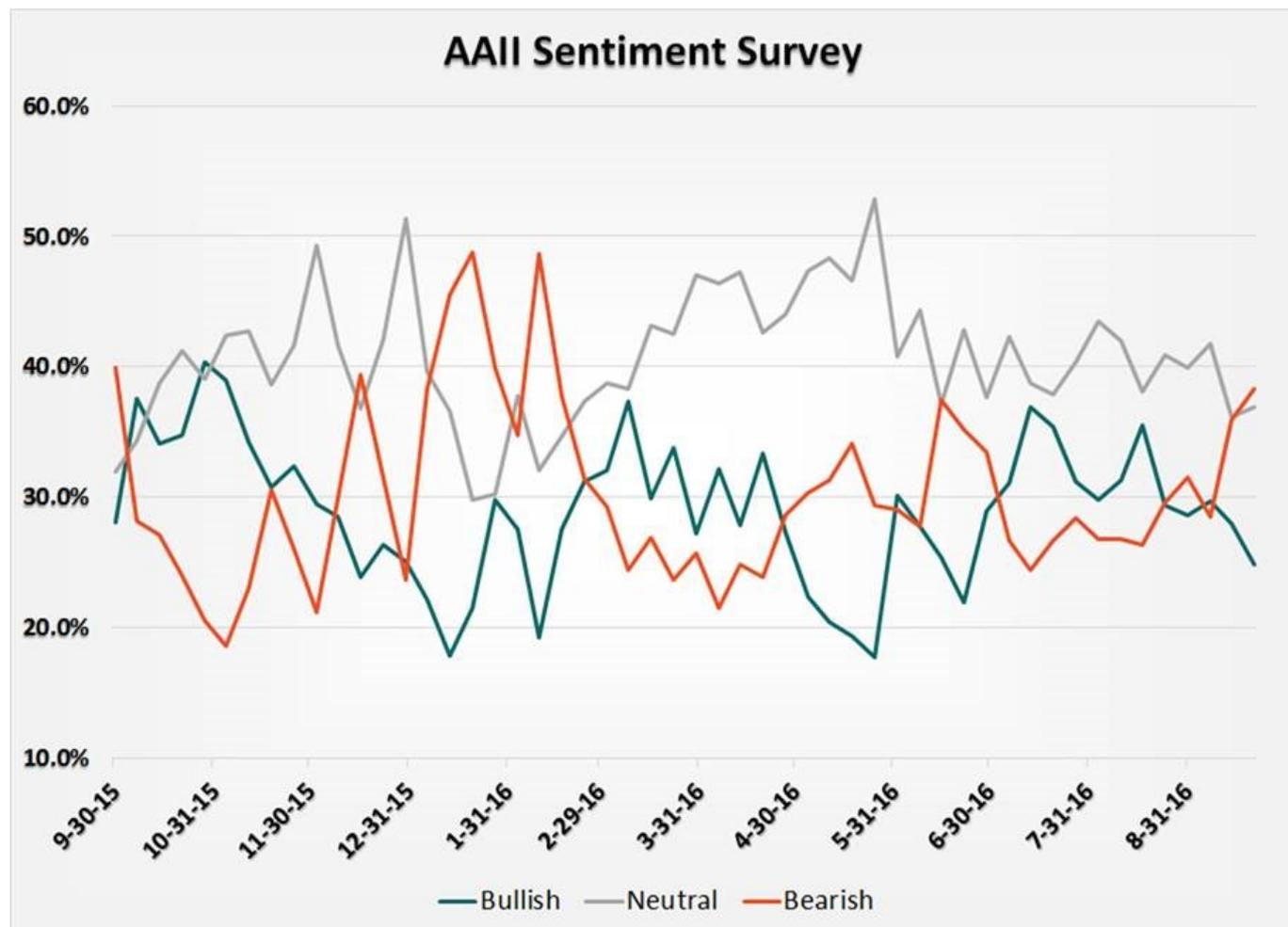


AAII Sentiment Survey: Pessimism at Highest Level Since February



The percentage of individual investors expressing pessimism about the short-term direction of the stock market is at its highest level since February. This week's AAI Sentiment Survey also shows a slight increase in neutral sentiment and a further decline in optimism.

Bullish sentiment, expectations that stock prices will rise over the next six months, fell 3.1 percentage points to 24.8%. The drop keeps optimism at its lowest level since June 22, 2016 (22.0%). It also keeps bullish sentiment below its historical average of 38.5% for the 79th week out of the past 81.

Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, edged up 0.7 percentage points to 36.9%. The increase puts neutral sentiment above its historical average of 31.0% for the 34th consecutive week.

Bearish sentiment, expectations that stock prices will fall over the next six months, rose 2.4 percentage points to 38.3%. Pessimism was last higher on February 10, 2016 (48.7%). Bearish

sentiment is still within its typical historical range, though it's above its historical average of 30.5% for the third time in four weeks.

During the past two weeks, pessimism has jumped by a cumulative 9.8 percentage points, while optimism has fallen by a cumulative 5.0 percentage points. Concerns continue to exist about a potentially larger drop in stock prices than occurred earlier in the month. It is also not completely clear how much influence the upcoming election is having on sentiment, though it is mentioned regularly without any prompt from us in response to the survey's weekly special question.

The survey period runs from Thursday through Wednesday. As such, the majority of this week's survey responses were recorded before yesterday's Federal Reserve statement and yesterday's new record high for the NASDAQ. (AII members have previously expressed mixed opinions about the new record highs established by the major indexes this summer.)

In addition to worries about a potential larger drop in stock prices, some AII members have previously expressed concern 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.

This week's AII Sentiment Survey results:

- Bullish: 24.8%, down 3.1 percentage points
- Neutral: 36.9%, up 0.7 percentage points
- Bearish: 38.3%, up 2.4 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 AAI Membership**.