

Over One in Four Respondents See Stocks as Overvalued

This week's **Sentiment Survey** special question asked AAI members what their comfort level is with the current valuations of stocks. Slightly more than one out of four respondents (26%) view stock prices as being overvalued. An additional 22% said that they are either uncomfortable with current valuations or that stocks are somewhat overvalued. The lack of adequate earnings to support current prices was the most common reason given as to why, followed by a lack of sufficient earnings growth. Conversely, nearly 14% of respondents said they are comfortable with the current level of valuations. About 8% of respondents said that stocks are fairly valued right now.

Here is a sampling of the responses:

- “Many companies that I follow appear overvalued based on most of the traditional valuation metrics.”
- “A little uncomfortable. Earnings need to catch up.”
- “In general, overvalued with low growth expected to continue.”
- “I expect future profit improvement, which will result in stocks being cheap.”
- “Stocks are probably fairly valued at this point...no overwhelming buys or sells.”

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

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

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