

AII Sentiment Survey: Neutral Sentiment Rebounds Modestly

The percentage of individual investors describing their outlook as “neutral” rebounded modestly in the latest AII Sentiment Survey. Optimism pulled back, while pessimism rose slightly. This week’s changes brought the levels of all three indicators close together.

Bullish sentiment, expectations that stock prices will rise over the next six months, declined by 2.4 percentage points to 33.7%. This is the 24th consecutive week and the 29th time out of the last 30 weeks that bullish sentiment is below its historical average of 38.5%.

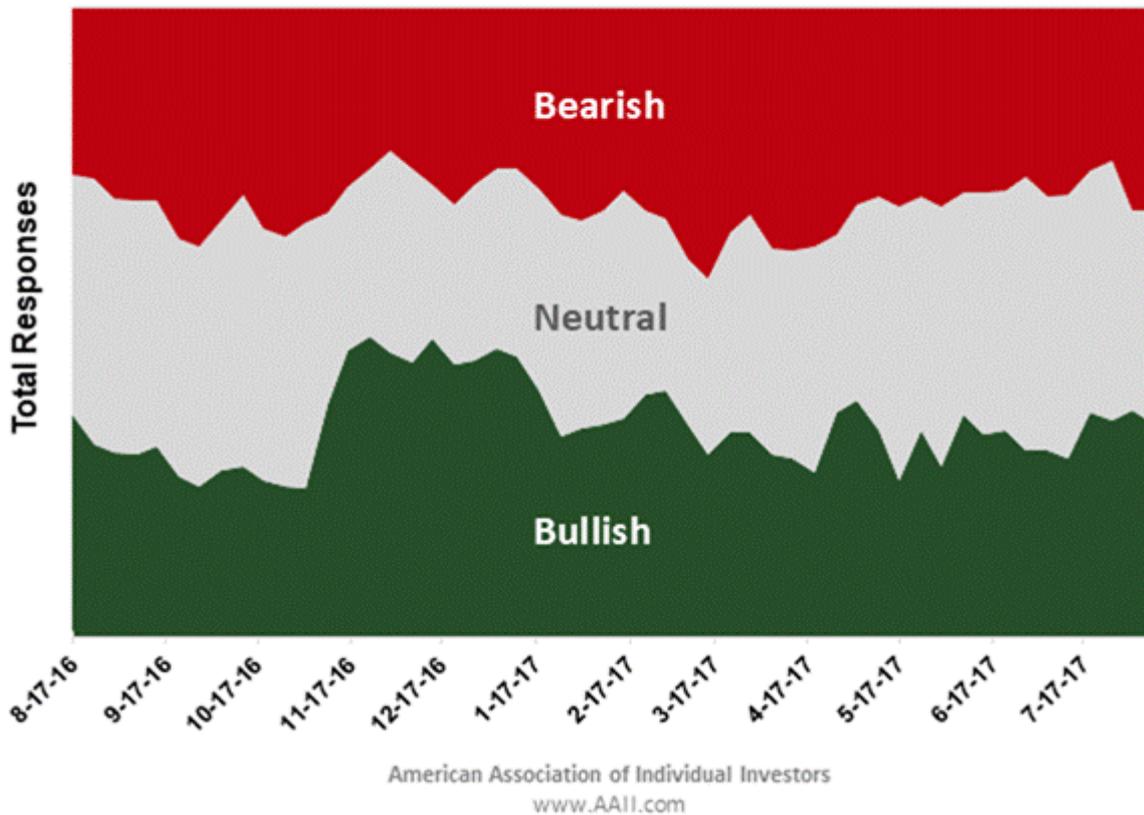
Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, rebounded by 2.2 percentage points to 34.0%. Neutral sentiment remains above its historical average of 31.0% for the 15th consecutive week and the 20th time out of the last 21 weeks.

Bearish sentiment, expectations that stock prices will fall over the next six months, edged up 0.2 percentage points to 32.3%. Pessimism was last higher on May 17, 2017 (34.3%). The historical average is 30.5%.

The last time all three indicators were approximately this close to being even with each other was February 15, 2017 (bullish: 33.1%, neutral: 34.5% and bearish: 32.4%.) Despite this convergence, the ongoing trends of below-average optimism and above-average neutral sentiment continue. Bullish sentiment has not exceeded its historical average since February 22, 2017. For all of 2017, there have only been three weeks with above-average optimism (January 4, January 11 and February 22).

While some individual investors are encouraged by this year’s record highs for the major indexes, many others have expressed concern about the possibility of a pullback and/or the prevailing level of valuations. The Trump administration remains at the forefront of many investors’ minds and is having a significant impact on sentiment. Other factors playing roles are earnings and interest rates/monetary policy.

AII Sentiment Survey



This week's AII Sentiment Survey results:

- Bullish: 33.7%, down 2.4 percentage points
- Neutral: 34.0%, up 2.2 percentage points
- Bearish: 32.3%, up 0.2 percentage points

Historical averages:

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

The AII Sentiment Survey has been conducted weekly since July 1987 and asks AII members whether they think stock prices will rise, remain essentially flat or fall over the next six months. The survey period runs from Thursday (12:01 a.m.) to Wednesday (11:59 p.m.).

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

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