

# AII Sentiment Survey: Optimism Rises to Highest Level Since June

Optimism rose to its highest level since June in the latest AII Sentiment Survey. Pessimism is also higher, while neutral sentiment fell.

Bullish sentiment, expectations that stock prices will rise over the next six months, rose 2.3 percentage points to 34.6%. This is the largest amount of optimism registered by our survey since June 25, 2015, (35.6%) and is the third-highest reading since March. Even with the rebound, bullish sentiment remains below its historical average of 39.0% for the 27th consecutive week, the longest such streak since a 29-week stretch in 1993.

Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, fell 5.6 percentage points to 30.3%. The drop reverses last week's rebound and puts neutral sentiment below its historical average of 31.0% for the second time in three weeks.

Bearish sentiment, expectations that stock prices will fall over the next six months, rebounded by 3.3 percentage points to 35.0%. The rise keeps pessimism above its historical average of 30.0% for a seventh consecutive week. This is the longest streak of consecutive above-average readings for bearish sentiment since a 16-week stretch between August 30 and December 13, 2012.

Since volatility returned to the stock market, a larger proportion of individual investors are optimistic about the six-month prospects for equities. Bullish sentiment is above 30% for a third consecutive week for the first time since last April. This improvement from low levels reflects the perception among some individual investors that valuations have improved and that the recent volatility is providing a buying opportunity.

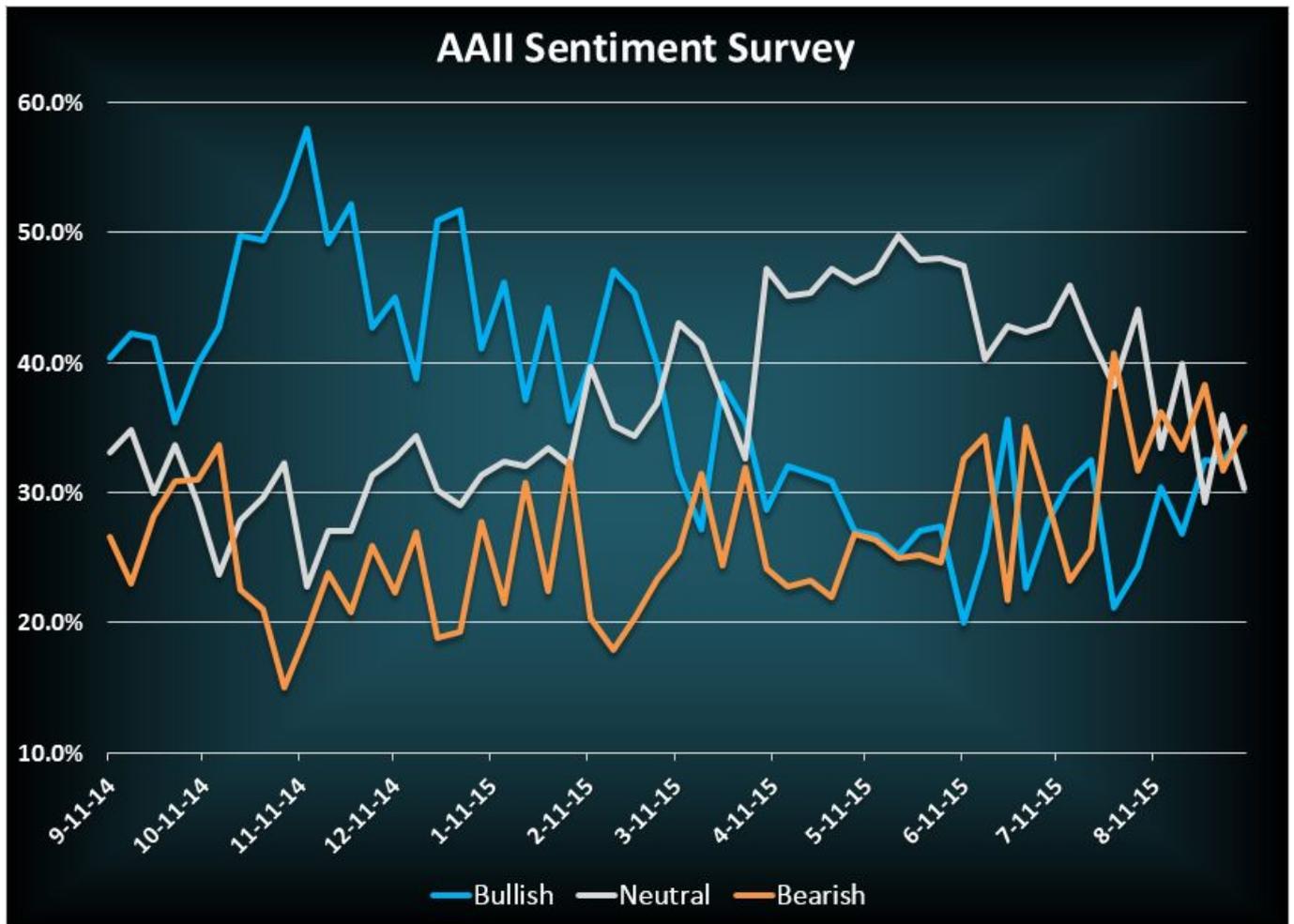
Bullish sentiment remains below average, however. At the same time, pessimism continues to be above average. The slightly higher level of pessimism in this week's survey reflects concerns among many individual investors about the possibility of stock prices falling further due to valuations, slow earnings growth and slow economic growth among other factors.

This week's AII Sentiment Survey results:

- Bullish: 34.6%, up 2.3 percentage points
- Neutral: 30.3%, down 5.6 percentage points
- Bearish: 35.0%, up 3.3 percentage points

Historical averages:

- Bullish: 39.0%
- Neutral: 31.0%
- Bearish: 30.0%



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