

AII Sentiment Survey: Pessimism Plunges

Pessimism among individual investors, which had been holding at a high level, plunged to its lowest level in more than three months in the latest AII Sentiment Survey. Both bullish and neutral sentiment rose strongly.

Bullish sentiment, expectations that stock prices will rise over the next six months, rose 5.4 percentage points to 38.5%. This is a nine-week high. The historical average is 38.5%.

Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, jumped by 8.0 percentage points to 32.2%. The increase put neutral sentiment above its historical average of 31.0% for just the second time in 10 weeks.

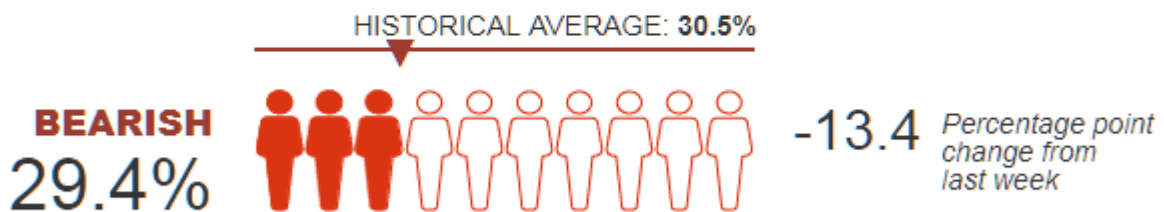
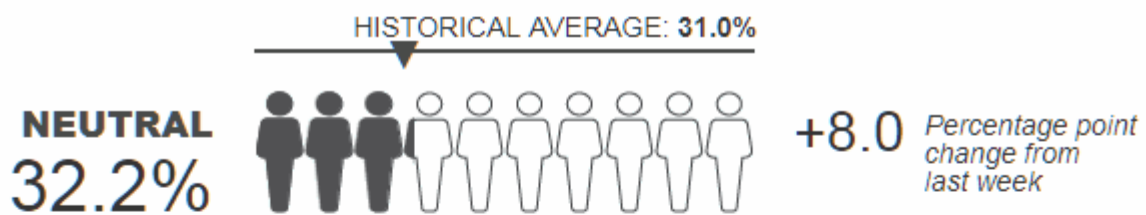
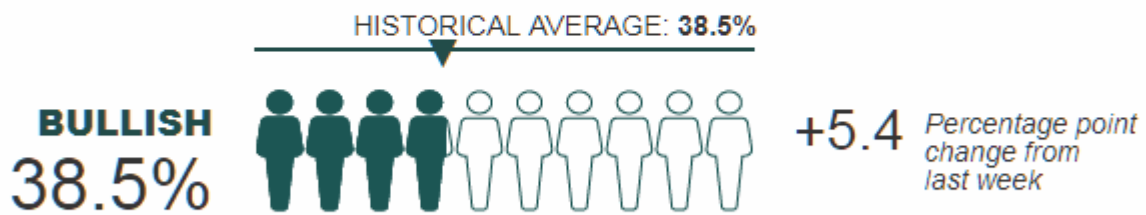
Bearish sentiment, expectations that stock prices will fall over the next six months, fell by 13.4 percentage points to 29.4%. Pessimism was last lower on October 3, 2018 (25.1%). The historical average is 30.5%.

The drop in pessimism ends a 13-week span of above-average readings for bearish sentiment. This was the longest consecutive-week stretch of above-average bearish sentiment readings since the 15-week period of August 30, 2012, through December 6, 2012.

A reversion to the mean occurred this week as the stock market continued to rebound over the survey period of Thursday through Wednesday. Market volatility remains on the minds of many investors, with some still anticipating larger losses. Others are focused on trade and the outcome of ongoing negotiations. Also having an influence are Washington politics (including President Trump and the change in House leadership), corporate earnings, the Federal Reserve, valuations and concerns about the pace of economic growth.

Survey Results for Week Ending 1/9/2019

Data represents what direction members feel the stock market will be in next 6 months.



Note: Numbers may not add up to 100% because of rounding.

week's AAI Sentiment Survey results

- Bullish: 38.5%, up 5.4 percentage points
- Neutral: 32.2%, up 8.0 percentage points
- Bearish: 29.4%, down 13.4 percentage points

Historical averages:

- Bullish: 38.5%
- Neutral: 31.0%
- Bearish: 30.5%

Want to weigh in? Take the survey yourself and see results online at www.aai.com/sentimentsurvey.

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