

AII Sentiment Survey: Optimism Bounces to a 15-Week High

The percentage of individual investors expressing optimism about the short-term outlook for stocks is at a 15-week high. The latest AII Sentiment Survey also shows a decline in neutral sentiment and a modest increase in pessimism.

Bullish sentiment, expectations that stock prices will rise over the next six months, rose 3.9 percentage points to 38.9%. Optimism was last higher on February 21, 2018. The historical average is 38.5%.

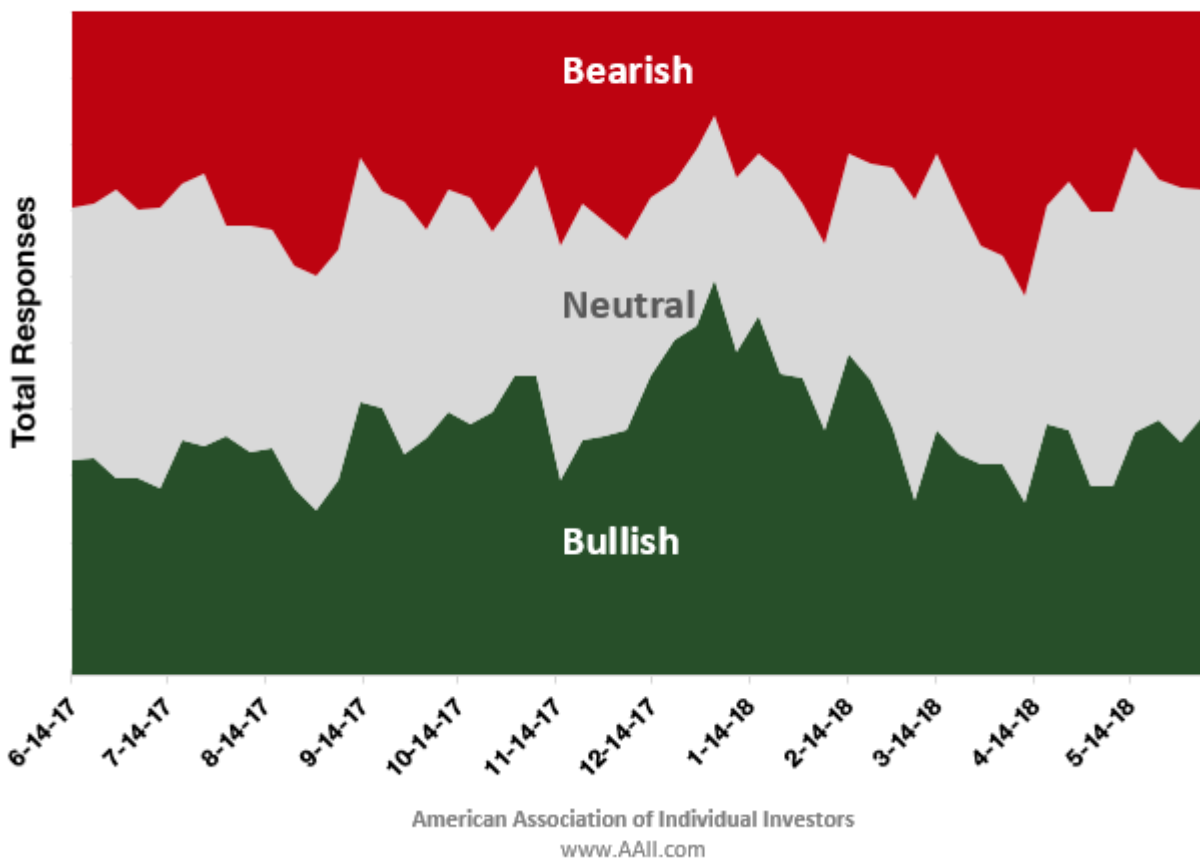
Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, fell 4.3 percentage points to 34.4%. Even with the decline, neutral sentiment remains above its historical average of 31.0% for the 16th consecutive week.

Bearish sentiment, expectations that stock prices will fall over the next six months, edged up 0.4 percentage points to 26.7%. Bearish sentiment remains below its historical average of 30.5% for the eighth consecutive week and the 22nd time out of the past 26 weeks.

This is just the second time in the past 15 weeks that optimism is above average. The recent improvement mostly reflects a shift from investors describing their outlook as “neutral” to “bullish.” Pessimism, meanwhile, has stayed pretty stable. Bearish sentiment readings have been within a 1.5 percentage point range during four out of the last five weeks.

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, but not all, individual investors’ sentiment. While many either approve of the Federal Reserve’s plan to gradually raise interest rates or don’t expect it to affect the stock market, some AII members are concerned about the impact that rising rates will have. Also influencing sentiment are valuations, tax cuts, earnings and economic growth.

AII Sentiment Survey



This week's AAI Sentiment Survey results:

- Bullish: 38.9%, up 3.9 percentage points
- Neutral: 34.4%, down 4.3 percentage points
- Bearish: 26.7%, up 0.4 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.

*If you want to become an effective manager of your own assets and achieve your financial goals, consider a **risk-free 30-day Trial AII Membership***