

AII Sentiment Survey: Neutral Sentiment Jumps to a Seven--Month High

The proportion of individual investors describing their short-term outlook as neutral is at a seven-month high. The latest AII Sentiment Survey also shows a drop in optimism and a slight rise in pessimism.

Bullish sentiment, expectations that stock prices will rise over the next six months, fell 7.4 percentage points to 37.3%. The drop puts optimism below its historical average of 38.5% for the second time in four weeks.

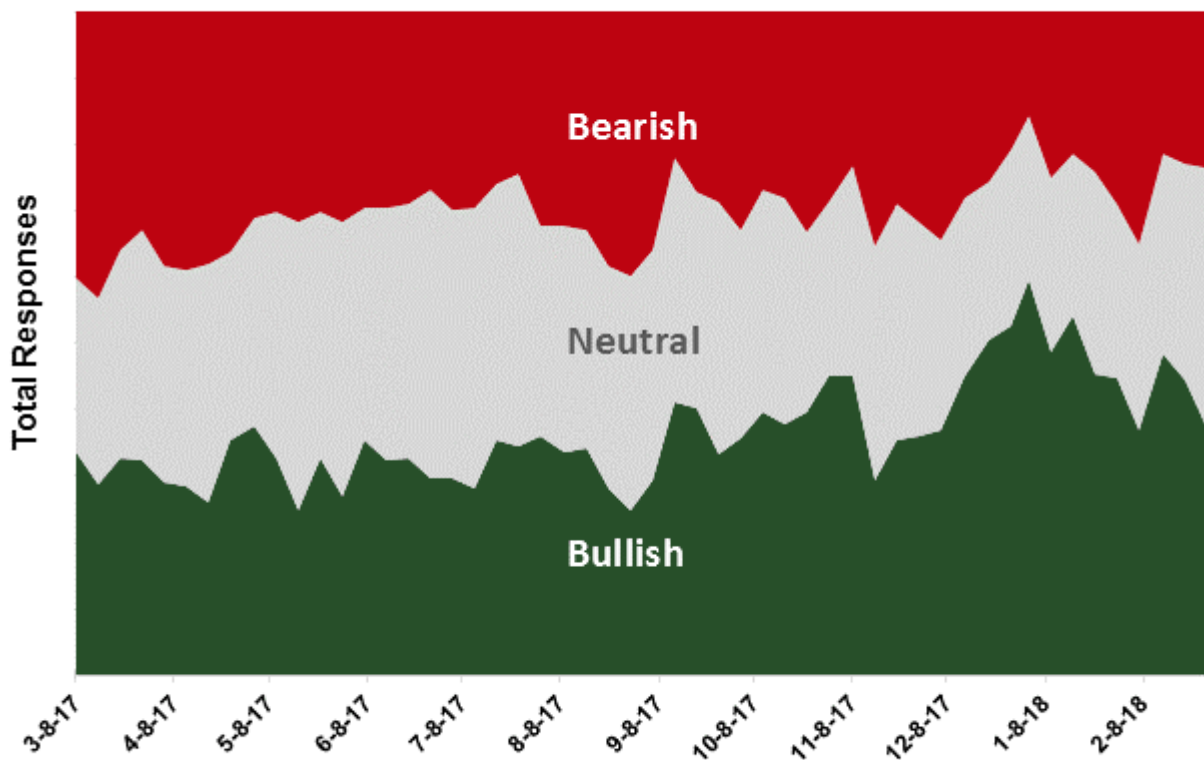
Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, jumped 6.7 percentage points to 39.3%. Neutral sentiment was last higher on July 27, 2017 (41.2%). The historical average is 31.0%.

Bearish sentiment, expectations that stock prices will fall over the next six months, rose 0.6 percentage points to 23.4%. Pessimism is below its historical average of 30.5% for the 11th time in 12 weeks.

Neutral sentiment is now close to the upper end of its typical range. Readings above 40% are unusually high. Bullish and bearish sentiment are also currently within their typical ranges.

The current financial and economic backdrop is having a varied effect on individual investors' six-month outlook. Higher interest rates are having an influence on some, but not all. The rebound from February's correction has made valuations less attractive to would-be bargain shoppers relative to a few weeks ago. Also playing a role are tax cuts, earnings and concerns about whether a steeper drop in stock prices is forthcoming.

AII Sentiment Survey



American Association of Individual Investors
www.AAII.com

This week's AAI Sentiment Survey results:

- Bullish: 37.3%, down 7.4 percentage points
- Neutral: 39.3%, up 6.7 percentage points
- Bearish: 23.4%, up 0.6 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.aaii.com/sentimentsurvey.

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