♔ The Sentiment King

Investor sentiment won't tell you "what" to buy or sell, but it will help you decide "when" to buy or sell it.

What We Do

The **Sentiment King** is for professional money managers and private investors who know the importance of "investor sentiment" when making investment decisions. Through proprietary indicators we monitor investor expectations and emotions in stocks, bonds and gold.

Warren Buffett said: *"A simple rule dictates my buying: Be fearful when others are greedy and be greedy when others are fearful."* The Sentiment King is dedicated to helping investors do this.

The Master Sentiment Indicator (MSI)

The Master Sentiment Indicator, or MSI, is made by combining nine, well known sentiment indicators into one. The MSI works as a contrary opinion indicator and is designed to find moments of extreme "greed" and "fear" that come with bull and bear markets. The MSI is calculated weekly and is long-term oriented.

The theory of contrary opinion is easy to state but hard to apply. It says prices will move opposite to what investors expect once "too many" investors have that expectation. The key is knowing when there are "too many."

The nine MSI indicators are listed on the right. Each is recalculated using a proprietary moving average, then evaluated on our Red-Green ranking system. This allows us to combine and compare them.
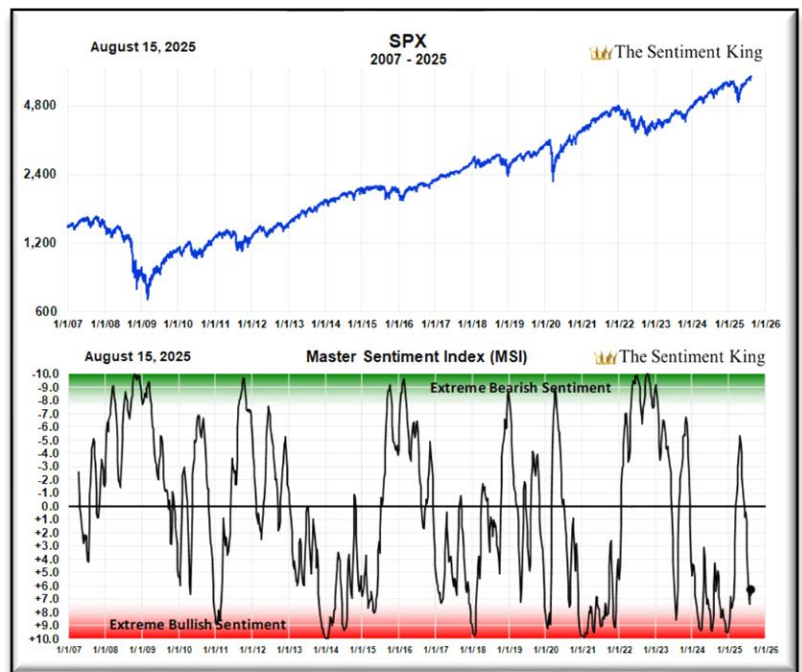
1	Total Puts /Calls	6	Hulbert Stock Survey
2	Equity Puts/Calls	7	Hulbert Nasdaq Survey
3	COT S&P 500 E-mini	8	AAII Sentiment
4	NAAIM	9	Investors Intelligence
5	ProShare Bear/Bull Buying		

The Market

December 5, 2025
MSI Table

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

The table on the left ranks the nine indicators that make up the MSI in yellow. The **+** indicates last week's position. The SK ranking scale in the left column goes from -10 at the top to +10 at the bottom. The Red and Green Zones represent extreme readings and are briefly explained on the back page. This table gives a quick visual comparison of each sentiment indicator. The **MSI** itself is found in the far-right column.
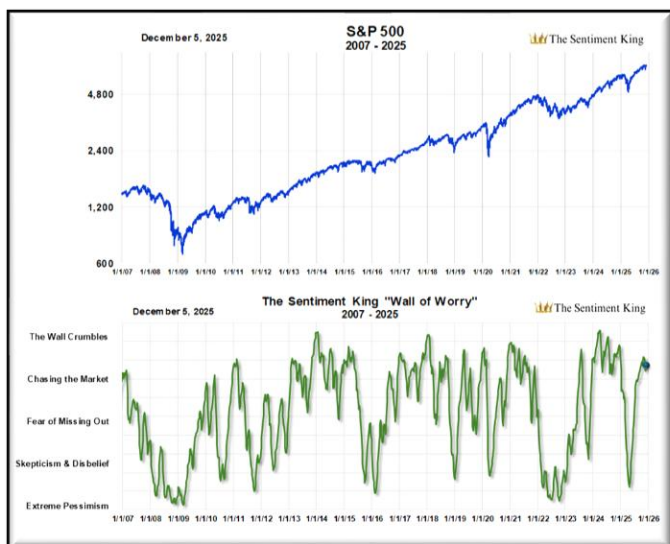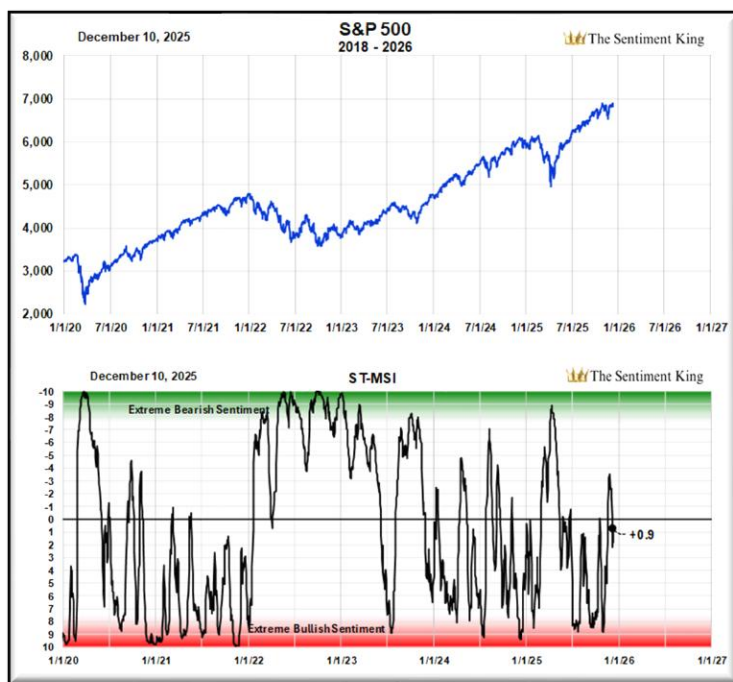
Each of the nine indicators that go into making the **MSI** is given a weighting in proportion to the square of its current ranking. This gives an indicator with extreme readings slightly more importance in the composite than those with neutral readings.

The ST-MSI

On the right is a chart of the ST-MSI. The ST-MSI is a shorter-term version of the MSI and is designed to locate intermediate-term trends. It's made from seven sentiment indicators mathematically adjusted for the intermediate-term.

The ST-MSI has a good record of indicating the start of intermediate-term advances but slightly less for intermediate-term declines. That's because market tops and bottoms are different.

Price declines of all time orders usually end suddenly. Price tops, however, are usually spread out over time, forming a fan formation as the various sectors peak at different times.

December 10, 2025 — S&P 500 2018 - 2026 — The Sentiment King

December 10, 2025 — ST-MSI — The Sentiment King
Extreme Bearish Sentiment / Extreme Bullish Sentiment — +0.9

December 5, 2025 — S&P 500 2007 - 2025 — The Sentiment King

December 5, 2025 — The Sentiment King "Wall of Worry" 2007 - 2025 — The Sentiment King
The Wall Crumbles / Chasing the Market / Fear of Missing Out / Skepticism & Disbelief / Extreme Pessimism

The "Wall of Worry"

The **Sentiment King** "Wall of Worry" is on the left. It's graphed from 2007 through 2025. First mentioned in the 1950s, the term "Wall of Worry" refers to the observed fact that major advances usually rise against a wall of worry and doubt, with investors feeling the rally can't continue. To measure this phenomena, we created a "Wall of Worry" Indicator.

The WOW indicator is a composite made from five indicators that measure what investors expect the market to do. It directly measures investor doubt and worry and is very helpful at determining if a market trend will continue.

Stocks and Sectors

We've made a breakthrough in the measurement of investor expectations of individual stocks and sectors for the intermediate term (3 to 9 months). It's based on long-term analysis of "directional" option premiums. If you study the results you'll see its value. It doesn't tell a money manager "what" to buy, but it does help them decide "when" to buy it.
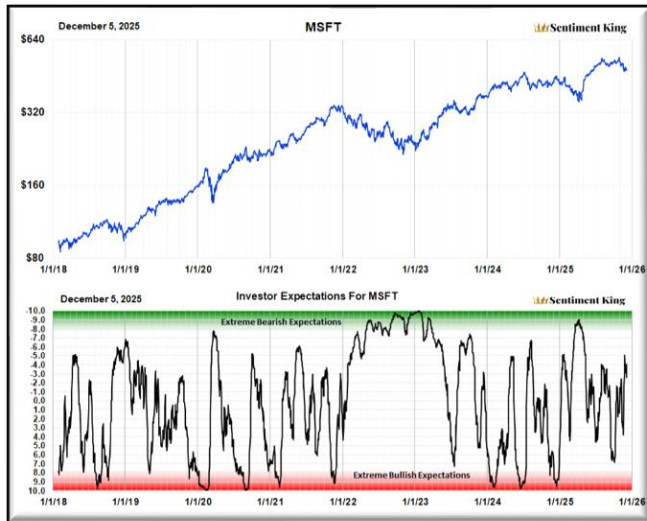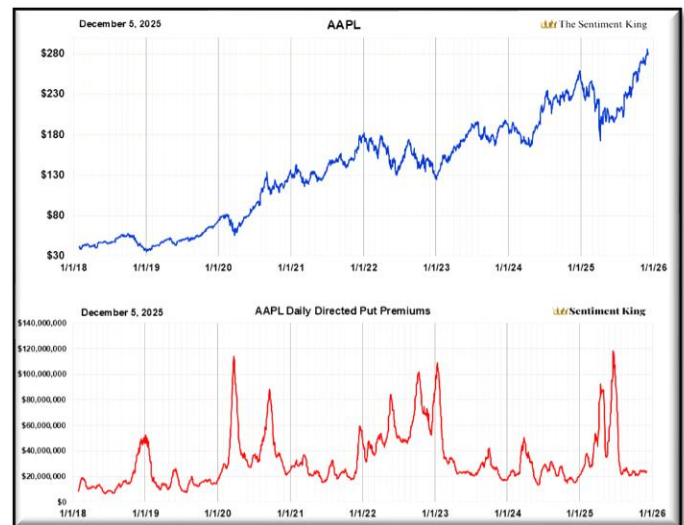

Microsoft

This chart shows the 20-day ratio of "directional" put and call "premiums" in Microsoft. The chart goes back eight years. The 20-day average turns the daily option numbers into long term indicators.

It follows the same Red Zone - Green Zone ranking system of all our indicators and compares current ratios against historic norms. It shows when investors are overly optimistic or pessimistic. Action signals occur at color extremes. This information is intended to help a money manager with timing once a decision to buy or sell a stock has been made.

Apple

The chart on the right plots the 20-day average of "directional" put premiums going into Apple since 2018. It's in dollars, not contracts. Directional "put premiums" are "put dollars" the CBOE has determined actively represent buyers who are positioning to profit if the price of Apple declines.

History shows that sudden increases in this metric usually occur right before the price is about to rise. It is not a short-term indicator. Again, measuring "put" buying doesn't help a manager decide "what" to buy, but it can help decide "when" to buy or sell. For example, if a money manger has decided to sell but sees a surge in put buying, they might wait expecting to sell at a better price later.

Sectors

The table on the left ranks the S&P Sectors on the sentiment scale by calculating the directional puts to calls ratio of every CBOE stock in that sector. For example, the technology sector is based on total put and call money going into 661 technology stocks. The consumer discretionary sector is based on 820 stocks.

Sentiment King Subscription

- **The weekly *MSI Report and Market Forecast,* which evaluates the market against all the sentiment indicators.**

- **Links to the weekly video**

- **Website access to all past and present MSI, stock and video reports**

- **Up to date charts of over 23 sentiment indicators**

- **The weekly 100 stock and 13 sector sentiment report**

The Red Zone – Green Zone Ranking System

-10
-9
-8
-7
-6
-5
-4
-3
-2
-1
0
+1
+2
+3
+4
+5
+6
+7
+8
+9
+10

The Sentiment King Red Zone - Green Zone ranking system is a breakthrough that allows all indicators to be evaluated on the same scale.

An indicator is averaged over a time span that presents the long-term view for that indicator. Then a back study is done against those averages to determine where the current average ranks against historic norms. That ranking is then positioned on a scale from +10 (Red Zone) to -10 (Green Zone), each number representing a 5% incremental change in its historic position. The Red and Green Zones represent extreme readings for that indicator.

This method allows us to combine different indicators into one, which we call the MSI and the ST-MSI. All graphs and tables use this historic ranking of the indicator, not the indicator itself.

Michael James McDonald *is founder of The Sentiment King. He is a stock market forecaster, author and former Senior Vice President of Investments at a company that's now part of Morgan Stanley, where he managed over $500 million. He is a long-term advocate of the theory of contrary opinion and the measurement of investor expectations when forecasting price direction.*

His first book, **"A Strategic Guide to the Coming Roller Coaster Market,"** *was published in June of 2000, three months before the top of the dot comm bubble. On its cover is written, "How a new model of the stock market predicts the end of the 18-year bull market (1982-2000) and the beginning of a new era." The "new era" was to be a long-term (roller coaster) trading range market, which did materialize between 2000 and 2009.*

Then, on August 31st, 2010, in a Seeking Alpha article titled: **"The 10 Year Trading Range Is Over – The 'Final Stampede' Has Begun",** *he called an end to this trading range market and the beginning of another long-term bull market, which also came about.*

He has been writing articles at Seeking Alpha since 2010 and has over 8,000 followers.

Through his company **The Sentiment King,** *he continues to study and do what he loves – research and attempt to successfully forecast major stock trends – and help others see them too.*

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