

AII Sentiment Survey: Neutral Sentiment Rises Back Above 40%

The percentage of individual investors who described their short-term outlook for stocks as “neutral” is above 40% for the first time in almost two months. The latest AII Sentiment Survey also shows a big drop in optimism and a rise in pessimism.

Bullish sentiment, expectations that stock prices will rise over the next six months, plunged 8.5 percentage points to 28.4%. The drop keeps optimism below its historical average of 38.5% for the 10th consecutive week and the 11th time in 13 weeks.

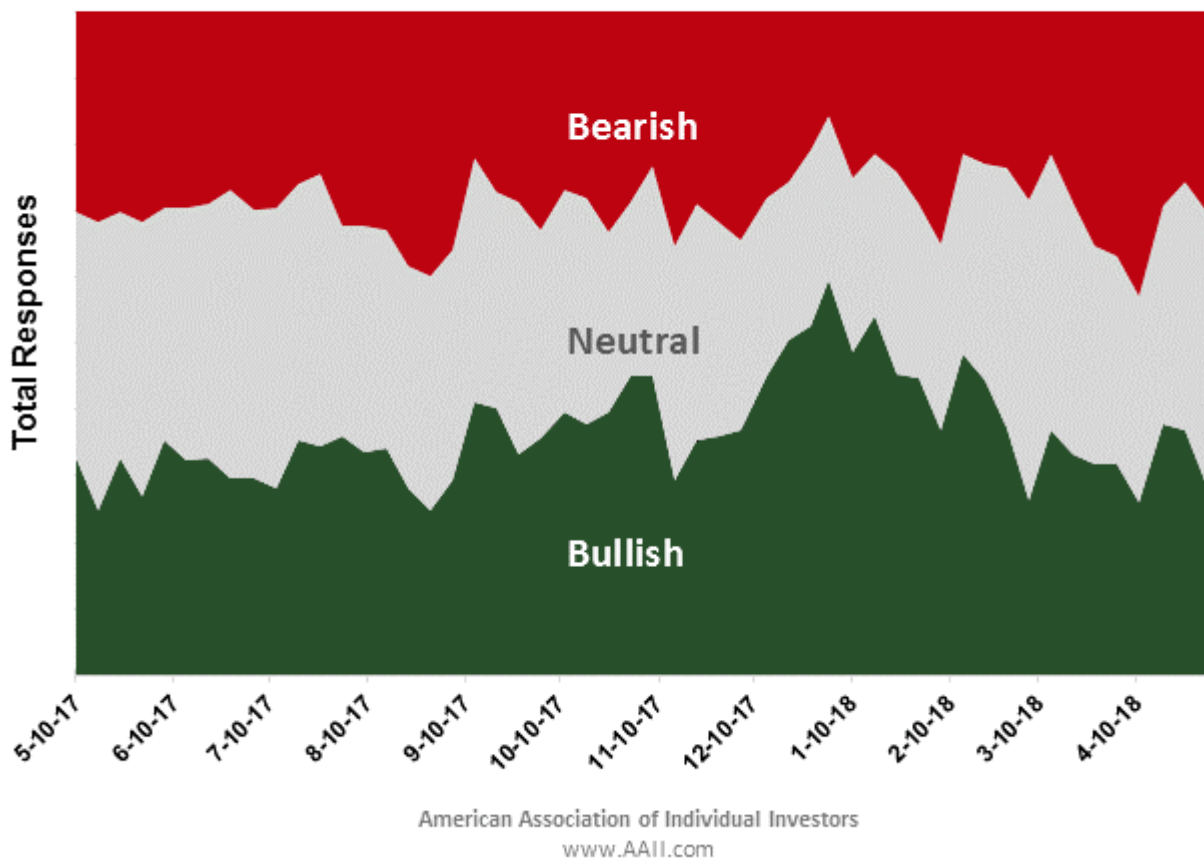
Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, rose 3.8 percentage points to 41.4%. Neutral sentiment was last higher on March 14, 2018 (41.8%). This is the 11th consecutive week with a neutral sentiment reading above the historical average of 31.0%.

Bearish sentiment, expectations that stock prices will fall over the next six months, rebounded by 4.7 percentage points to 30.2%. The rise puts pessimism close to, but still below, its historical average of 30.5%.

Since falling to a two-month low of 31.2% on April 11, neutral sentiment has jumped by a cumulative 10.2 percentage points. At its current level, neutral sentiment is at an unusually high level. Meanwhile, bullish sentiment is near the bottom of its typical range.

Many individual investors, but not all, anticipate continued volatility and/or think that the current political backdrop could have a further impact on the stock market. Trade policy is influencing some individual investors' sentiment. While many individual investors either approve of the Federal Reserve's plan to gradually raise interest rates or don't expect it to affect the stock market, some are concerned about the impact that rising rates will have. Also influencing sentiment are valuations, tax cuts, earnings and economic growth.

AAll Sentiment Survey



This week's AAll Sentiment Survey results:

- Bullish: 28.4%, down 8.5 percentage points
- Neutral: 41.4%, up 3.8 percentage points
- Bearish: 30.2%, up 4.7 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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