

## P/E Ratio Commonly Relied On to Gauge Valuation

This week's [Sentiment Survey](#) special question asked AAI members what indicators they use to determine whether the stock market's valuation is reasonable, too high or too low. More than half (55%) of respondents said they rely on the price-earnings (P/E) ratio. Many of these members said they specifically look at Robert Shiller's cyclically adjusted price-earnings (CAPE) ratio. Various technical analysis measures are used by about 15% of respondents. A nearly equal number said they look at other indicators, such as economic data, interest rates and monetary policy. Some members said that they consider more than one indicator when assessing the market's valuation.