

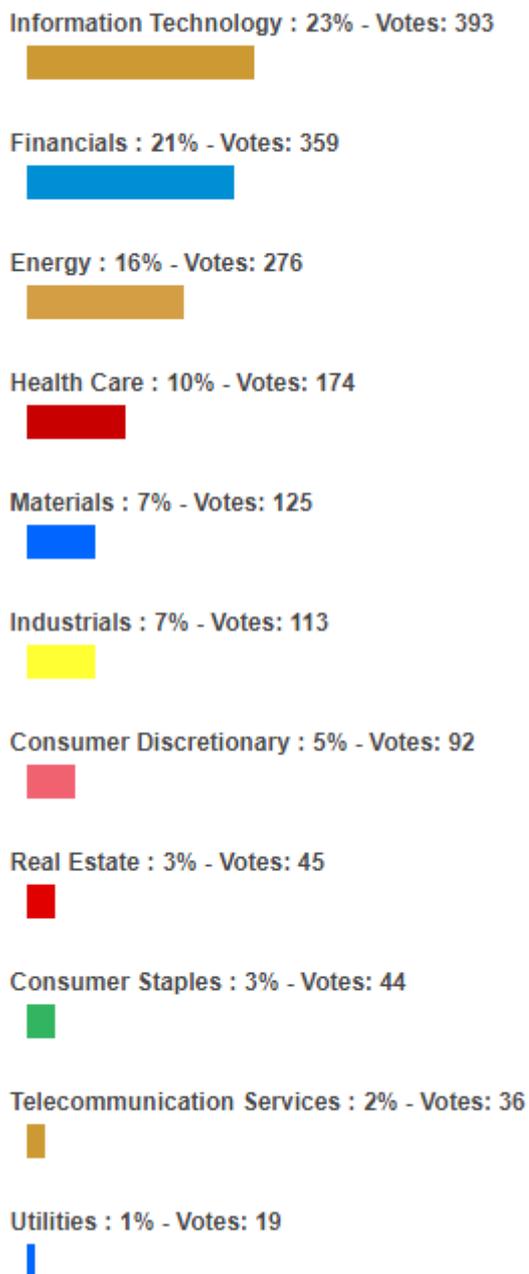
AAll Survey: Reviewing Readers' Predictions for 2018, Looking Ahead to 2019

What a difference a year makes. Last year we were coming off a sterling year for U.S. stocks. The Dow Jones industrial average had set a record for the most new highs in a single year and the S&P 500 index was enjoying its longest monthly winning streak in over 30 years.

Jump forward a year and we are coming off the second-worst December on record for the S&P 500. The large-cap index's 9.2% loss trails only December 1931 when it lost 14.5%.

Last year, I asked our readers which of the S&P 500 sectors would perform best in 2018 and this is what you said:

What do you think will be the top-performing sector in 2018?



Looking at the S&P 500 sectors, here was their performance for 2018 (according to S&P Dow Jones Indices LLC), ranked in descending order (best to worst):

- Health Care +4.7%
- Utilities +0.5%
- Consumer Discretionary -0.5%
- Information Technology -1.6%
- Real Estate -5.6%
- Consumer Staples -11.2%
- Financials -14.7%

- Industrials -15.0%
- Communication Services -16.4%
- Materials -16.4%
- Energy -20.5%

A year ago, only 10% of our readers believed that health care would be the top S&P 500 sector for 2018. However, it, along with utilities, were the only two sectors to end the year in positive territory (only 1% of readers thought that utilities would be the leading sector in 2018).

Energy, the weakest S&P 500 sector in 2018, received 16% of the votes last year for the top sector in 2018.

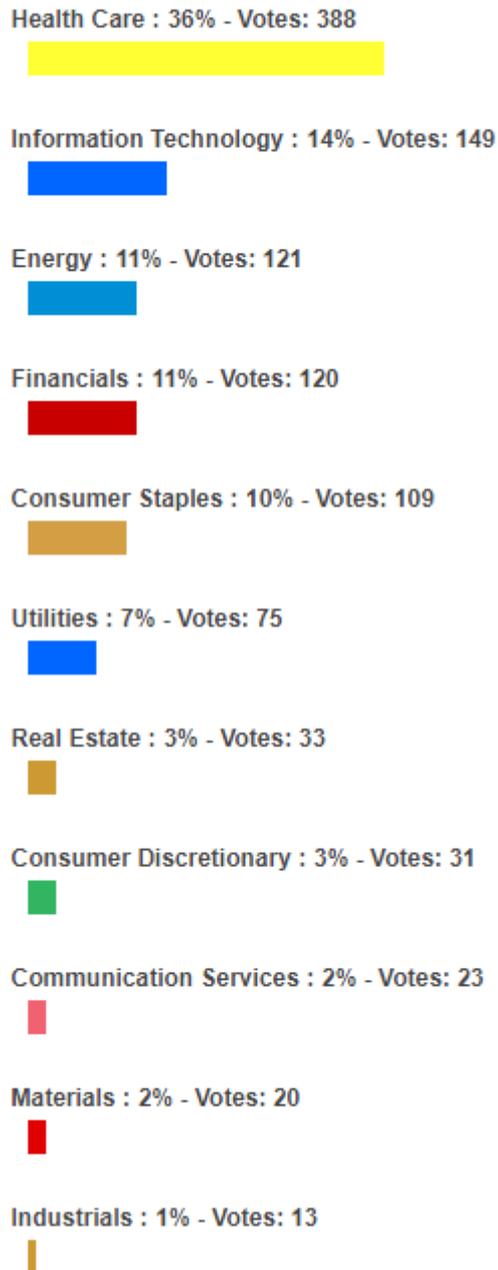
AAll Weekly Survey Question

Repeating the exercise this year, our latest weekly survey question asked:

What do you think will be the top-performing sector in 2019?

Here are the results:

What do you think will be the top-performing sector in 2019?



In all, 1,082 votes were cast during the shortened holiday week.

More than one-third of readers (36%) see the strength in health care continuing in 2019. While not as many readers this year are as confident in information technology, it still garnered the second-most number of votes (14%). Rounding out the top three sectors for 2019, 11% of readers feel energy is due for a rebound after ranking last in 2018.

At the other end of the spectrum, only 1% of readers see industrials being the top S&P 500 sector in 2019, ranking below materials (2%) and communication services (2%).

Weekly Special Question

Last year I also asked our readers what they thought would be the biggest financial story for 2018.

The responses fell into four major categories:

- Politics (26%)
- The stock or bond market (22%)
- The economy (22%)
- Cryptocurrency (17%)

Most readers felt the impact of the recent tax law changes would be the biggest financial story of 2018.

In a close second, readers believed the collapse of the cryptocurrency market would be the top financial story of 2018.

Finally, in third place, a large drop in the stock market was expected to be the top financial story of the year (right behind in fourth place was the continuation of the current bull market).

Our readers were pretty accurate in predicting the top financial stories of 2018. Politics pushed and pulled stocks throughout the year and the stock market continued its bull run (at least in the Dow and S&P 500) in the middle of multiple corrections.

And the cryptocurrency market was even wilder than the stock market in 2018. For the year, the NYSE Bitcoin Index fell 74.0% between the end of 2017 and the end of 2018.

To see what our readers are expecting for 2019, we asked the same question once again:

What do you think will be the biggest financial story of 2019?

This year, the responses mainly fell into three broad categories:

- Economic (49%)
- Politics (22%)
- Market (26%)

Economic factors have moved to the forefront for our readers' minds in 2019, with the trade war between the U.S. and China receiving the most votes overall (27%). With nearly 11% of the responses, our readers believe that no interest rate increases this year will be the biggest financial story of 2019.

The second-biggest vote-getter as to what the biggest financial story of 2019 will be is the markets moving into bear territory (falling 20% or more from its latest high) at 15%. This year, only 5% of our readers feel that the bull market reaching its 10th birthday will be the biggest financial story of 2019.

The outcome receiving the third-highest number of votes for the biggest financial story of 2019 is the possible impeachment of President Trump (11%).

Here is a sampling of the responses from our readers as to what they think will be the biggest financial story of 2019:

- "President Trump is found unable to carry out the duties of the presidency."
- "Hopefully, the end of the trade war and tariffs."
- "The slowdown of the rise in interest rates."
- "The end of the bull market."
- "To be totally honest I have no idea!"
- "Recession."

*Everybody has an opinion! Why not give us yours?
Participate in our weekly member poll, updated every
Monday, and see the results online
at www.aaii.com/memberquestion.*