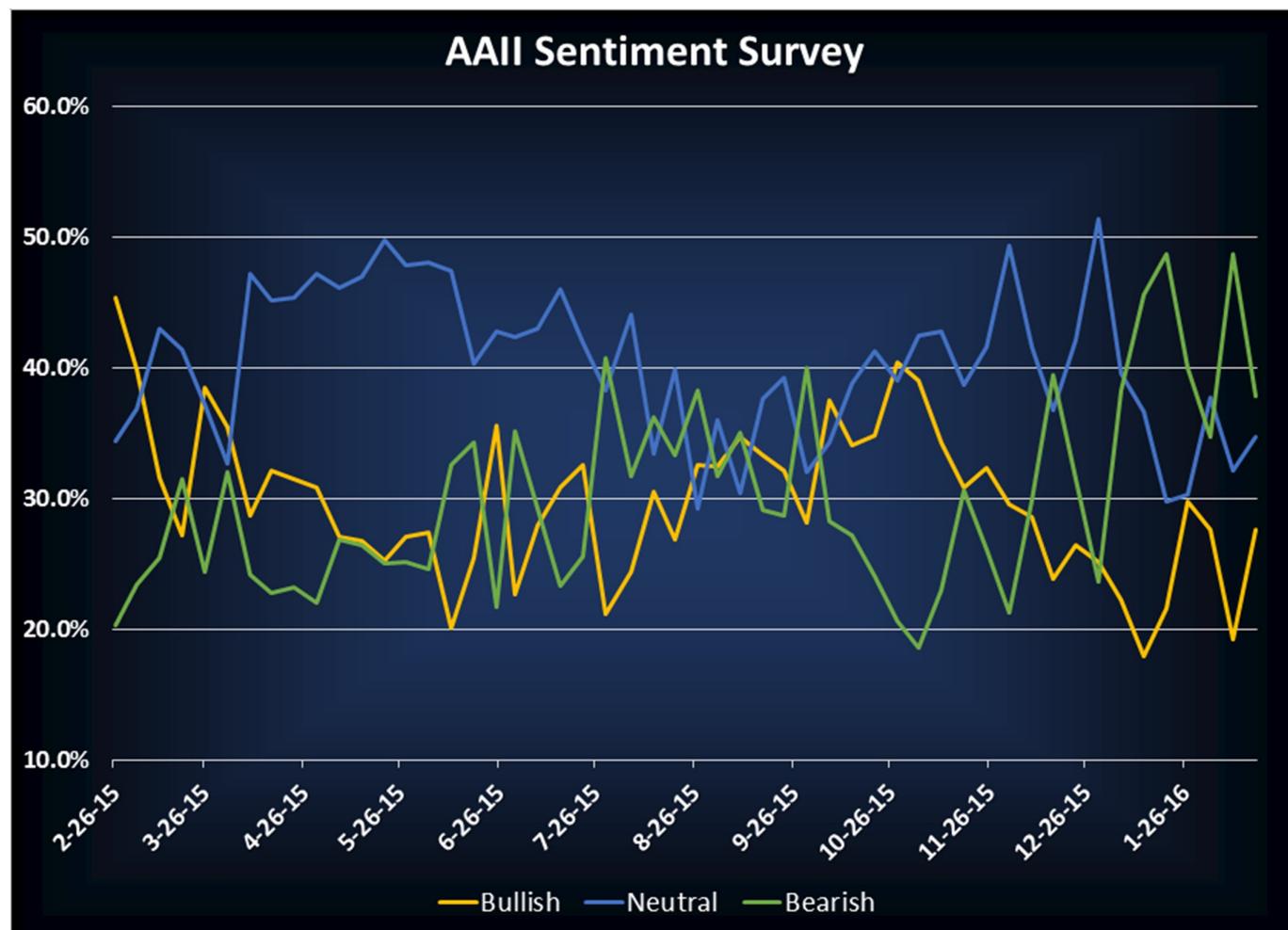


AAII Sentiment Survey: Pessimism Pulls Back From Last Week's High



After nearly reaching a three-year high last week, the percentage of individual investors describing their short-term outlook as bearish pulled back in the latest AAI Sentiment Survey. Nonetheless, pessimism remains above average and optimism remains at unusually low levels.

Bullish sentiment, expectations that stock prices will rise over the next six months, rebounded by 8.3 percentage points to 27.6%. The rise reverses last week's drop. It was not large enough, however, to prevent optimism from staying below 30% for a 12th consecutive week and below its historical average of 39.0% for the 48th out of the past 50 weeks.

Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, rose 2.6 percentage points to 34.6%. This is the 55th time in the past 59 weeks that neutral sentiment is above its historical average of 31.0%.

Bearish sentiment, expectations that stock prices will fall over the next six months, fell 10.9 percentage points to 37.8%. The drop reverses much, but not all, of last week's spike. Even with the

pullback, pessimism remains above its historical average of 30.0% for a seventh consecutive week and for the ninth time in 10 weeks.

One thing that continues to be notably absent is optimism. As previously noted, bullish sentiment is below 30% for a 12th consecutive week. The last time a similar streak was recorded by our survey was between June 11 and August 27, 1993. Optimism stayed below 30% during a stretch of 13 consecutive weeks in 1990 and 15 consecutive weeks in 1988.

During the survey period, the S&P 500 rose by more 1% on three consecutive days for the first time since October 2013. While this likely helped optimism rebound from last week's very low level, many individual investors are still concerned about the slowing pace of economic growth in China, tensions in the Middle East, the pace of economic growth in the U.S., the rate of earnings growth and prevailing valuations. Some individual investors have increased their cash allocations, though there are others who view the recent downside volatility as a buying opportunity or are intending to buy should prices weaken further.

This week's AAI Sentiment Survey results:

- Bullish: 27.6%, up 8.3 percentage points
- Neutral: 34.6%, up 2.6 percentage points
- Bearish: 37.8%, down 10.9 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.).

Want to weigh in? Take the survey yourself and see results online at

<http://www.aai.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**.