

AAII Sentiment Survey: Highest Pessimism in Nearly Seven Months

The percentage of individual investors who are pessimistic about the short-term direction of stock prices is at its highest level in nearly seven months. The latest AAI Sentiment Survey also shows declines in both bullish and neutral sentiment.

Bullish sentiment, expectations that stock prices will rise over the next six months, declined 1.3 percentage points to 31.9%. The decline keeps optimism below its historical average of 38.5% for the sixth time in eight weeks.

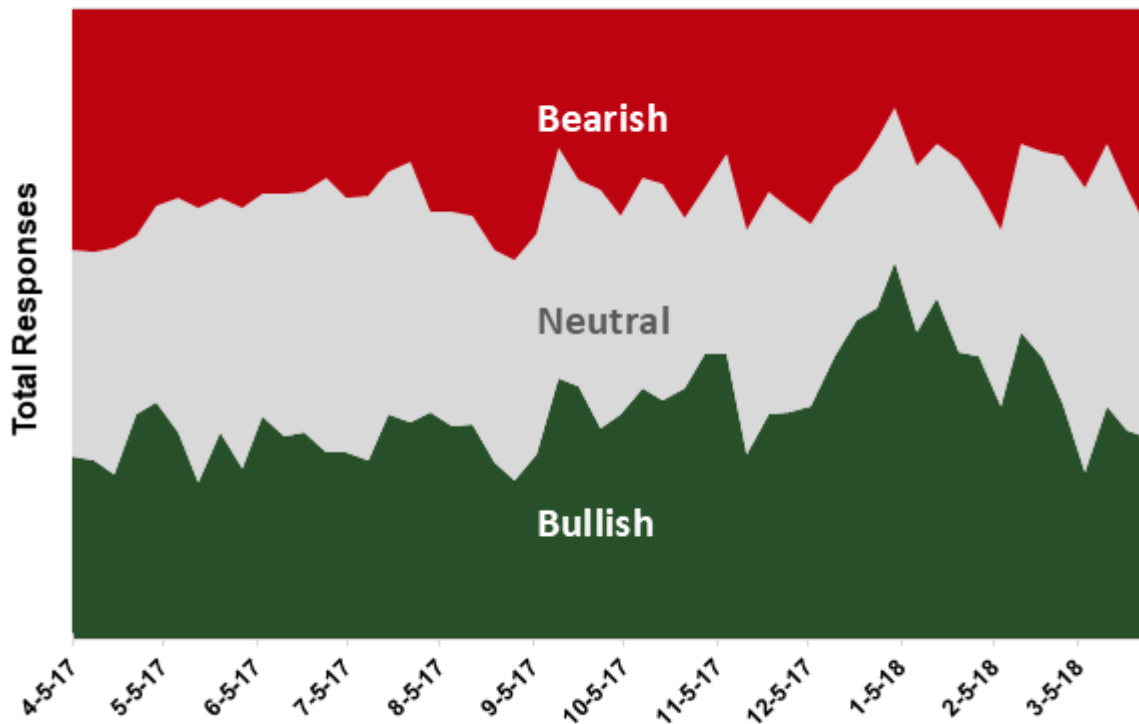
Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, fell 5.5 percentage points to 32.7%. Though at a five-week low, neutral sentiment remains above its historical average of 31.0% for a sixth consecutive week.

Bearish sentiment, expectations that stock prices will fall over the next six months, jumped 6.8 percentage points to 35.3%. Pessimism was last higher on September 7, 2017. The rise puts bearish sentiment above its historical average of 30.5% for just the second time in the last 16 weeks.

After falling to its second-lowest level of the year two weeks ago, pessimism has rebounded by a cumulative 14.0 percentage points. Over the same two-week period, the S&P 500 index has lost 5.3% of its value.

Many individual investors are anticipating continued volatility and/or think the current political backdrop could have a further impact on the stock market. Trade policy is influencing some individual investors' sentiment, but not all. While many individual investors either approve of the recent interest rate hike or don't expect it to affect the stock market, some are concerned about the impact that rising rates will have as the responses to this week's special question indicate. Also influencing sentiment are valuations, tax cuts, earnings and economic growth.

AII Sentiment Survey



American Association of Individual Investors
www.AAI.com

This week's AAI Sentiment Survey results:

- Bullish: 31.9%, down 1.3 percentage points
- Neutral: 32.7%, down 5.5 percentage points
- Bearish: 35.3%, up 6.8 percentage points

Historical averages:

- Bullish: 38.5%
- Neutral: 31.0%
- Bearish: 30.5%

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