

Investor Attitudes Mixed Over Small-Cap Stock Performance

This week's special question asked AAI members how the performance of small-cap stocks is affecting their six-month outlook for the overall stock market. Responses were mixed. The largest group, 40% of all respondents, said the weakness in small-cap stocks was not having any impact. Some of these respondents said they don't invest in small-cap stocks or don't view them as being a leading indicator of market direction. Slightly more than 16% of respondents viewed this year's returns for small caps as a bearish sign for the broader market. An additional 7% of respondents said the decline in small-cap stocks has made them more cautious. On the other hand, about 10% of respondents thought small-cap stocks will rebound.

Here is a sampling of the responses:

- "I don't feel you can gain insights into the market as a whole by looking at market segments in isolation."
- "I hold very few small-cap stocks and only as speculative plays."
- "I expect small-cap stocks to get better as the economy improves."
- "It's giving me reason for caution, so I'm cautiously optimistic as to the six-month outlook."
- "I do not consider small caps as part of my analysis."