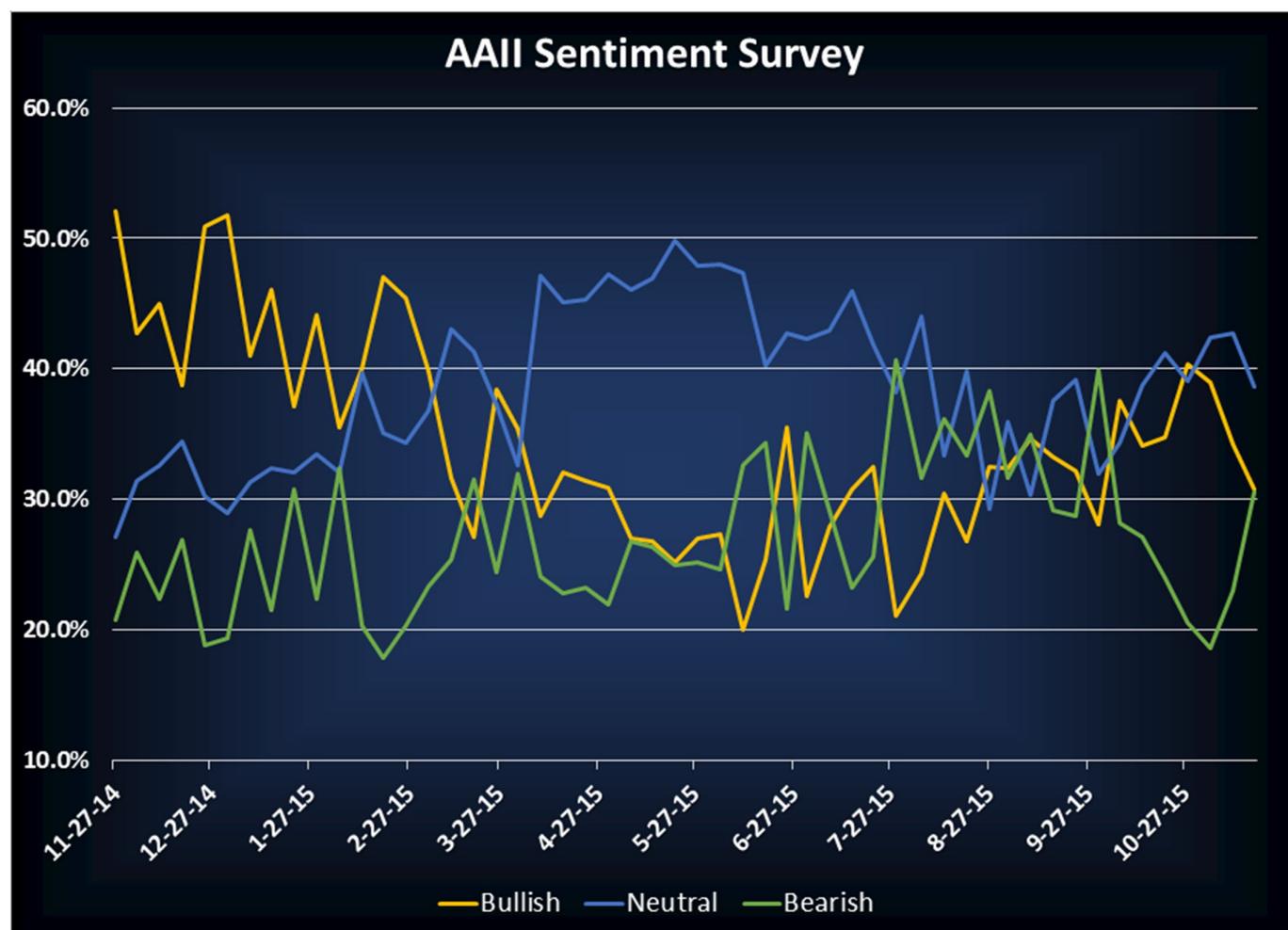


AAll Sentiment Survey: Pessimism Jumps to a Seven-Week High



Pessimism among individual investors about the short-term direction of stock prices jumped to its highest level in seven weeks, according to the latest AAll Sentiment Survey. It's worth noting, however, that even with the sharp rise, pessimism is close to its long-term average. Optimism and neutral sentiment both fell this week.

Bullish sentiment, expectations that stock prices will rise over the next six months, fell 3.5 percentage points to 30.8%. Optimism was last lower on October 1, 2015 (28.1%). Bullish sentiment has now been below its historical average of 39.0% for 35 out of the last 37 weeks.

Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, dropped 4.0 percentage points to 38.7%. The drop puts neutral sentiment at a six-week low. Nonetheless, neutral sentiment is above its historical average of 31.0% for the 10th consecutive week and the 44th week this year.

Bearish sentiment, expectations that stock prices will fall over the next six months, rose 7.5 percentage points to 30.5%. This is the highest level of pessimism since October 1, 2015 (39.9%).

The jump puts bearish sentiment just above its historical average of 30.0%.

During the past two weeks, pessimism has rebounded by a cumulative 11.9 percentage points after having started the month at its second-lowest level of the year. At the same time, optimism has fallen by a cumulative 8.2 percentage points. The changes occurred as the S&P 500 pulled back from its early November highs.

It is unclear what, if any, impact the Paris attacks had on this week's readings. This week's special question was set prior to the last Friday's events and none of the responses to it mentioned Paris or ISIS. Unrest in the Middle East has previously been mentioned as a concern by some individual investors, however.

The stock market's ability to hold onto some of October's gains, seasonal trends and potentially better-than-forecast third-quarter earnings surprises have had a positive impact. On the other hand, some AAI members are not convinced that October's gains will hold and are concerned about global and international events, U.S. monetary policy, U.S. politics and the pace of U.S. economic growth.

This week's AAI Sentiment Survey results:

- Bullish: 30.8%, down 3.5 percentage points
- Neutral: 38.7%, down 4.0 percentage points
- Bearish: 30.5%, up 7.5 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.). The survey and its results are available online at: <http://www.aai.com/sentimentsurvey>.