

# AAll Sentiment Survey: Pessimism Pulls Back, But Stays High

Pessimism among individual investors about the short-term direction of the stock market is above 40% for the fourth consecutive week and the fifth time in seven weeks. The latest AAll Sentiment Survey also shows rebounds in optimism and neutral sentiment.

Bullish sentiment, expectations that stock prices will rise over the next six months, rose 1.5 percentage points to 33.0%. Optimism remains below its historical average of 38.5% for the 15th time in 17 weeks.

Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, rebounded by 6.1 percentage points to 24.2%. Even with the increase, neutral sentiment is below its historical average of 31.0% for the ninth time in 10 weeks.

Bearish sentiment, expectations that stock prices will fall over the next six months, fell 7.5 percentage points to 42.8%. This is the 13th consecutive week and the 16th time out of the last 17 weeks that pessimism above its historical average of 30.5%.

The last time bearish sentiment stayed at or above 40% for at least four consecutive weeks was the five-week stretch of September 8 through October 6, 2011. This week's reading keeps pessimism at an unusually high level (above 39.8%). Historically, unusually high bearish sentiment readings have been followed by above-median six- and 12-month returns for the S&P 500 index.

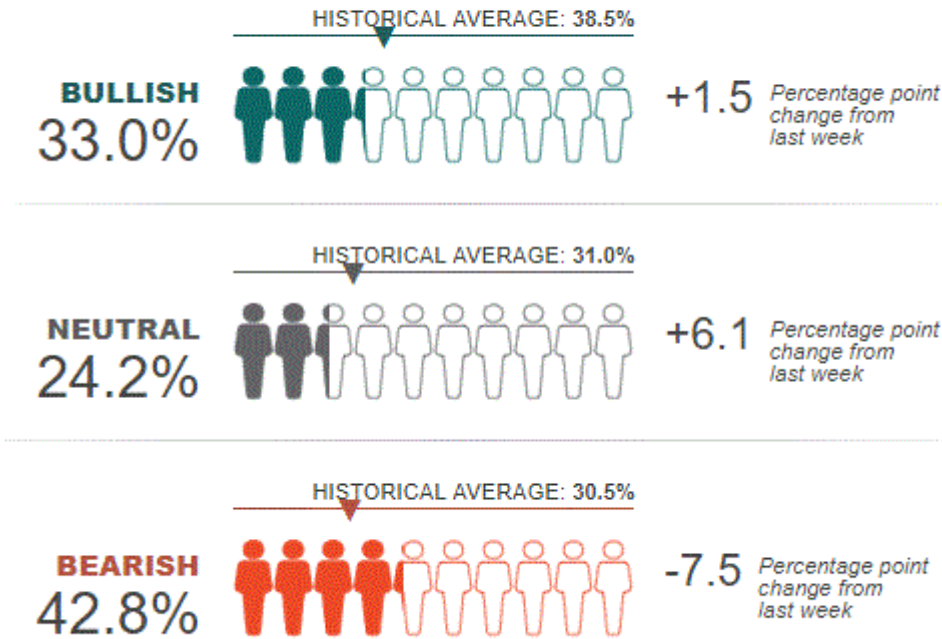
Both bullish and neutral sentiment are back within their typical ranges.

Market volatility and worse-than-anticipated returns are influencing individual investors' outlook for the stock market. Also having an influence are Washington politics (including President Trump and the change in House leadership), tariffs (particularly the ongoing trade war with China), corporate earnings, the Federal Reserve, valuations and concerns about the pace of economic growth.

The survey period runs from Thursday through Wednesday.

## Survey Results for Week Ending 1/2/2019

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.*

This week's AAI Sentiment Survey results:

- Bullish: 33.0%, up 1.5 percentage points
- Neutral: 24.2%, up 6.1 percentage points
- Bearish: 42.8%, down 7.5 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

<https://www.aai.com/sentimentsurvey?a=blog20190103>

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