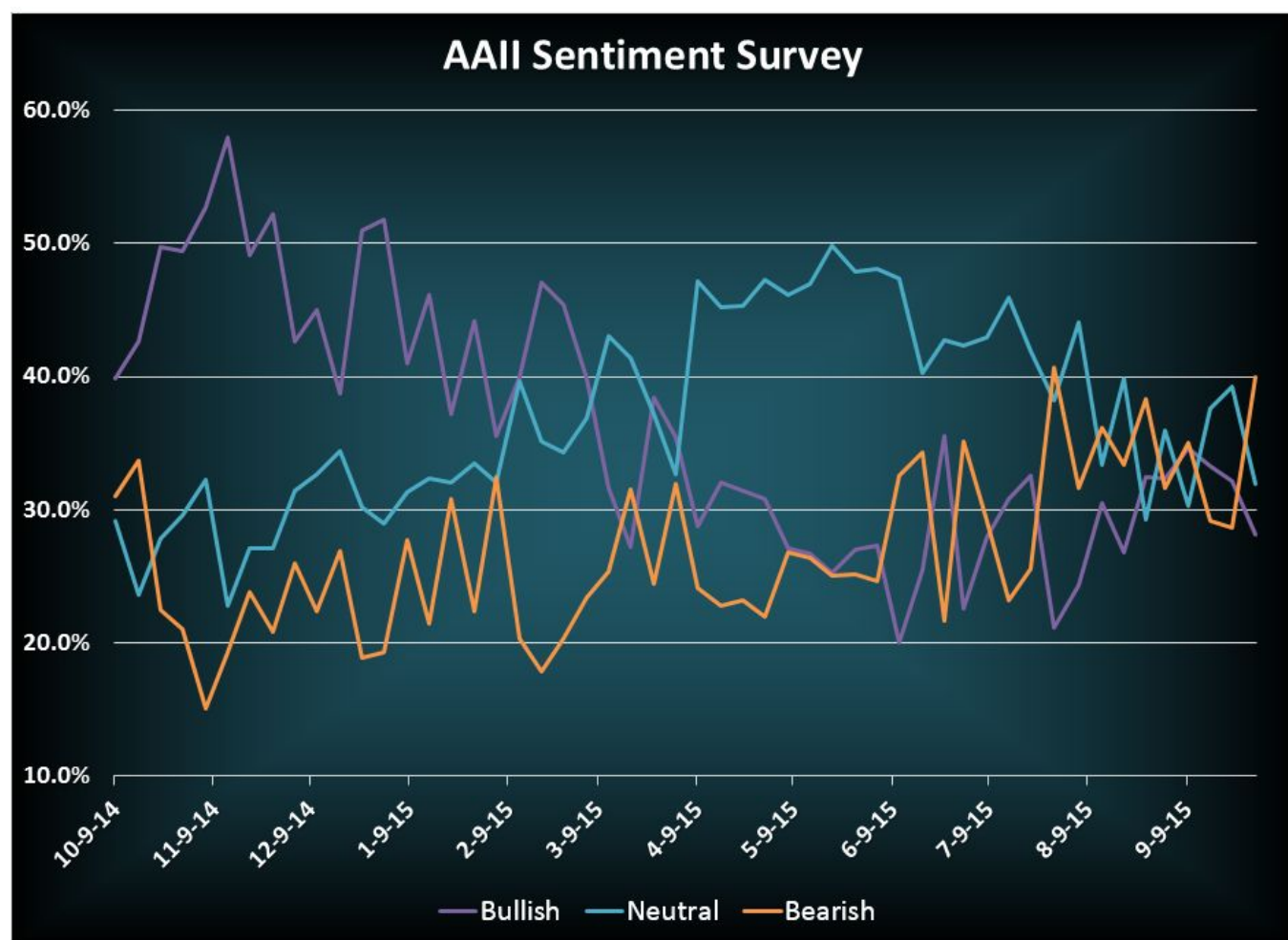


## AII Sentiment Survey: Pessimism Surges



Pessimism among individual investors surged to a two-month high in the latest AII Sentiment Survey. Neutral sentiment plunged and optimism fell, setting a new record in the process.

Bullish sentiment, expectations that stock prices will rise over the next six months, fell 4.0 percentage points to 28.1%. This is a six-week low. It is also the 30th consecutive week that optimism is below its current historical average of 39.0%, the longest such streak in our survey's history.

Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, plunged 7.2 percentage points to 32.0%. Even with the drop, neutral sentiment is above its historical average of 31.0% for the 37th week this year.

Bearish sentiment, expectations that stock prices will fall over the next six months, spiked 11.2 percentage points to 39.9%. The rise puts pessimism above its historical average of 30.0% for the eighth time in 10 weeks.

Bearish sentiment is at its highest level since July 30, 2015 (40.7%). Notably, last week's bearish sentiment reading of 28.7% was its lowest level since July 23, 2015. This week's sharp rebound occurred as the major stock indexes either tested or closed below their late-August lows. At its current level, pessimism is near the upper end of the typical range recorded in our survey. Optimism is just slightly above what we could consider to be an unusually low level.

This week's AAI Sentiment Survey results:

Bullish: 28.1%, down 4.0 percentage points

Neutral: 32.0%, down 7.2 percentage points

Bearish: 39.9%, up 11.2 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>.