

Low Large-Cap Volatility Leaves Members With Mixed Opinions

This week's [Sentiment Survey](#) special question asked AAI members what they thought about the limited volatility experienced by the large-cap U.S. indexes during the second-quarter. Responses were very mixed. The largest group of responses (14%) believe the decline in volatility is a precursor to a downward move in stocks. A nearly equal number (also about 14%) pointed to a lack of catalysts to move stock prices in either direction. Nearly 9% said the lack of volatility is not influencing how they view stocks. The uncertainty of when the Federal Reserve will begin to raise rates was cited by 7% of respondents. Slightly more than 6% said the low volatility will not last, though they are unsure in what direction stock prices will move. An additional 6% viewed the lack of volatility as a positive sign. Five percent perceive the market or the individual stocks they own as having been volatile.

Here is a sampling of the responses:

- "I don't think it's important to what happens to stocks moving forward."
- "Few alternatives for return, but investors are not overly anxious to increase their position in equities."
- "I thought there was plenty of volatility and I would not have wanted more."
- "The market seems to be consolidating, but what direction is the next major move?"
- "It is setting us up for a 10% to 15% correction."
- "No one knows what to do."