

Opinions Mixed on Record Market Highs

This week's **Sentiment Survey** special question asked AAI members what they thought about the S&P 500 rising to new record highs. Responses varied, as did the reasons given for those responses. About one out of three respondents (34%) either think the recent rally will not last or are concerned about its short-term sustainability. There was not one consensus reason given for this opinion, though several respondents believe the underlying fundamentals and/or macroeconomic conditions do not support the new highs. Several others anticipate a pullback or a correction occurring sometime this fall. Slightly more than 11% of respondents have the opposite opinion and think stocks could continue to rise. A nearly even number of respondents attributed the new highs to a lack of good alternatives for investment dollars. About 9% aren't surprised or say the new highs were expected. Nearly 8% of respondents expressed skepticism about the rally, saying that stocks are being inflated by loose monetary policy.

Here is a sampling of the responses:

- "I think it shows that people have no place else to put their money."
- "Enjoying the ride up, but the underpinnings are scary in their comparative height above the norms."
- "I think it still has a ways to go up."
- "This is too heady at this point and leads me to believe the market is going to have a big pullback in the next six months."
- "This high is fool's gold. It is unsustainable."
- "Not a surprise, given the gradual improvement in the economy."

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

<http://www.aai.com/sentimentsurvey>.

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