

AII Sentiment Survey: Pessimism Falls to a 3-Month Low

Pessimism among individual investors about the short-term direction of the stock market is at a three-month low according to the latest AII Sentiment Survey. Neutral sentiment is higher while optimism is essentially unchanged.

Bullish sentiment, expectations that stock prices will rise over the next six months, rose less than 0.1 percentage points to 38.1%. Optimism is below its historical average of 38.5% for the 15th out of the last 16 weeks.

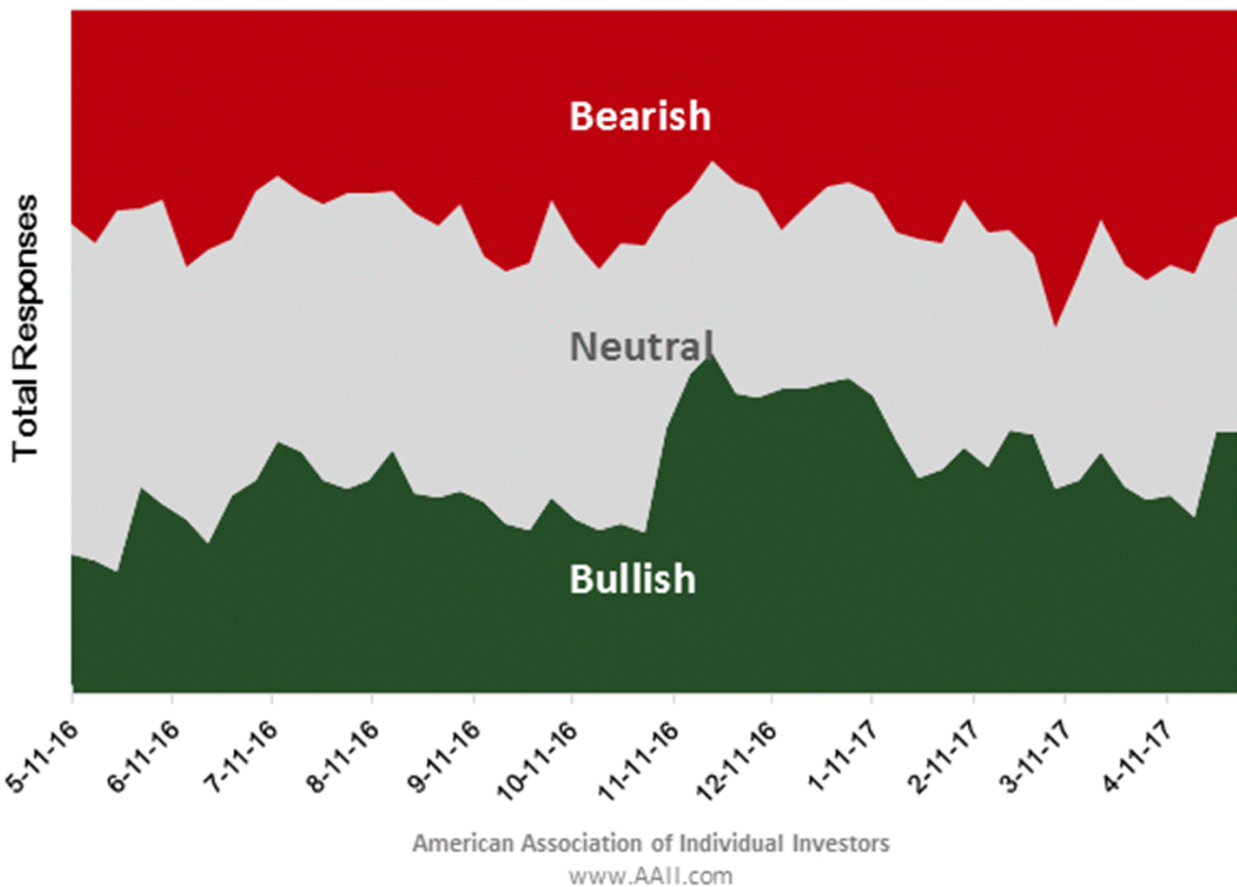
Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, rebounded by 1.7 percentage points to 32.0%. The rise puts neutral sentiment above its historical average of 31% for the sixth time in seven weeks.

Bearish sentiment, expectations that stock prices will fall over the next six months, declined 1.8 percentage points to 29.9%. Pessimism was last lower on February 8, 2017 (27.7%). The decline puts bearish sentiment below its historical average of 30.5% for the first time in 12 weeks.

Though the NASDAQ continued its ascent into record territory during the survey period (Thursday through Wednesday), the gains were not widespread across all stocks. Plus, though some individual investors view the NASDAQ's record highs favorably, others say it is not altering their outlook.

The potential impact that President Trump could have on the domestic and global economy remains a cause of uncertainty and/or concern for some, while a reason to be encouraged for others. At the same time, prevailing valuations and the lack of downside volatility have increased concern about the potential for a forthcoming drop in stock prices.

AII Sentiment Survey



This week's AII Sentiment Survey results:

- Bullish: 38.1%, up less than 0.1 percentage points
- Neutral: 32.0%, up 1.7 percentage points
- Bearish: 29.9%, down 1.8 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**.*