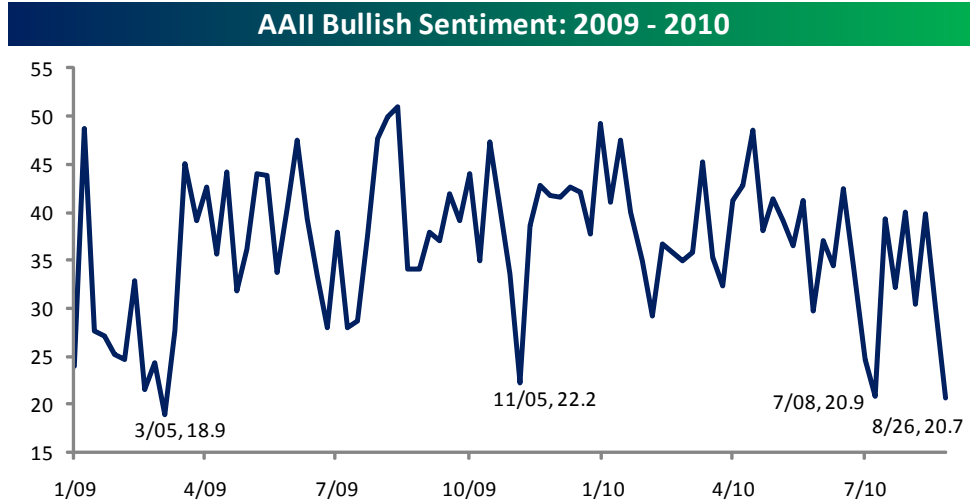


AAll Bullish Sentiment

In Friday's Week in Review report, we highlighted how bullish sentiment among individual investors had sunk to its lowest level since March 2009. We also noted that each time that bullish sentiment dropped to similar levels since the start of 2009, the S&P 500 saw a median return of 5% over the next month with positive returns all three times.



After seeing this chart, we had several clients ask for a longer term perspective of the S&P 500's performance relative to low *American Association of Individual Investors (AAll)* bullish readings. To that end, we calculated the S&P 500's average return following various levels of bullish sentiment in the *AAll* survey. As shown in the chart, in the 107 weeks where bullish sentiment was below 25%, the S&P 500 has averaged a gain of 0.44% over the following four weeks with positive returns 65.4% of the time. While this may not sound like much to write home about, we would note that it's three times more than the average overall four week return over that same time period, and more than three and a half times the return of the next closest category (35%-45% bullish).

S&P 500 Average Return vs AAll Bullish Sentiment: 1987 - 2010

Bullish Sentiment	Occurrences	S&P 500 Performance (%)	
		Average Four Week Change	Percent of Time Positive
Under 25	107	0.44	65.4
25 - 35	328	0.07	55.2
35 - 45	433	0.12	56.1
45 - 55	219	0.06	53.9
Over 55	91	0.07	51.6
Overall	1201	0.13	55.6