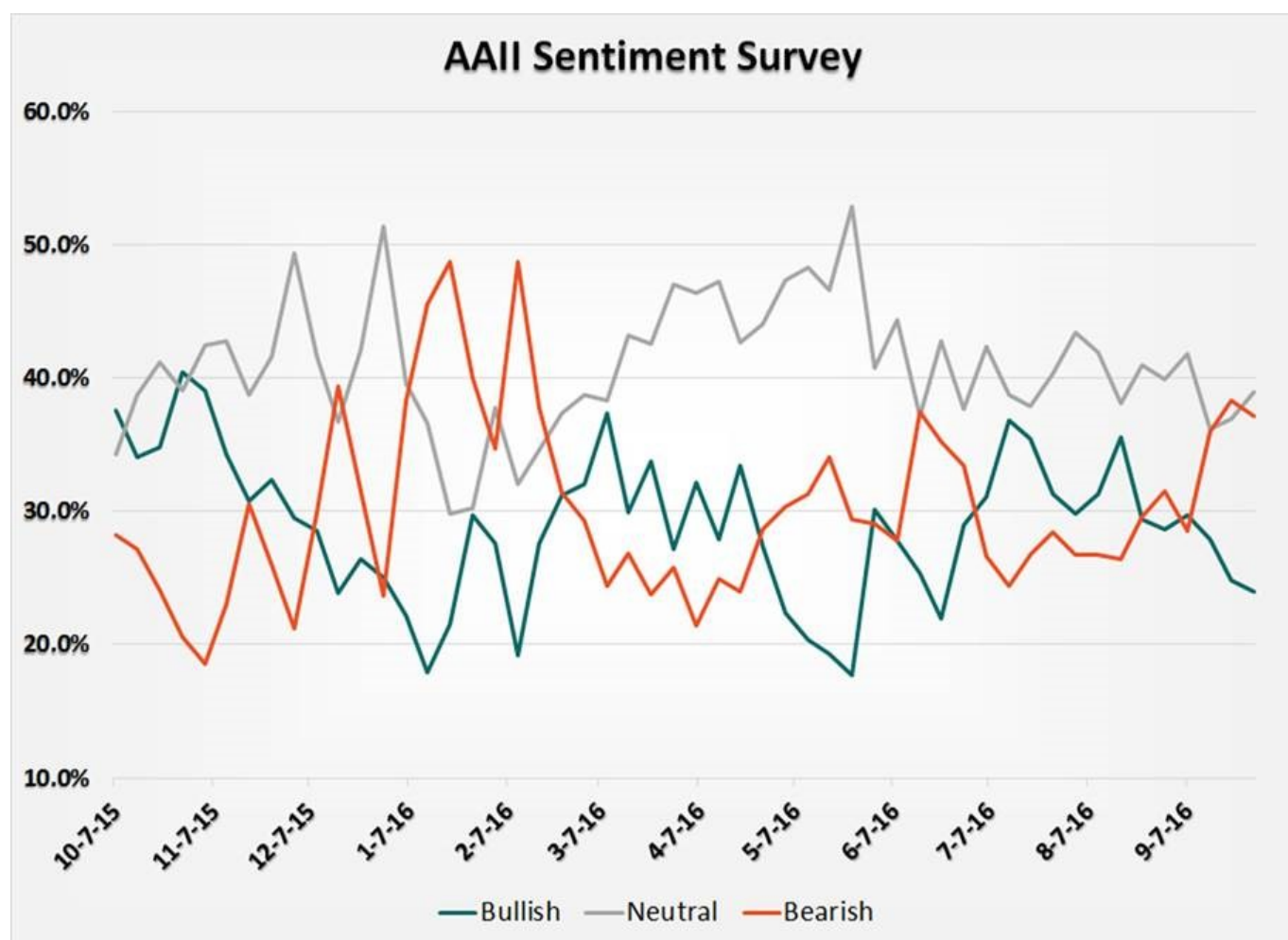


## AII Sentiment Survey: Optimism Continues to Fall



The percentage of individual investors expecting stock prices to rise is down for a third consecutive week in the latest AII Sentiment Survey. Neutral sentiment rose, while pessimism pulled back.

Bullish sentiment, expectations that stock prices will rise over the next six months, declined 0.8 percentage points to 24.0%. Optimism was last lower on June 22, 2016 (22.0%). This is the 47th consecutive week and the 80th out of the past 82 weeks with a bullish sentiment reading below its historical average of 38.5%.

Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, rose 2.0 percentage points to 38.9%. The increase puts neutral sentiment above its historical average of 31.0% for the 35th consecutive week.

Bearish sentiment, expectations that stock prices will fall over the next six months, pulled back by 1.2 percentage points to 37.1%. Pessimism is above its historical average of 30.5% for the third consecutive week and the fourth time in five weeks.

This is the sixth consecutive week with fewer than three out of 10 individual investors expressing optimism about the short-term direction of stock prices. It is also the third consecutive week that bullish sentiment is at an unusually low level (more than one standard deviation below average). The typical long-term range for optimism is 28.1% to 48.7%.

The downward volatility that occurred last Friday and Monday likely did not help investor sentiment, as many individual investors fret about the possibility of a sizeable drop occurring. The election is also creating uncertainty among some individual investors. Further adding to pessimism about the short-term direction of stock prices are concerns about valuations, global economic uncertainty and the pace of corporate earnings growth. Giving other individual investors reason for optimism are this summer's rise in stock prices, the perceived lack of investment alternatives, corporate earnings, low/stable energy prices and sustained, albeit slow, economic growth.

AII Sentiment Survey results:

- Bullish: 24.0%, down 0.8 percentage points
- Neutral: 38.9%, up 2.0 percentage points
- Bearish: 37.1%, down 1.2 percentage points

Historical averages:

- Bullish: 38.5%
- Neutral: 31.0%
- Bearish: 30.5%

The AII Sentiment Survey has been conducted weekly since July 1987 and asks AII 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.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**.