

Stocks Have Gained When Bullish Sentiment Is Below 20%

Since the AAI Sentiment Survey started in 1987, a bullish sentiment reading below 20% has only been recorded 30 times. This week's reading of 19.3% marked the third time this year optimism has been 20%.

During the previous 27 occurrences, the S&P 500 has risen 26 times. (The sole exception was January 10, 2008.) The average gain over 26- and 52-week periods following those 28 occurrences was 12.6% and 19.6%.

The table below shows all 30 occurrences and how the S&P 500 fared following each of them. A complete history of the survey's results can be downloaded from the [AAII Sentiment Survey page](#). An analysis of the market's performance following unusually high and low sentiment readings was published in the *June 2014 AAI Journal*.

Keep in mind that the link between sentiment and returns is not causal. There is no guarantee that stocks will continue to outperform following low levels of optimism in the future.

The 30 Bullish Sentiment Readings Below 20%

Date	Bullish Sentiment	26-Week S&P 500 Return	52-Week S&P 500 Return
5-13-88	19.0%	4.3%	22.2%
7-22-88	16.0%	8.8%	27.5%
8-19-88	19.0%	14.0%	33.0%
9-2-88	18.0%	10.1%	33.7%
9-9-88	17.0%	9.8%	30.7%
10-7-88	13.0%	6.9%	29.0%
11-25-88	17.0%	20.3%	28.7%
12-2-88	19.0%	19.8%	29.0%
12-9-88	17.0%	17.9%	25.9%
3-10-89	13.0%	19.1%	15.4%
3-31-89	18.0%	18.4%	15.3%
2-2-90	15.0%	4.2%	3.7%
2-9-90	19.0%	0.6%	7.7%

8-17-90	18.0%	12.6%	17.6%
9-14-90	16.0%	17.9%	21.1%
9-21-90	13.0%	18.0%	24.6%
10-5-90	15.0%	20.5%	22.4%
10-19-90	13.0%	23.0%	25.6%
11-16-90	12.0%	17.4%	20.7%
11-21-90	16.0%	19.4%	19.0%
12-21-90	16.0%	13.9%	16.7%
9-4-92	14.0%	7.0%	10.6%
7-2-93	18.0%	4.6%	0.1%
4-14-05	16.5%	0.3%	9.7%
1-10-08	19.6%	-11.7%	-35.7%
3-5-09	18.9%	39.5%	56.9%
4-11-13	19.3%	4.3%	17.9%
1-13-16	17.9%	N/A	N/A
2-10-16	19.2%	N/A	N/A
5-18-16	19.3%	N/A	N/A