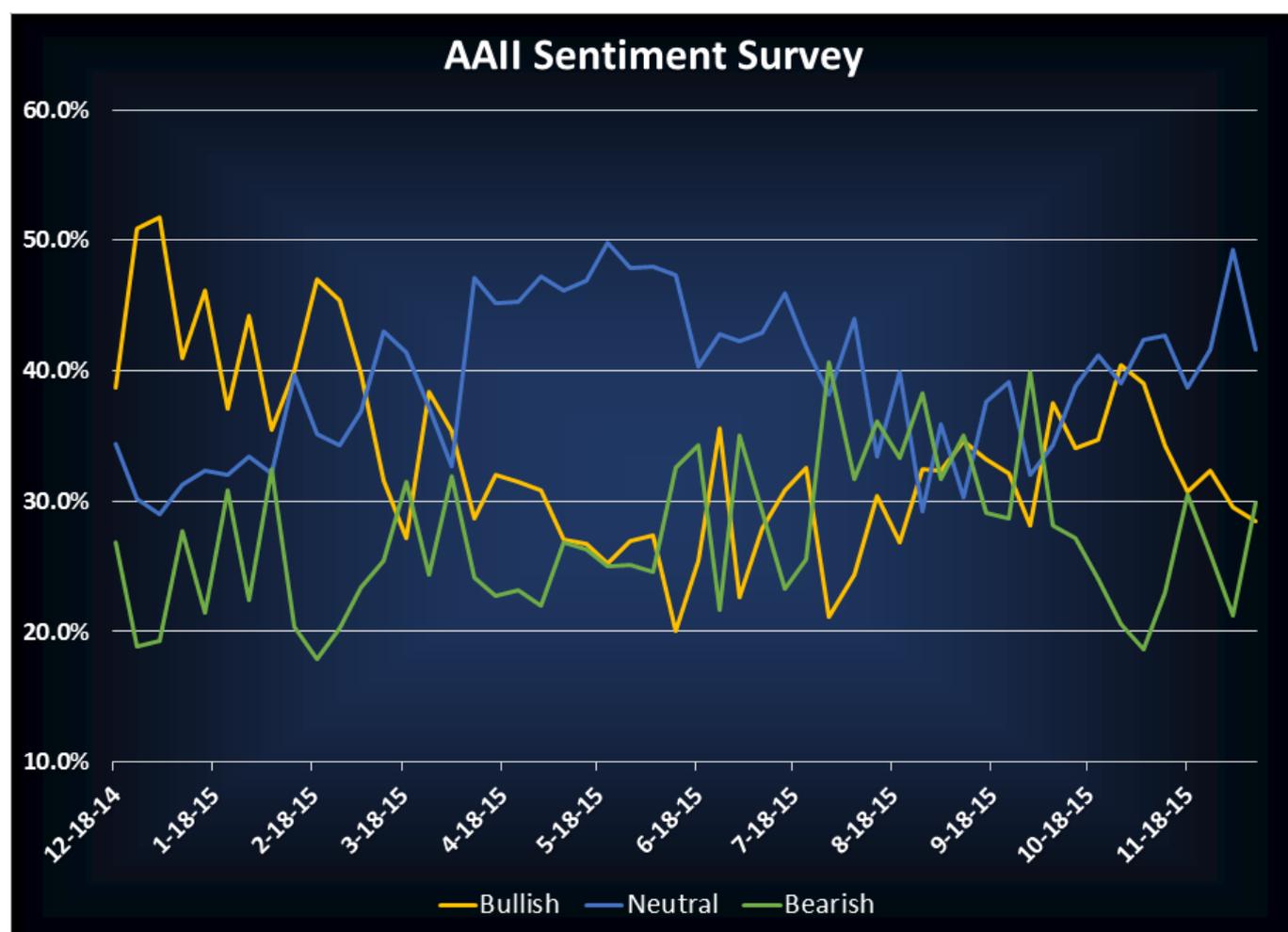


AII Sentiment Survey: Bearish Sentiment Jumps



After having fallen to a four-week low, bearish sentiment rebounded strongly to almost 30% in the latest AII Sentiment Survey. Neutral sentiment fell, while bullish sentiment declined further.

Bullish sentiment, expectations that stock prices will rise over the next six months, declined 1.0 percentage points to 28.5%. Optimism was last lower on September 30, 2015 (28.1%). This is the 38th out of the past 40 weeks with a bullish sentiment reading below its historical average of 39.0%.

Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, plunged 7.7 percentage points to 41.6%. Even with the drop, neutral sentiment is above its historical average of 31.0% for the 13th consecutive week and the 47th week this year.

Bearish sentiment, expectations that stock prices will fall over the next six months, jumped 8.7 percentage points to a three-week high of 29.9%. The historical average is 30.0%.

This week's neutral and bearish sentiment readings reflect a reversal in last week's movement. The large drop in neutral sentiment is equal to last week's gain, which had sent neutral sentiment to its highest level since May 21, 2015. Pessimism had fallen 4.8 to a four-week low last week before

rebounding this week. The changes occurred as the S&P 500 was modestly down.

The overall trend in bullish sentiment has been down since the end of October. During the past six weeks, optimism has fallen by a cumulative 11.9 percentage points. Bullish sentiment now sits at the bottom of its typical historical range.

Individual investors' aggregate expectations for stock market returns continue to exhibit signs of restraint. Some AAI members are optimistic about the possibility of future gains, while others fret about further declines. The ability of the S&P 500 to continue trading near its record high, seasonal trends and potentially better-than-forecast third-quarter earnings surprises are having a positive impact. Conversely, concerns about third-quarter earnings, the pace of U.S. economic growth, geopolitics, monetary policy and U.S. politics are having a negative impact.

Due to a technical glitch, there was not a new special question asked this week.

This week's AAI Sentiment Survey readings:

- Bullish: 28.5%, down 1.0 percentage points
- Neutral: 41.6%, down 7.7 percentage points
- Bearish: 29.9%, up 8.7 percentage points

Historical averages:

- Bullish: 39.0%
- Neutral: 31.0%
- Bearish: 30.0%

The AAI Sentiment Survey has been conducted weekly since July 1987 and asks AAI members whether they think stock prices will rise, remain essentially flat or fall over the next six months. The survey period runs from Thursday (12:01 a.m.) to Wednesday (11:59 p.m.). The survey and its results are available online at: <http://www.aai.com/sentimentsurvey>.

Want to weigh in? Take the survey yourself and see results online at

<http://www.aai.com/sentimentsurvey>.

If you want to become an effective manager of your own assets and achieve your financial goals, consider a **risk-free 30-day Trial AAI Membership**.