

## Second-Quarter Earnings Have Mixed Effect on Investors' Outlook

This week's **Sentiment Survey** special question asked AAI members how second-quarter earnings have influenced their outlook for stock prices. Just under 38% of respondents said that the earnings reports have had a positive impact, or at least led them to be less negative. Approximately one-third of respondents (32%) described their outlook as not being altered by corporate profits. Some of these respondents said Washington politics are having a bigger impact than earnings. Slightly more than 22% of respondents have a more negative view of stocks following second-quarter earnings season. A perception of valuations being too high and/or the pace of earnings growth being unsustainable were the primary reasons why.

Here is a sampling of the responses:

- "Good earnings reports are a positive sign."
- "They prompted me to revise the decline I expect to a smaller magnitude."
- "Stock prices are higher than they should be based on earnings."
- "Second-quarter earnings have been better than I expected, but I'm concerned that the third quarter may not be as good."
- "Earnings are not influencing my outlook as much as Washington D.C. turmoil and uncertainty."

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