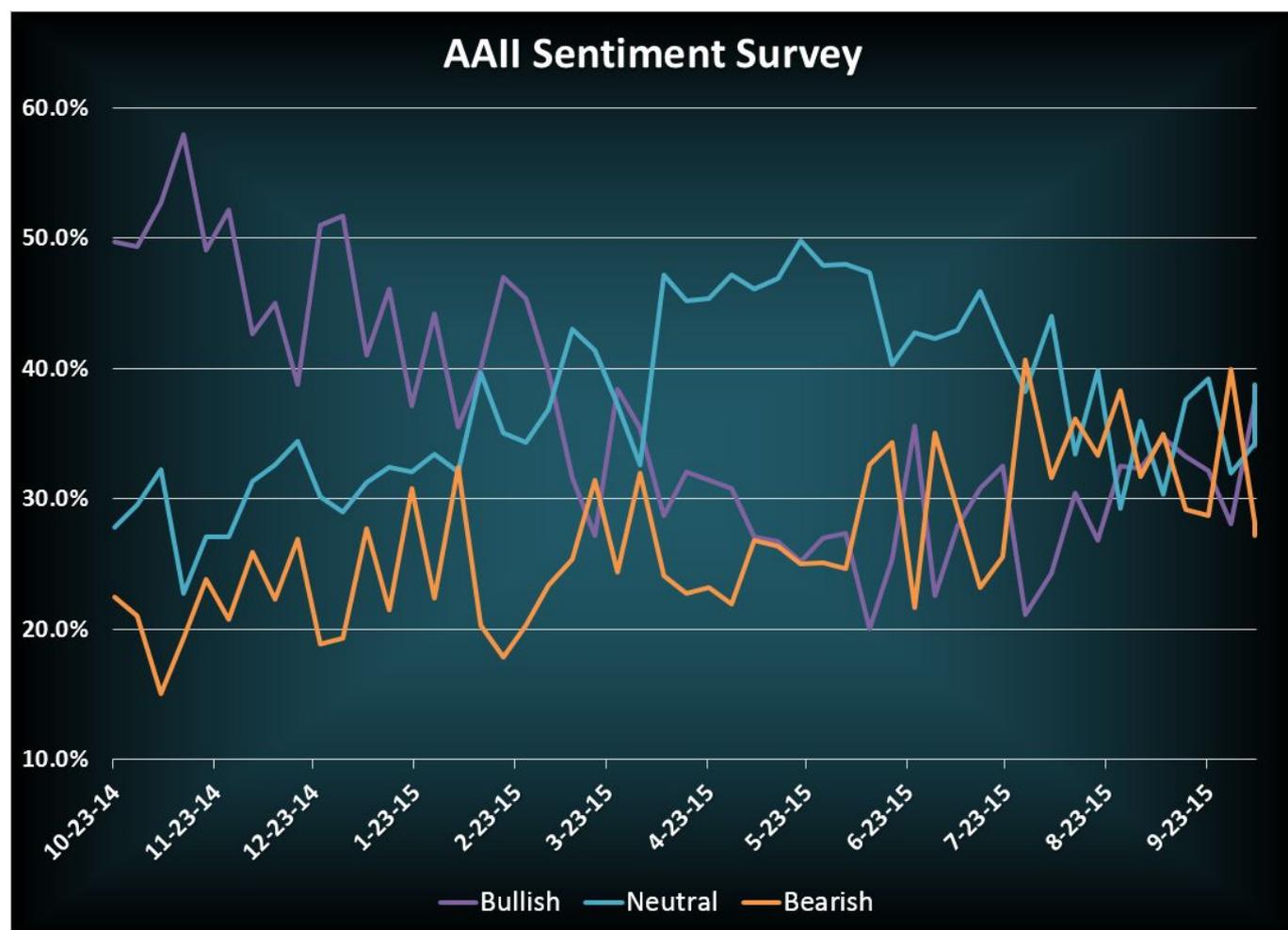


AII Sentiment Survey: Pessimism Falls to a Three-Month Low



Pessimism among individual investors fell to a three-month low in the latest AII Sentiment Survey. Optimism declined as well, while neutral sentiment rose.

Bullish sentiment, expectations that stock prices will rise over the next six months, pulled back by 3.4 percentage points to 34.1%. The decline follows last week's reading of 37.5%, which was the highest level of optimism recorded by our survey since March 26, 2015. The decline also puts bullish sentiment below its historical average of 39.0% for a record 32nd consecutive week.

Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, rose 4.5 percentage points to 38.8%. The increase keeps neutral sentiment above its historical average of 31.0% for the fifth consecutive week and the 39th week this year.

Bearish sentiment, expectations that stock prices will fall over the next six months, declined 1.0 percentage points to 27.1%. The historical average is 30.0%.

Pessimism is now at its lowest level since July 23, 2015 (25.6%). Since jumping to 39.9% two weeks

ago, bearish sentiment has fallen by a cumulative 12.8 percentage points. The drop comes as the S&P 500 has rebounded from its late-September lows and recently closed at its highest level since August 20, 2015.

Even though there is optimism on the part of some individual investors that a bottom in the market has been set, sentiment overall remains mixed. Some AAI members bought on the dips while others increased their cash positions. Impacting AAI members' six-month outlook for stocks are global and international events (particularly China and global economic weakness), U.S. monetary policy, technical factors (seasonal trends, the recent correction or the chance of further price declines occurring), U.S. politics and the pace of U.S. economic growth.

This week's AAI Sentiment Survey results:

- Bullish: 34.1%, down 3.4 percentage points
- Neutral: 38.8%, up 4.5 percentage points
- Bearish: 27.1%, down 1.0 percentage points

Historical averages:

- Bullish: 39.0%
- Neutral: 31.0%
- Bearish: 30.0%

The AAI Sentiment Survey has been conducted weekly since July 1987 and asks AAI 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.). The survey and its results are available online at: <http://www.aai.com/sentimentsurvey>.