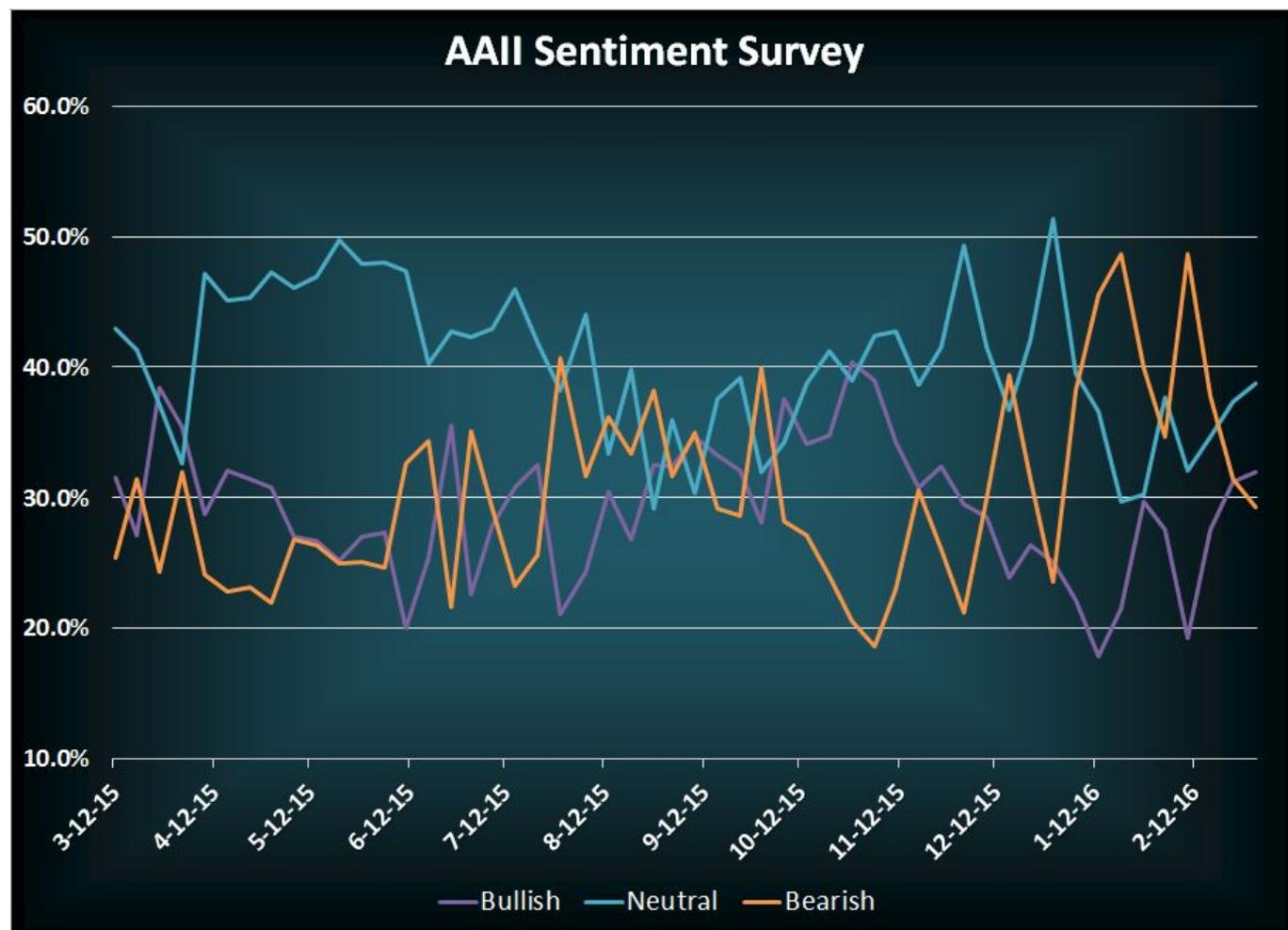


## AAII Sentiment Survey: Neutral Sentiment Rises to a Two-Month High



The percentage of individual investors describing their short-term outlook for stock prices as neutral is now at a two-month high, according to the latest AAI Sentiment Survey. Meanwhile, pessimism continues to pull back from its recent high.

Bullish sentiment, expectations that stock prices will rise over the next six months, edged up 0.8 percentage points to 32.0%. The increase keeps optimism at its highest level since November 26, 2015 (32.4%). It is not a large enough move, however, to prevent optimism from staying below its historical average of 39.0% for the 17th consecutive week and the 50th out of the past 52 weeks.

Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, rose 1.3 percentage points to 38.7%. Neutral sentiment was last higher on January 7, 2016 (39.6%). With the increase, neutral sentiment is above its historical average of 31.0% for a fifth consecutive week and the 57th time in the past 61 weeks.

Bearish sentiment, expectations that stock prices will fall over the next six months, declined 2.2 percentage points to 29.2%. Pessimism was last lower on December 30, 2015 (23.6%). This week's

decrease puts pessimism below its historical average of 30.0% for the first time in nine weeks and just the second time in the past 12 weeks.

Bearish sentiment has now fallen by a cumulative 19.5 percentage points over the past three weeks. The large drop follows what was nearly a three-year high of 48.7% on February 10, 2015. The decline in pessimism corresponds with what is turning out to be at least a short-term bottom for the major U.S. stock indexes.

Notably, though optimism has improved in recent weeks, less than a third of all survey respondents describe their short-term outlook of stocks as bullish. Many individual investors are still concerned about the pace of economic growth in the U.S., the pace of economic growth in China, tensions in the Middle East, the rate of earnings growth and prevailing valuations. Frustration with Washington politics also continues to be expressed in the answers to our weekly special questions.

This week's AAI Sentiment Survey results:

- Bullish: 32.0%, up 0.8 percentage points
- Neutral: 38.7%, up 1.3 percentage points
- Bearish: 29.2%, down 2.2 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**.