

## AAll Sentiment Survey: Pessimism Surges

Pessimism in the latest AAll Sentiment Survey surged to its highest level since mid-May, as neutral sentiment plunged to nearly a four-month low. Optimism rebounded modestly.

Bullish sentiment, expectations that stock prices will rise over the next six months, rebounded by 1.7 percentage points to 36.1%. Optimism was last higher on May 3, 2017 (38.1%). This is the 23rd consecutive week and the 28th time out of the last 29 weeks that bullish sentiment is below its historical average of 38.5%.

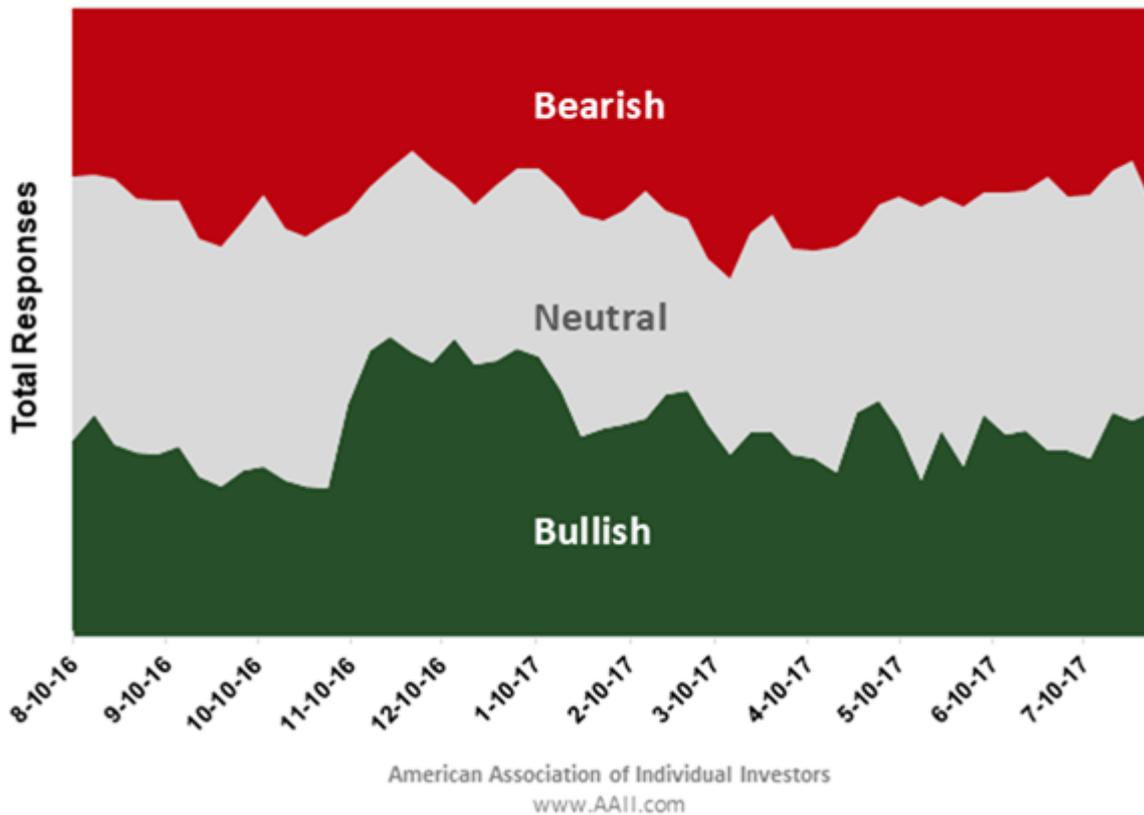
Neutral sentiment, expectations that stock prices will stay essentially unchanged over the next six months, plunged 9.4 percentage points to 31.8%. Neutral sentiment was last lower on April 26, 2017 (30.2%). Even with this week's drop, neutral sentiment is above its historical average of 31.0% for the 14th consecutive week and the 19th time out of the last 20 weeks.

Bearish sentiment, expectations that stock prices will fall over the next six months, rose 7.8 percentage points to 32.1%. Pessimism was last higher on May 17, 2017 (34.3%). This is the also the first time in nine weeks that bearish sentiment is above its historical average of 30.5%.

Though the Dow Jones industrial average continued to set record highs over the survey period (Thursday through Wednesday), other major indexes declined. The changes in this week's readings also follow both unusually high levels of neutral sentiment and an eight-month low for pessimism.

While some individual investors are encouraged by this year's record highs for the major indexes (even given the modest declines in several of the major indexes over the past seven days), 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: 36.1%, up 1.7 percentage points
- Neutral: 31.8%, down 9.4 percentage points
- Bearish: 32.1%, up 7.8 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>.

*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**.*