

February 15, 2025

The Master Sentiment Indicator (MSI)

and

The Stock Market's Long-Term Outlook

There's no change in asset allocations.

Our Current Asset Allocation

50% stocks
20% bonds
0% gold
30% cash

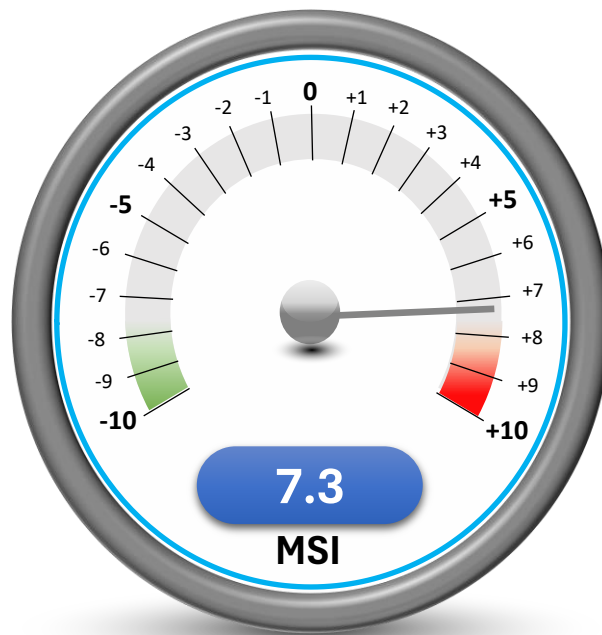
Our long-term sentiment indicator - the MSI – was effectively unchanged last week at **7.3**. Our stock allocation remains at 50%.

No change in bond allocation. We still recommend the maximum 20% allocation in safe, long-term bonds. While we do expect volatility, we think bond prices will be higher over the intermediate-term, which means the next three to six months.

Of the 10% allocated for gold, current sentiment indicators still call for that to be 100% in money market. It will remain there until we get a Green Zone signal in gold.

Our current cash allocation: the 20% from stocks, 0% from bonds and the 10% from gold brings the total cash allocation to 30%. This is opportunity money earning 4.0% that we believe we'll be able to eventually invest below current prices in both stocks and gold.

The Master Sentiment Indicator (MSI)

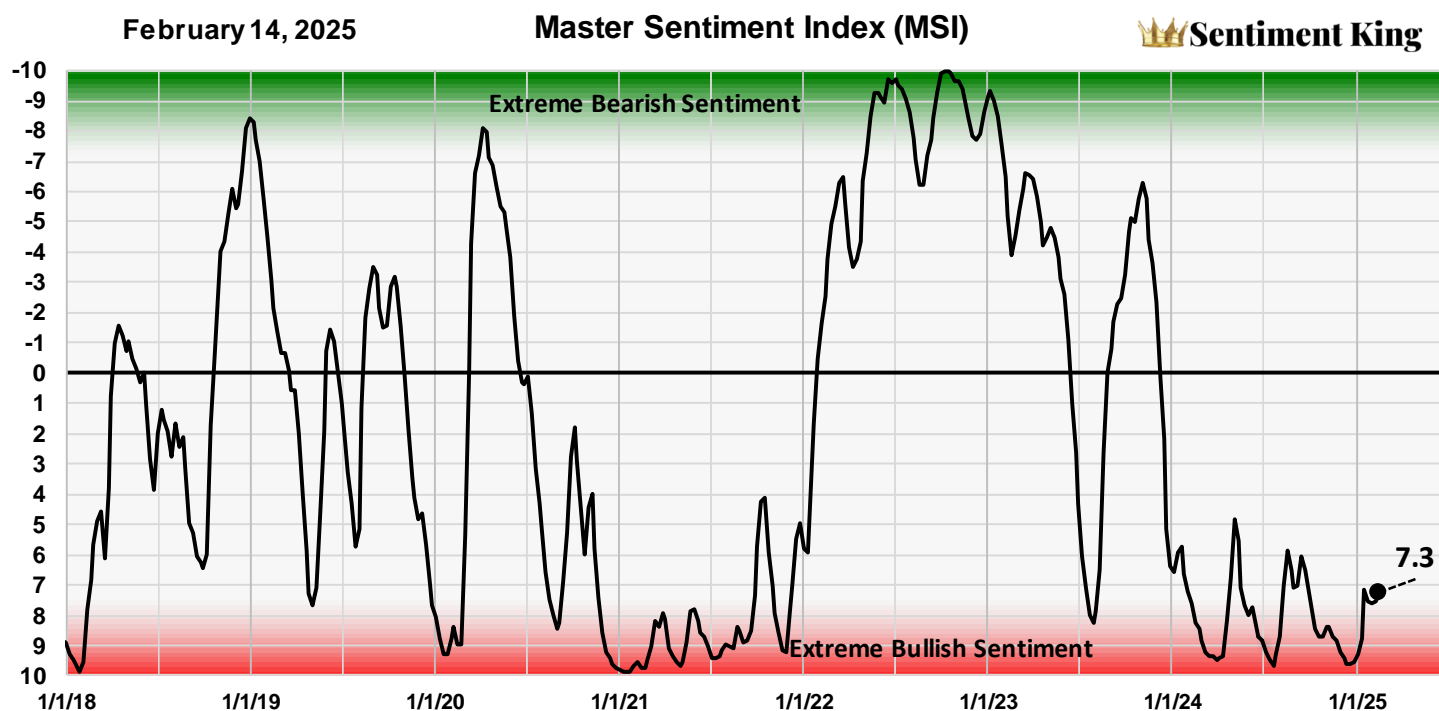


This speed dial shows that the Master Sentiment Indicator is now **7.3** and continues to be slightly out of the Red Zone. It's important to remember that the MSI is a long-term indicator. In practice we assume a color signal (long-term buy or sell signal) is in play until the opposite color signal occurs. So, the previous Red Zone readings are still active, so we remain cautious over the long term.

February 14, 2025
Components of the MSI

	SK Rank	Total Puts/Calls	Equity Puts/Calls	COT S&P500 E-mini	ProShares Bear/Bull Buying	NAAIM	Stock Survey	Nasdaq Survey	AAll Sentiment	Investors Intelligence	MSI
Extreme Bearishness	-10										
	-9										
	-8										
	-7										
	-6										
	-5								X		
	-4										
Neutral	-3								+		
	-2										
	-1										
	0										
	+1									X	
	+2							X		+	
	+3										
Extreme Bullishness	+4					X					
	+5										
	+6										
	+7				X						X
	+8	X	X				X				+
	+9			X							
	+10										

The yellow X's mark the current ranking of each indicator, while the + shows where the indicator was a week ago. The MSI, at **7.3** is indicated by the large yellow X in the far-right column. It's now positioned in the first level of the Red Zone. All but two of the component indicators were unchanged from the previous week.



The MSI is currently at **7.3** and we continue to recommend 50% allocation to stocks. We believe we have entered the distribution phase (topping process) of this bull market, which could last into April. These periods are usually very boring. As we mentioned last week, there is the possibility we are still in a once in a generation speculative bubble (about every 25 years), which could push prices to even greater extremes. We'll have more to say on this in this week's video update.

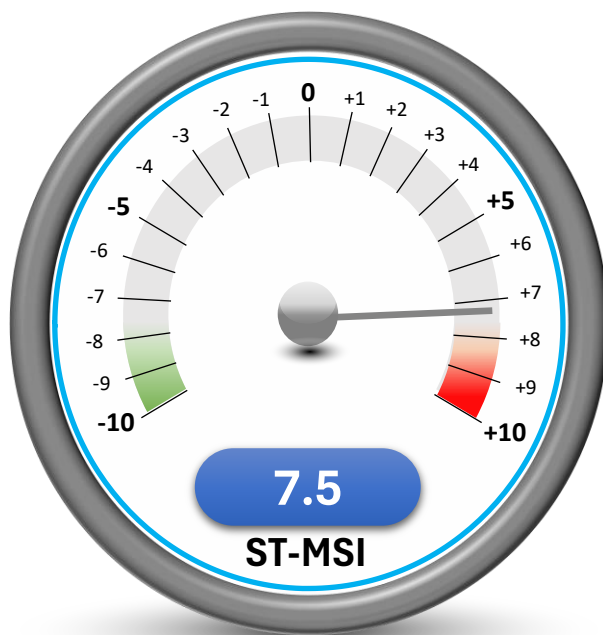
February 15, 2025

The Short-Term Master Sentiment Indicator (ST-MSI)

and

The Stock Market's Intermediate Term Outlook

The Short-Term Master Sentiment Indicator (ST-MSI)



This speed dial shows that the ST-MSI ended the week at **7.5**. Last week's reading was 3.8.

February 14, 2025
Components of the ST-MSI

	SK Rank	ST - Stock Survey	ST- Nasdaq Survey	VIX	20% Equity P/C	20% Total P/C	Ultra Bear/Bull Ratio	UltraPro Bear/Bull Ratio	ST-MSI
Extreme Bearishness	-10								
	-9								
	-8								
	-7								
	-6								
	-5								
	-4								
	-3								
	-2						+		
	-1								
Neutral	0			+					
	+1		X						
	+2			X					
	+3						X		
	+4							X	+
	+5							+	
	+6								
	+7				X				
	+8	X			+	X			X
	+9								
Extreme Bullishness	+10								

This table shows the ranking of each of the seven indicators that make up the ST-MSI. The value of ST-MSI is indicated by the large yellow X in the far-right column at **7.5**. The yellow X's mark the current ranking of each indicator, while the + in each column shows where the indicator was a week ago.

February 14, 2025

SPX

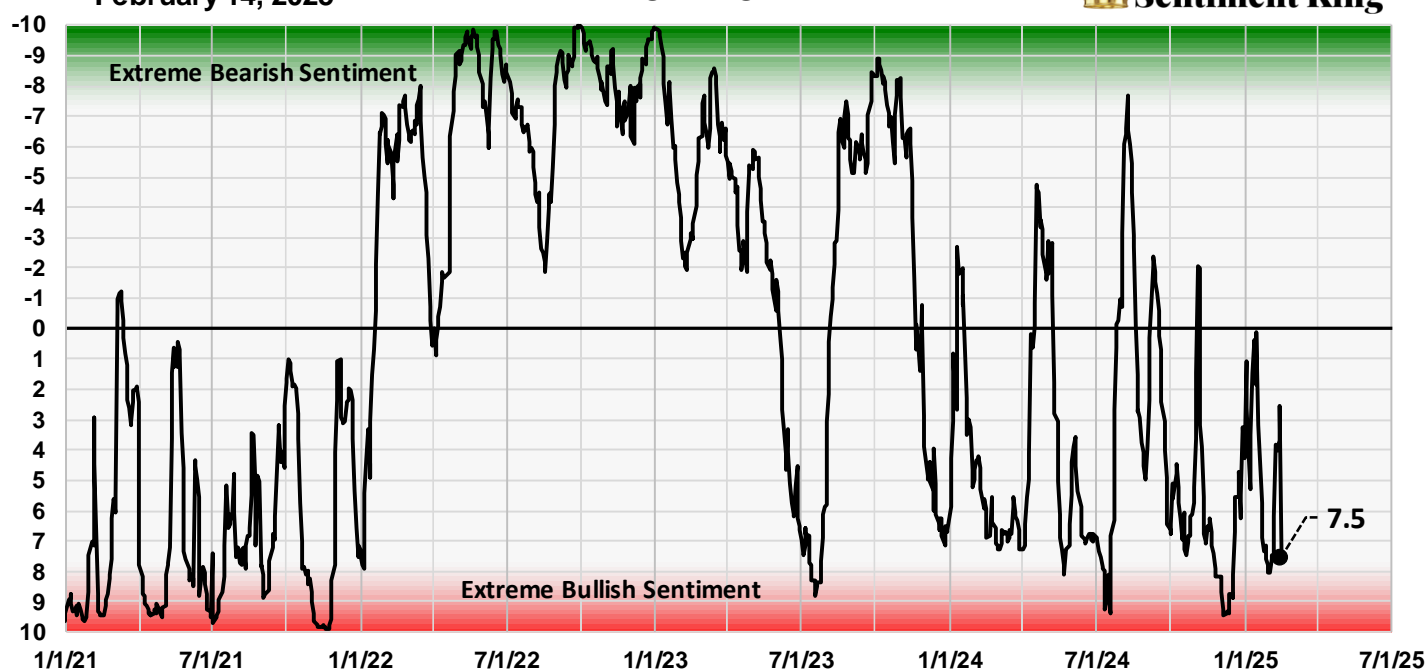
 Sentiment King



February 14, 2025

ST - MSI

 Sentiment King



ST-MSI

As you can see the ST-MSI has become very volatile and ended the week at **7.5**. While we remain long term bearish with a stock allocation of 50%, we will change that allocation to 60% or even 70% if we get a Green Zone reading in the ST-MSI and believe a short to intermediate term opportunity is present. There is a possibility of a once in a generation speculative bubble but there is nothing to do currently but wait until the market shows its hand and the indicators tell us what to do. We explained some of this in last week's video but have more to say about it in this week's.

January 3, 2025

SPX

👑 Sentiment King



Magnificent Seven



Short to Intermediate-Term Market Outlook

Right after the election, we expected a rapid 7.5% increase in stock valuations because the Republican majority almost guaranteed a corporate tax reduction from 21% to 15%. So we established a S&P 500 price target of \$6,200. We've indicated that price with a dashed red line in the top chart.

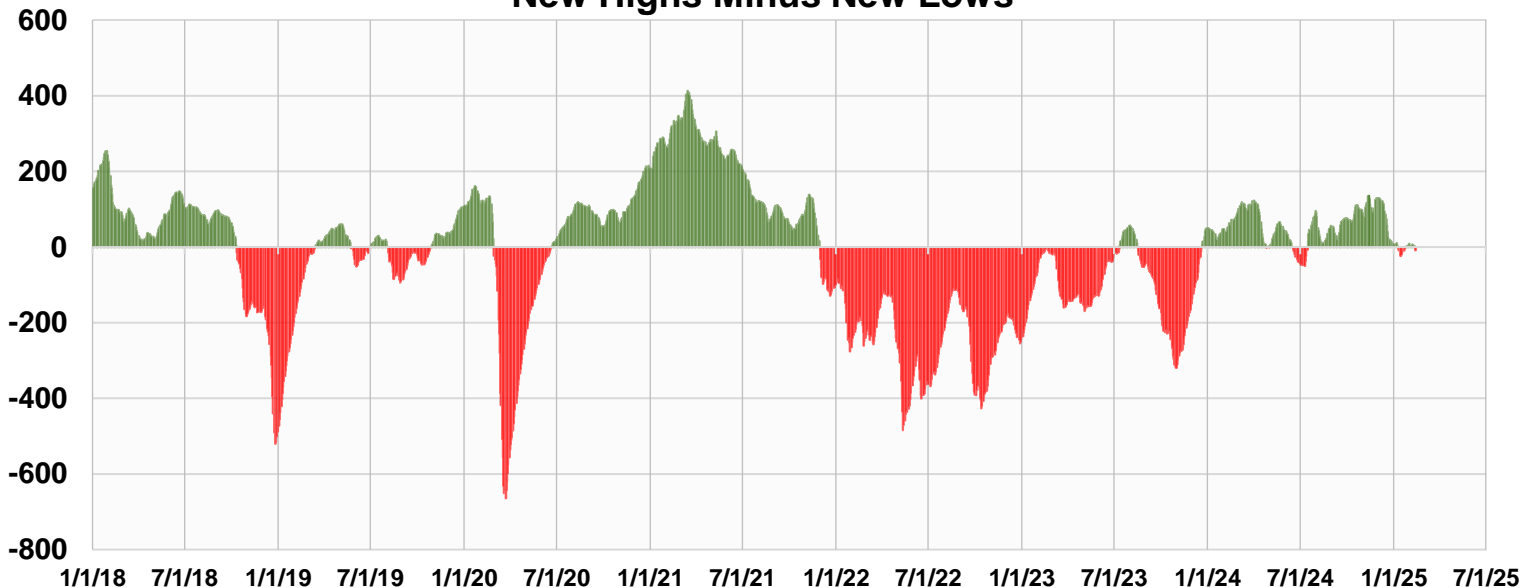
February 14, 2025

SPX 2018-2025

👑 Sentiment King



New Highs Minus New Lows



The Topping Process

We've indicated with a red dashed line the price target of 6,200 for the S&P 500. This was established three months ago based on the election promise of a corporate tax reduction from 21% to 15%. We still think it's a good target. This is really a short-term price target.

If we are in a distribution top as we believe, one of the things that usually happens is fewer and fewer stocks participate in the rally as the major indices move sideways. One of the best tools to monitor this is by watching the number of stocks making new highs minus those making new lows. We continue to see that here. Notice that the S&P 500 is near its previous high the late 2024 while slightly more stocks last week were making new lows versus new highs.

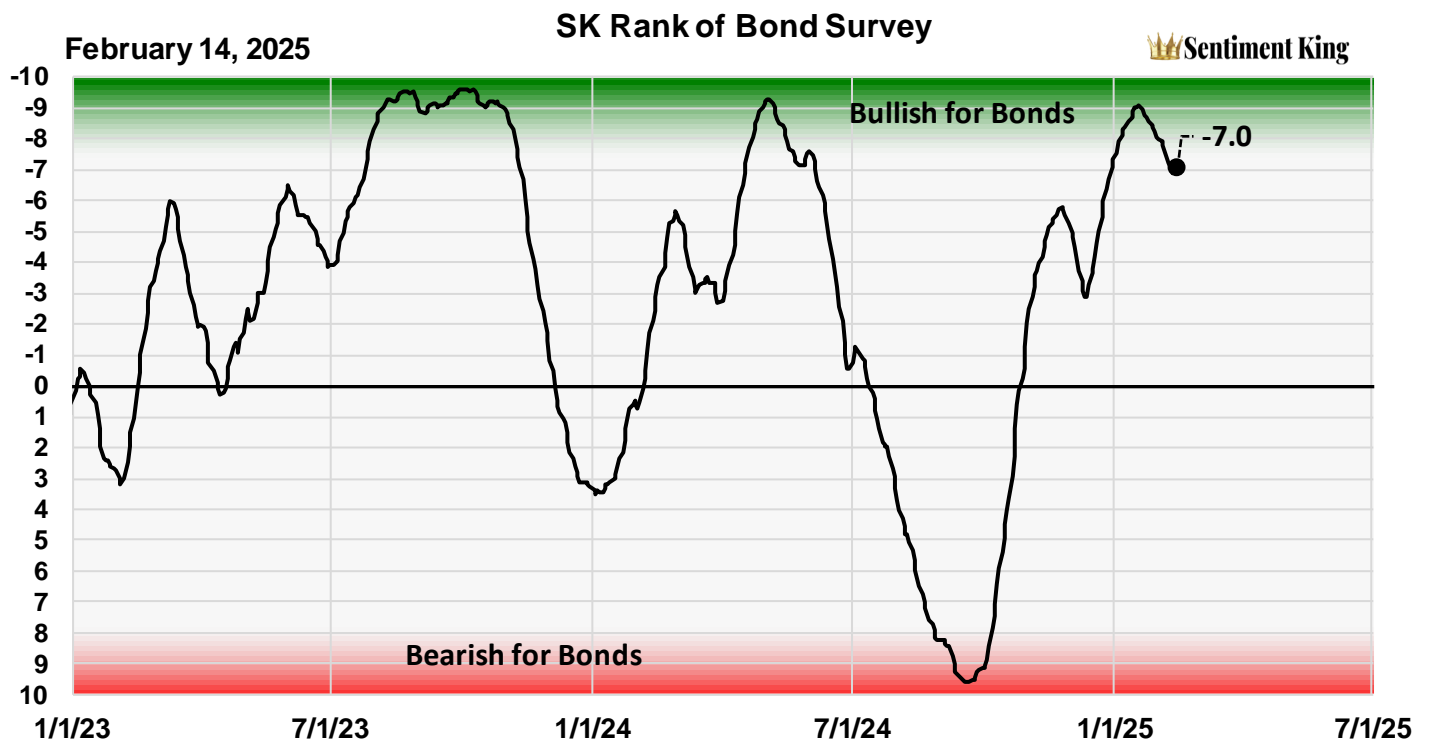
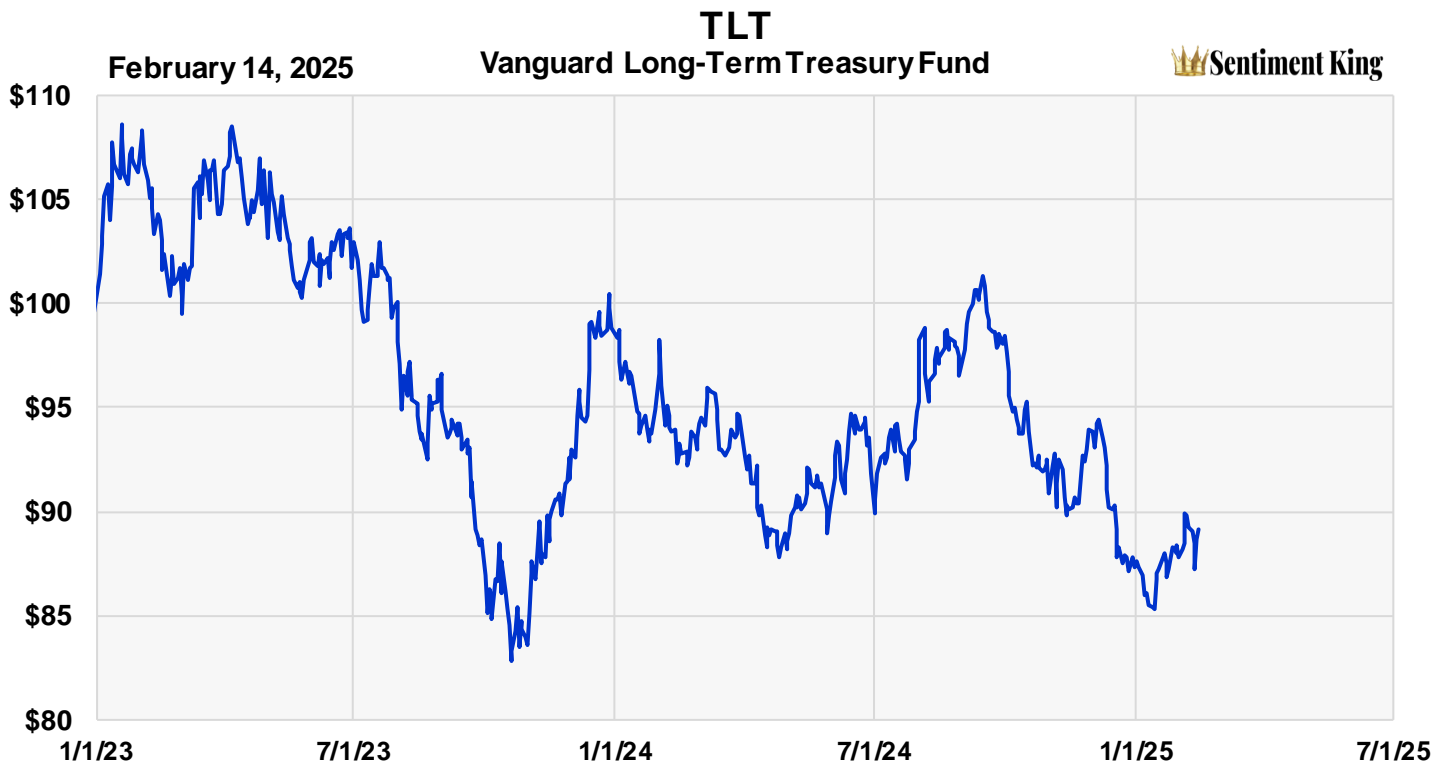
In any event, we intend to use our indicators to guide us through this market. Long term will remain at 50% stock allocation, but we'll adjust it short-term if opportunities present themselves. Currently there's no reason to change our current 50% stock allocation.

Please watch the accompanying video to this report which we'll send you in the next few days. It contains valuable information on what to expect from stocks over the next 10 years.



February 15, 2025

The Sentiment King Bond Report



Allocation of Long-Term Bonds

We continue to recommend the full 20% bond allocation because of the Green Zone reading a month ago. Although we expect some price volatility because of the political climate, we think this allocation is correct. We use treasury instead of corporate bonds for two reasons. One is that treasuries are a better hedge against stock declines during periods of crisis since they usually surge in price as investors rush to safety. This isn't quite true with corporate bonds. The second is that we look to gain capital appreciation modulating bond duration by shifting to money market, then long-term bonds, and then back using sentiment. Remember, money markets are just ultra short-term bonds, so these sudden shifts can instantly change the average duration of the portfolio by 50%.

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The Sentiment King Gold Report

(The SK Gold Report, which is now included with the MSI report, is biweekly. The attached report is last week. The next report will be the following week.

February 7, 2025

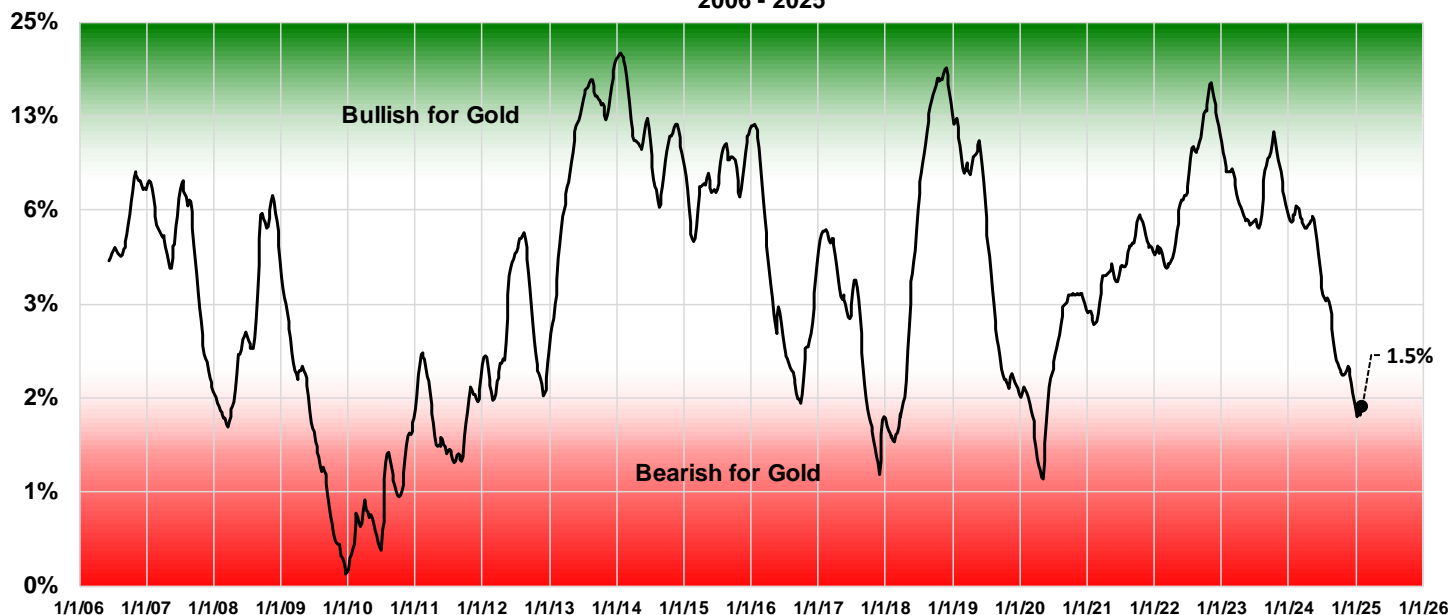
Gold

2006 - 2025

 Sentiment King


SK Long-Term Gold Index

2006 - 2025



The SK Long-Term Gold Index

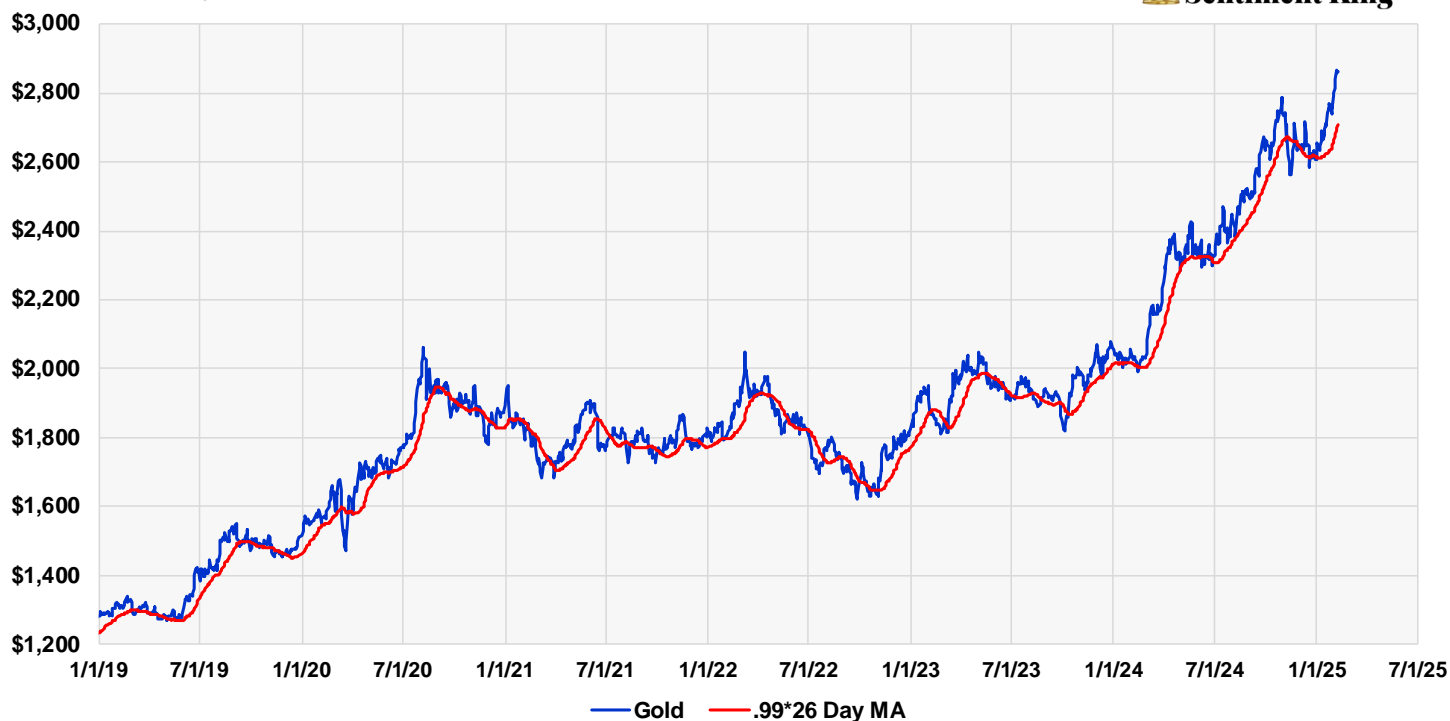
The SK Long Term Gold Index is calculated from commitment of trader's data in gold futures supplied by the CFTC. Green zone readings represent long term bullish outlook, while red zone readings signal caution long-term. As you can see, this index is a long-term indicator, with only three or four long-term buy and sell signals over a 20-year period. The indicator is little changed and currently at **1.5%**, which is still in the Red Zone. This means we are currently negative on gold for both the intermediate-term and long-term, as you will see on the next page. This implies our gold allocation will be for the intermediate-term and dictated solely by our intermediate-term sentiment indicator.

Gold

2020 - 2025

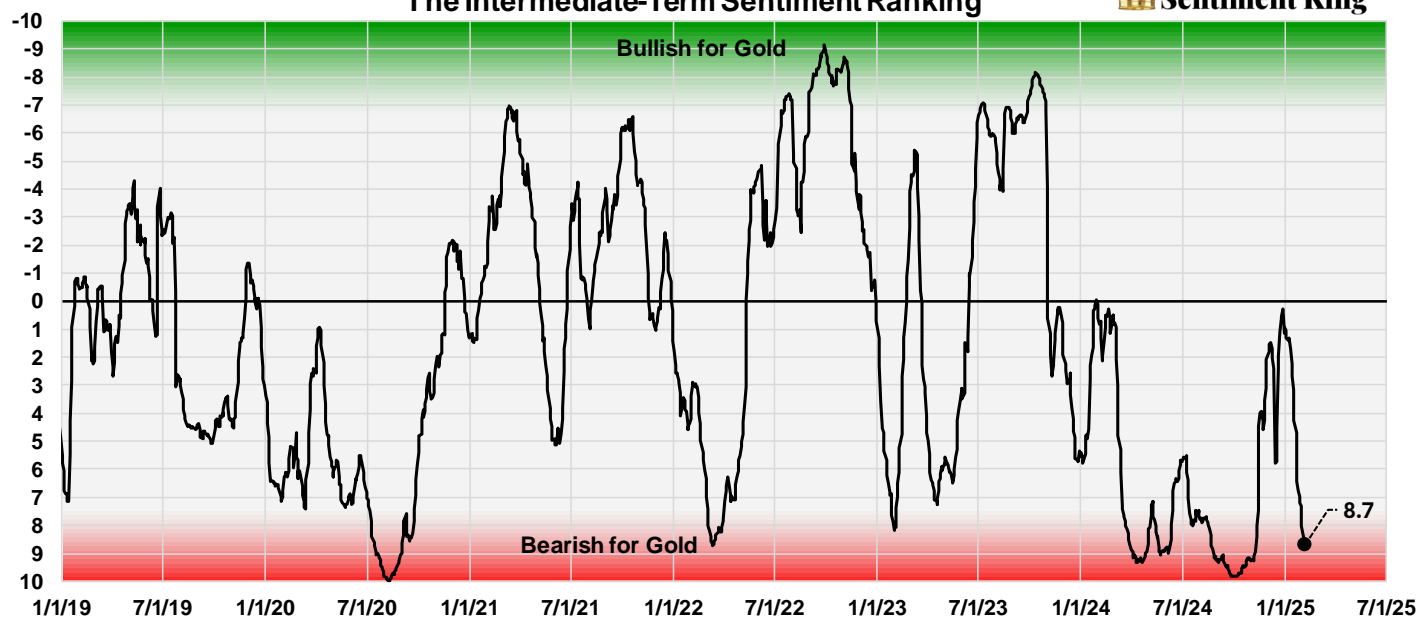
👑 Sentiment King

February 7, 2025



The Intermediate-Term Sentiment Ranking

👑 Sentiment King



The SK Intermediate-Term Gold Index

After a strong rally the intermediate term sentiment indicator has moved into the Red Zone at **+8.78**. This index is made from two sentiment indicators: 1) the SK rank of the Hulbert survey of gold newsletter writers and 2) the “puts to calls” dollar ratio of GLD.

The price of gold has rallied strongly over the last few weeks and is now at all-time highs. We’re sorry we missed it but we never received a Green Zone buy signal for Gold on our intermediate term sentiment indicator so we must assume that this move is part of the larger scale correction. We continue to recommend that the 10% gold allocation remain in money market.