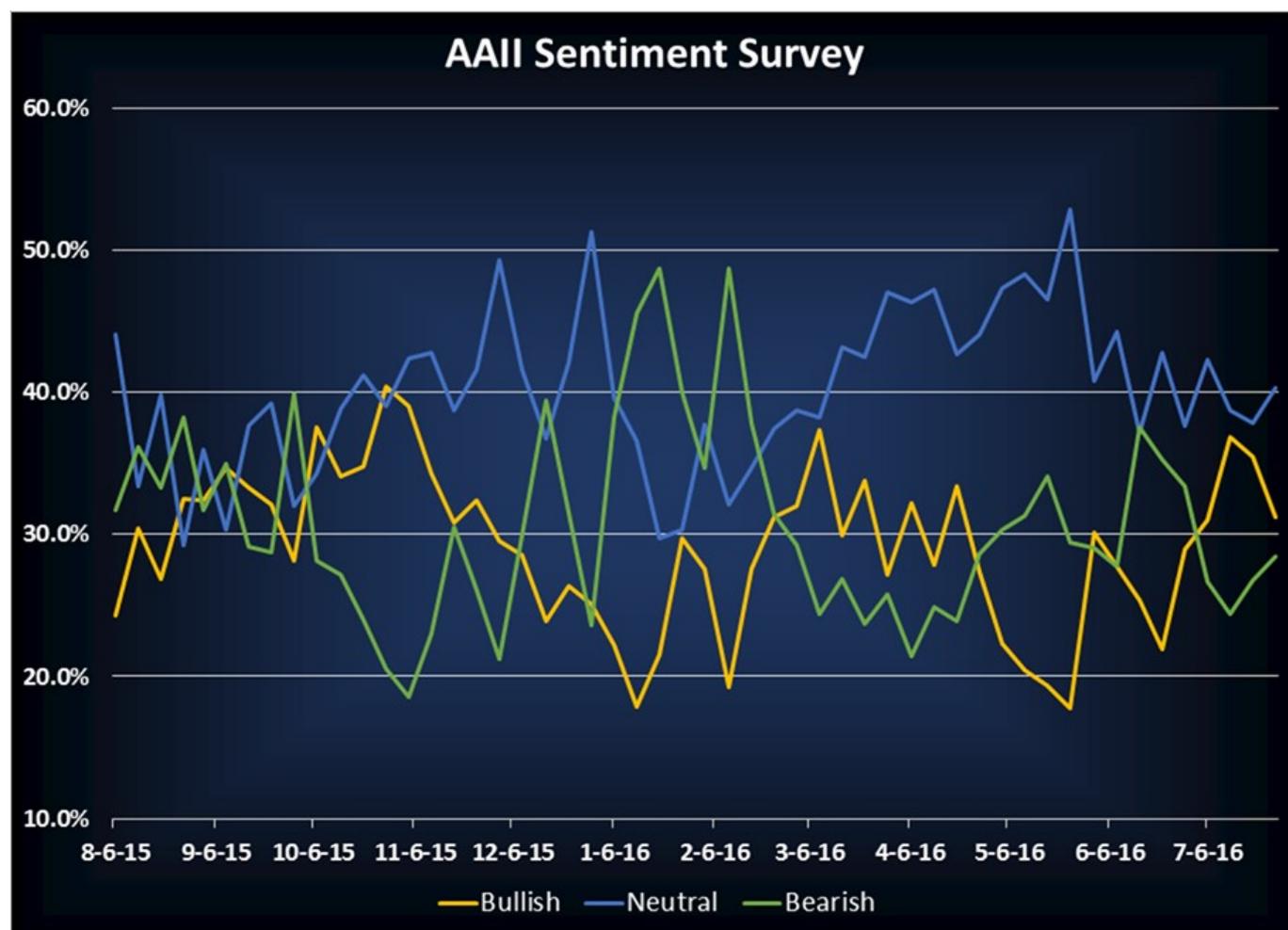


## AII Sentiment Survey: Pessimism Rises To A Four-Week High



Pessimism among individual investors about the short-term direction of the stock market is at a four-week high, though continuing to remain below average, in the latest AII Sentiment Survey. Neutral sentiment rose back above 40%, while optimism slipped.

Bullish sentiment, expectations that stock prices will rise over the next six months, fell 4.2 percentage points to 31.3%. The drop keeps optimism below its historical average of 38.5% for a 38th consecutive week and for the 71st out of the past 73 weeks. Bullish sentiment remains within its typical historical range, however.

Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, rose 2.5 percentage points to 40.3%. The rise puts neutral sentiment back at an unusually high level. This is the 26th consecutive week that neutral sentiment is above its historical average of 31.0%.

Bearish sentiment, expectations that stock prices will fall over the next six months, rose by 1.7 percentage points to 28.4%. Pessimism was last higher on June 29, 2016 (33.4%). The historical

average is 30.5%.

As noted last week, this is the just the second time this year that optimism has stayed above 30% on consecutive weeks. The comparatively higher level of bullish sentiment comes as the major large-cap indexes trade at or near their record highs, though some (but not all) individual investors have doubts about the ability of stocks to hold their current price levels.

A lack of perceived viable investment alternatives, economic growth and upward momentum in stock prices is encouraging some individual investors about the short-term direction of stock prices. Giving reason for caution or pessimism is global economic uncertainty (including Brexit), the prevailing level of valuations and disappointment with corporate earnings growth. The presidential election and monetary policy are also impacting individual investor sentiment.

This week's AAI Sentiment Survey results:

- Bullish: 31.3%, down 4.2 percentage points
- Neutral: 40.3%, up 2.5 percentage points
- Bearish: 28.4%, up 1.7 percentage points

Historical averages:

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

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**.

**Save**