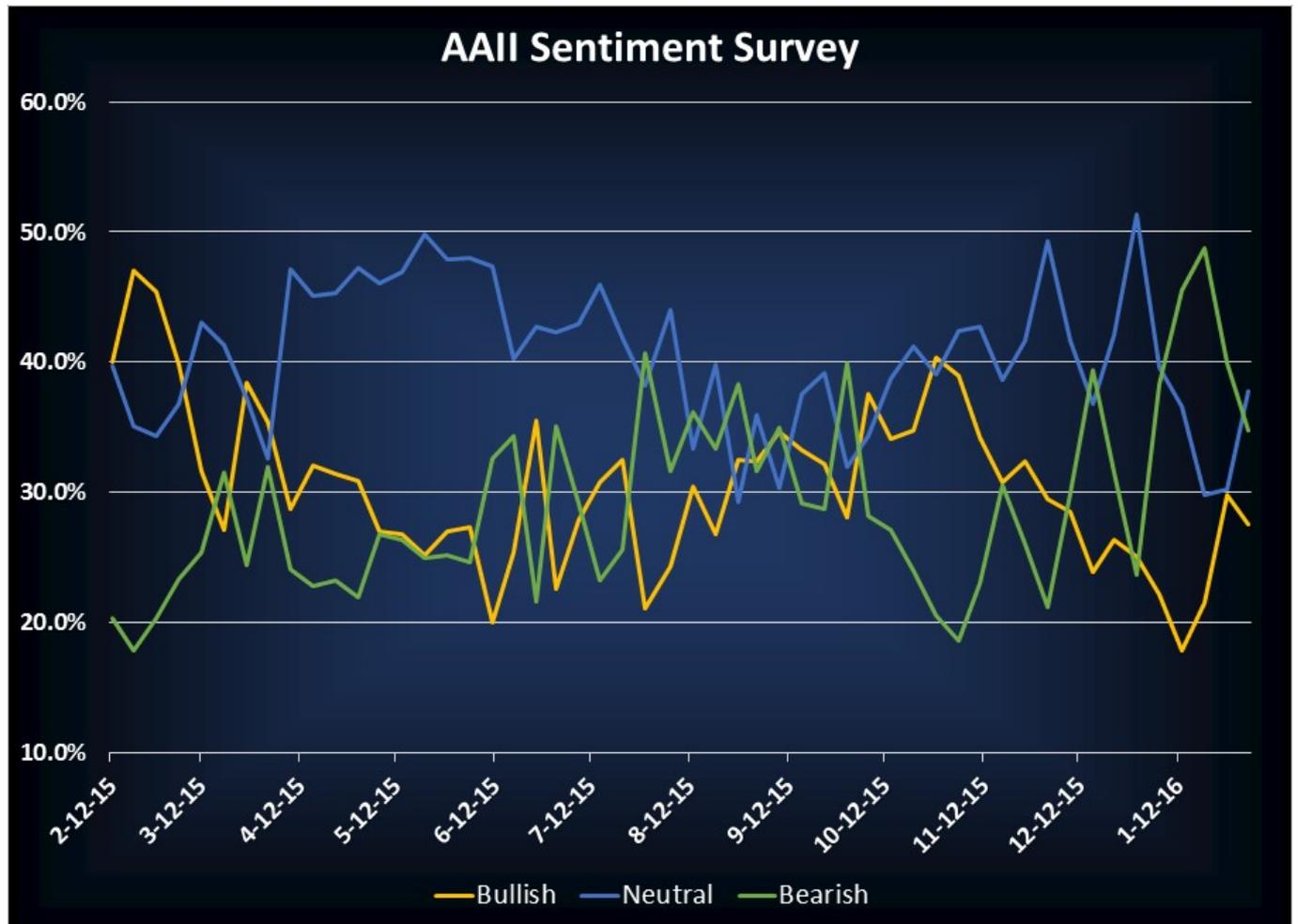


AII Sentiment Survey: Neutral Sentiment Jumps as Pessimism Declines



Neutral sentiment rebounded back above its historical average as pessimism continued to pull back from its recent high in the latest AII Sentiment Survey. Optimism declined, continuing the streak of fewer than three out of 10 investors expecting gains in the stock market.

Bullish sentiment, expectations that stock prices will rise over the next six months, declined by 2.2 percentage points to 27.5%. The drop keeps optimism below 30% for a 10th consecutive week and below its historical average of 39.0% for the 46th out of the past 48 weeks.

Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, jumped by 7.5 percentage points to 37.7%. This is a four-week high. The historical average is 31.0%.

Bearish sentiment, expectations that stock prices will fall over the next six months, fell 5.2 percentage points to 34.7%. Since spiking to 48.7% two weeks ago, pessimism has pulled back by a cumulative 14.0 percentage points. Nonetheless, bearish sentiment is above its historical average of 30.0% for a fifth consecutive week and the seventh time in eight weeks.

The rebound in neutral sentiment occurred as the stock market has shown signs of stabilizing, at least temporarily. This week's rebound continues an ongoing trend; since November 2014, neutral sentiment has never been below its historical average for three consecutive weeks.

Both this survey and our monthly Asset Allocation Survey shows a split in the reactions of individual investors to the ongoing correction. Some AAI members have increased their cash allocations in anticipation of further declines in stock prices. (Contributing to the pessimism are the slowing pace of economic growth in China, tensions in the Middle East, the pace of economic growth in the U.S., the rate of earnings growth and prevailing valuations.) Others view the downward volatility as a buying opportunity or are looking for the opportunity to buy stocks at discounted prices. There are also many individual investors who have not made any changes to their portfolios.

This week's AAI Sentiment Survey results:

- Bullish: 27.5%, down 2.2 percentage points
- Neutral: 37.7%, up 7.5 percentage points
- Bearish: 34.7%, down 5.2 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.).

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**.