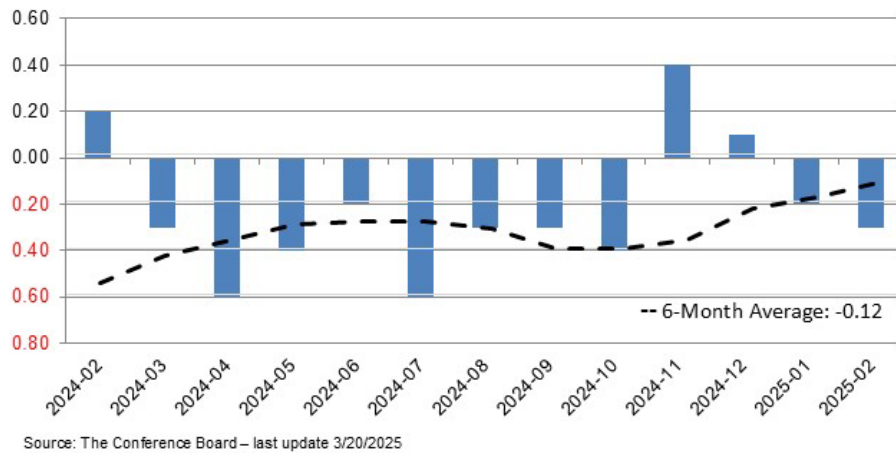
## Atlanta Fed GDPNow Forecast



A large part of the drop can be attributed to accelerated imports due to potential tariff policy.

## Leading Economic Index % Change Monthly

Feb 2024 – Feb 2025



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