

AII Sentiment Survey: Neutral Sentiment Nears a Six-Month High

The percentage of individual investors who describe their short-term outlook for stocks as “neutral” is at its highest level in nearly six months. The latest AII Sentiment Survey also shows a drop in optimism and a slight decrease in pessimism.

Bullish sentiment, expectations that stock prices will rise over the next six months, fell by 5.9 percentage points to 31.8%. Optimism remains below its historical average of 38.5% for the 18th time in 21 weeks.

Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, rose 6.5 percentage points to 36.5%. Neutral sentiment was last higher on August 1, 2018 (38.8%). The historical average is 31.0%.

Bearish sentiment, expectations that stock prices will fall over the next six months, declined 0.6 percentage points to 31.8%. Pessimism is above its historical average of 30.5% for the 19th time in 21 weeks.

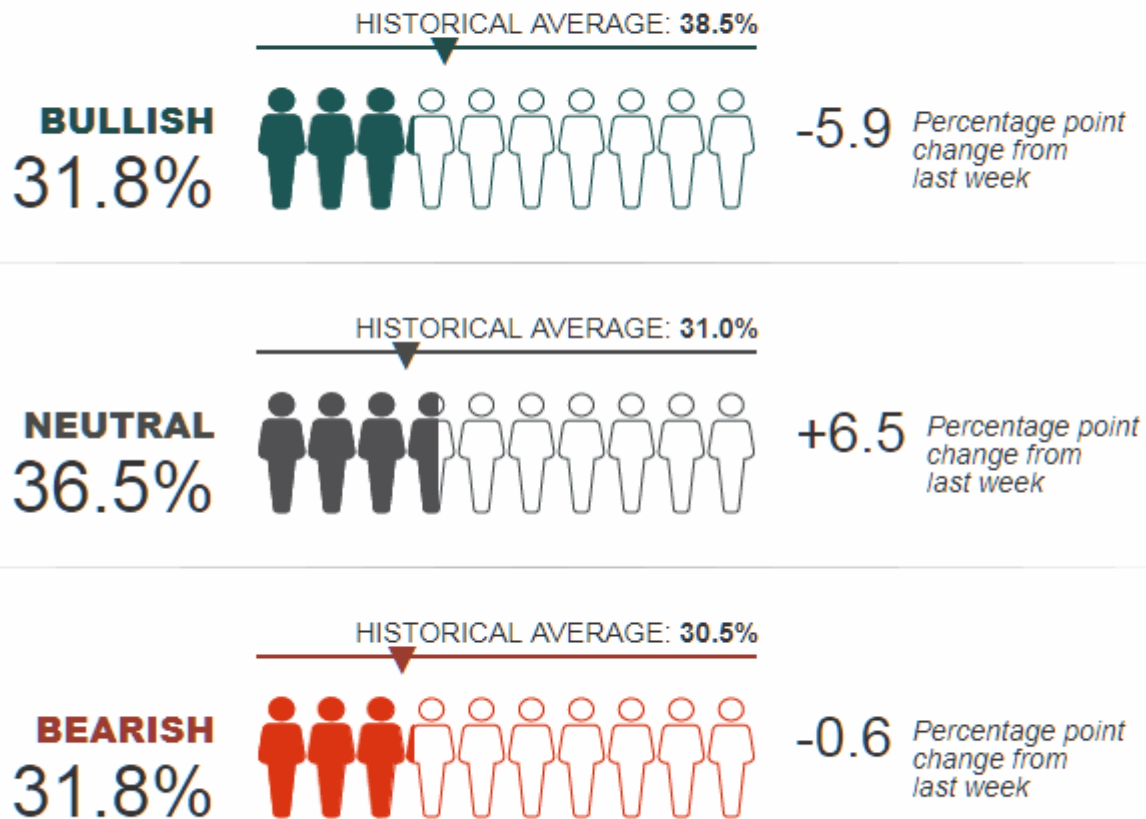
At current levels, all three sentiment indicators are within their typical historical ranges.

The survey period runs Thursday through Wednesday with reminders to take the survey sent out on Monday. Most of this week’s responses were recorded before yesterday’s Federal Open Market Committee (FOMC) meeting statement was released.

This week’s special question asked AII members to share their thoughts about the recent rebound in stock prices. Nearly half (47%) of all respondents are unsure about whether it is sustainable. Many think downside volatility could return, earnings have peaked or other negative factors could play a role. A few mention the ongoing trade war with China as a point of uncertainty. About 12% of respondents think politics are affecting the markets, with some bringing up the government shutdown. Slightly more than 21% describe the rebound as a bounce from last year’s decline or reflective of an oversold market. An additional 11% think the rally is sustainable.

Survey Results for Week Ending 1/30/2019

Data represents what direction members feel the stock market will be in next 6 months.



Note: Numbers may not add up to 100% because of rounding.

This week's AAI Sentiment Survey results:

- Bullish: 31.8%, down 5.9 percentage points
- Neutral: 36.5%, up 6.5 percentage points
- Bearish: 31.8%, down 0.6 percentage points

Historical averages:

- Bullish: 38.5%
- Neutral: 31.0%
- Bearish: 30.5%

Want to weigh in? Take the survey yourself and see results online at www.aai.com/sentimentsurvey.

If you want to become an effective manager of your own assets and achieve your

financial goals, consider a **risk-free 30-day Trial AAI Membership**