

# AII Sentiment Survey: Optimism Rebounds

Optimism about the short-term direction of stock prices rebounded, but remains below its historical average in the latest AII Sentiment Survey. Both neutral sentiment and bearish sentiment pulled back from last week's readings.

Bullish sentiment, expectations that stock prices will rise over the next six months, rebounded by 11.3 percentage points to 38.4%. Even with this week's sizeable increase, optimism is below its historical average of 39.0% for the third consecutive week.

Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, pulled back by 4.2 percentage points to 37.2%. Even with the decline, neutral sentiment remains above its historical average of 30.5% for the 12th consecutive week. This is the longest such streak since a 32-week stretch of above-average readings between January 9 and August 14, 2014.

Bearish sentiment, expectations that stock prices will fall over the next six months, fell 7.1 percentage points to 24.4%. The drop puts pessimism back below its historical average of 30.5% for the 42nd time out of the past 52 weeks.

Optimism rebounded back to near its historical average after falling to an unusually low level last week. Some individual investors reacted favorably to the Federal Open Market Committee's decision to remove the "patient" language, as the responses to this week's special question reveal. Differences in specific AII members who participated in this week's survey versus last week's may have also impacted the shift in sentiment readings.

The recent price fluctuations, prevailing valuations, disappointing earnings or guidance from certain companies, geopolitical events, the pace of economic growth and worries that an even larger decline in stock prices could occur are weighing on some AII members' short-term market outlook. Keeping other AII members encouraged is the ongoing bull market, sustained economic expansion, earnings growth and still-accommodative monetary policy.

This week's AII Sentiment Survey results:

- Bullish: 38.4%, up 11.3 percentage points
- Neutral: 37.2%, down 4.2 percentage points
- Bearish: 24.4%, down 7.1 percentage points

Historical averages:

- Bullish: 39.0%
- Neutral: 30.5%
- Bearish: 30.5%

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.). The survey and its results are available online at: <http://www.aai.com/sentimentsurvey>.