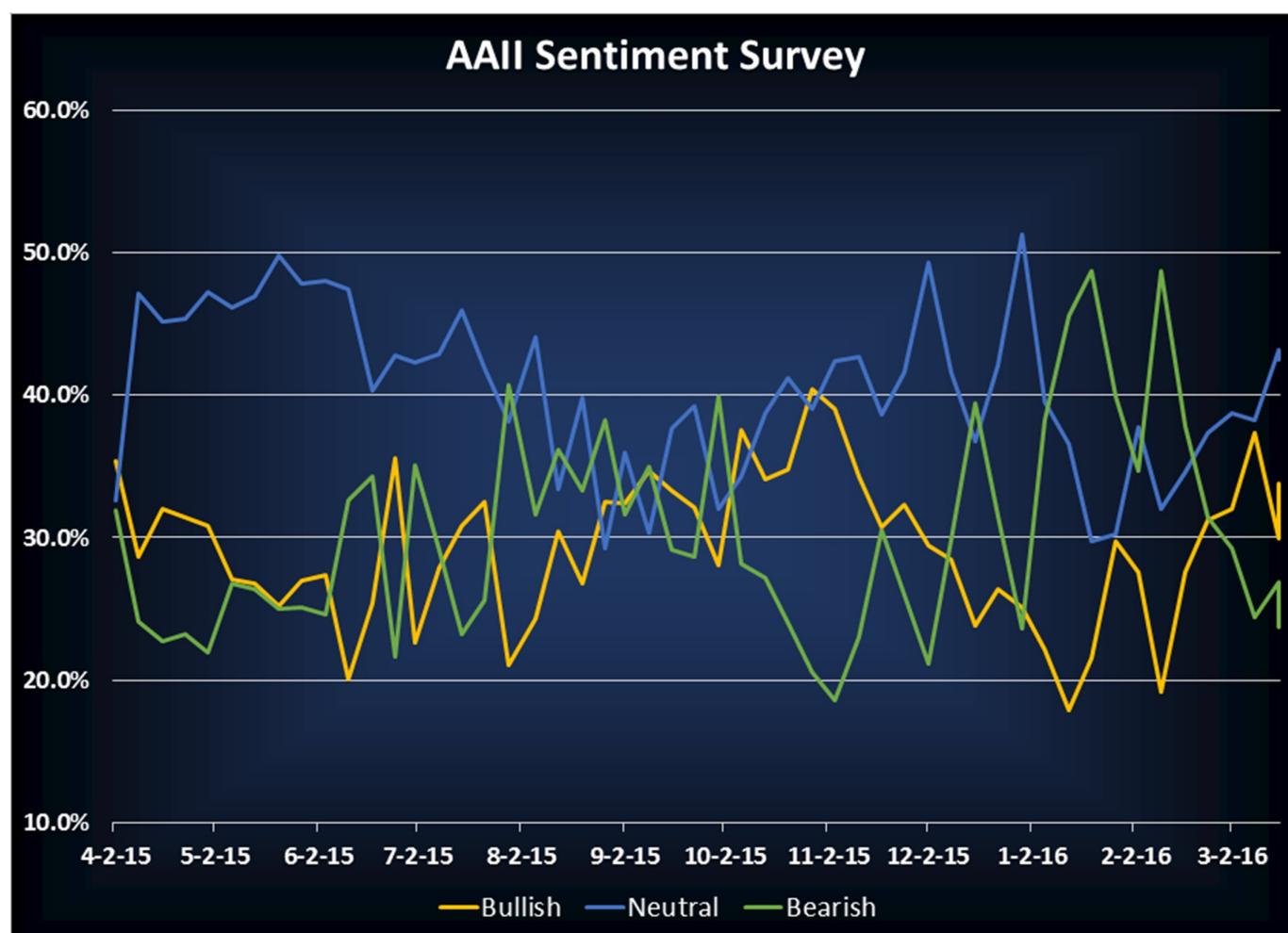


AII Sentiment Survey: Pessimism Continues to Fall



The level of short-term pessimism among individual investors continues to pull back, according to the latest AII Sentiment Survey. Bearish sentiment is now down by a cumulative 25 percentage points since early February. However, optimism still remains below average and neutral sentiment is at an unusually high level.

Bullish sentiment, expectations that stock prices will rise over the next six months, rebounded by 3.8 percentage points to 33.8%. The increase was not large enough to prevent optimism from staying below its historical average of 39.0% for the 20th consecutive week and the 53rd out of the past 55 weeks.

Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, declined 0.7 percentage points to 42.5%. This is the eighth consecutive week and the 60th in the past 64 weeks with a neutral sentiment reading above its historical average of 31.0%.

Bearish sentiment, expectations that stock prices will fall over the next six months, declined 3.1 percentage points to 23.7%. The drop put pessimism at a new low for 2016, and just barely above

the December 31, 2015, reading of 23.6%. Bearish sentiment has now been below its historical average of 30.0% for four consecutive weeks.

Though pessimism has declined considerably over the past nine weeks, it still remains within its typical historical range. More importantly, optimism continues to stay at below-average levels, with only one in three survey respondents currently describing their short-term outlook as “bullish.”

Though some individual investors are encouraged by the market’s rebound off of its February lows, sustained economic growth and still comparatively low energy prices, others fret about the possibility of further declines in stock prices, the pace of economic growth in the U.S., the pace of economic growth in China, tensions in the Middle East, the rate of earnings growth and prevailing valuations. Frustration with Washington politics also continues to be expressed.

This week’s AAI Sentiment Survey results:

- Bullish: 33.8%, up 3.8 percentage points
- Neutral: 42.5%, down 0.7 percentage points
- Bearish: 23.7%, down 3.1 percentage points

Historical averages:

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

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.).

Want to weigh in? Take the survey yourself and see results online at

<http://www.aai.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**.