

AII Sentiment Survey: Pessimism Declines to a 4-Month Low

A modest decrease in the percentage of individual investors who expect stock prices to decline sent pessimism to a four-month low. Bearish sentiment, however, remains close to its historical average in the latest AII Sentiment Survey. Additionally, this week's survey shows small increases in optimism and neutral sentiment.

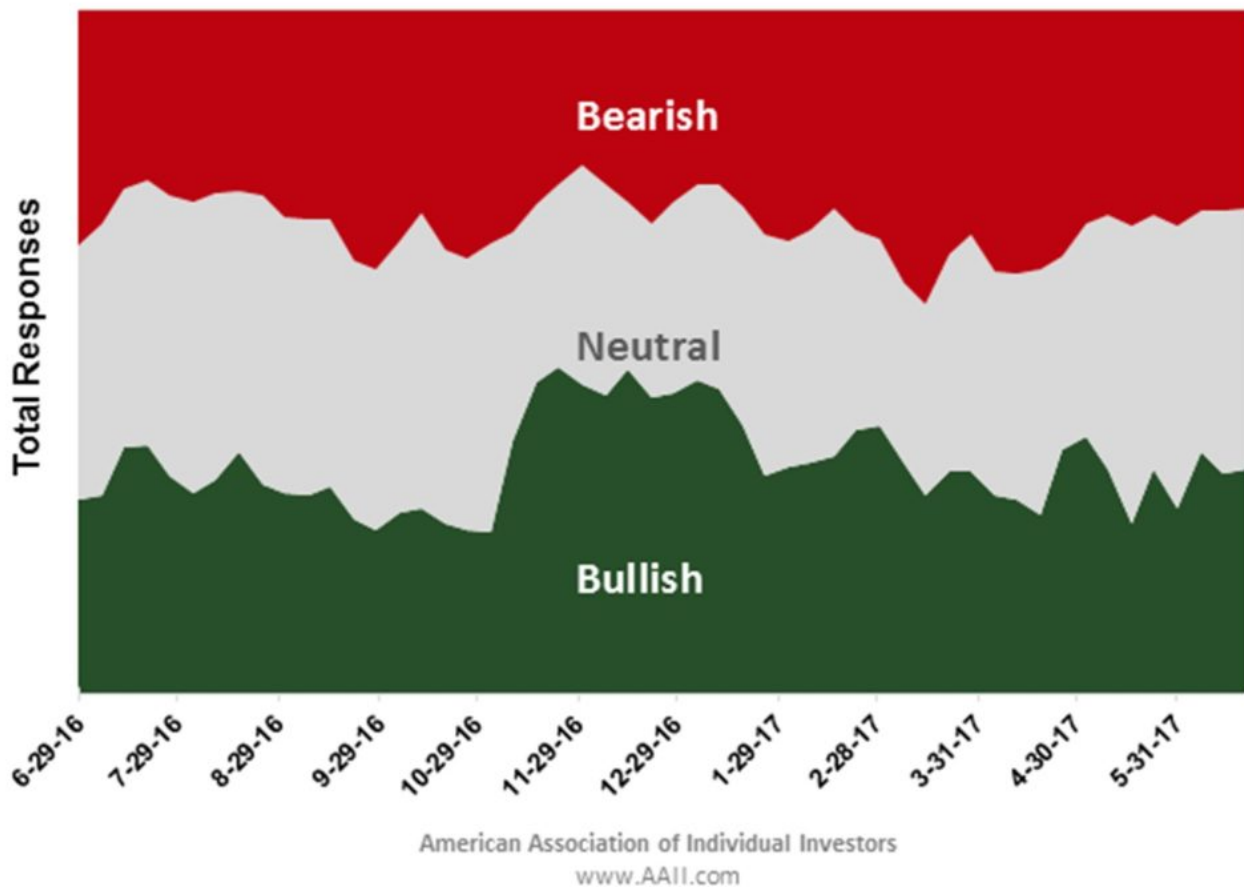
Bullish sentiment, expectations that stock prices will rise over the next six months, rose 0.4 percentage points to 32.7%. Optimism is below its historical average of 38.5% for the 17th consecutive week and the 22nd time out of the last 23 weeks.

Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, rose by a mere 0.2 percentage points to 38.4%. This is both the eighth consecutive week and the 13th out of the last 14 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 0.6 percentage points to 28.9%. Pessimism was lower on February 15, 2017 (27.7%). Bearish sentiment has been slightly below its historical average of 30.5% during six out of the last seven weeks.

Record highs for the S&P 500 and the NASDAQ have encouraged some individual investors, but the Trump administration's ability (or lack thereof) to move forward on economic and tax policy remains on the forefront of many others' minds. Also, playing a role in influencing sentiment are earnings, valuations, concerns about the possibility of a pullback in stock prices and interest rates/monetary policy.

AII Sentiment Survey



This week's AII Sentiment Survey results:

- Bullish: 32.7%, up 0.4 percentage points
- Neutral: 38.4%, up 0.2 percentage points
- Bearish: 28.9%, down 0.6 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**.*