

# One out of Five Investors Finds Stock Price Forecasting Difficult

This week's **Sentiment Survey** special question asked AAI members how confident they are in their expectations for the direction of stock prices over the next six months. We received a wide range of answers.

Slightly more than one out of five respondents (21%) to the special question described themselves as having little confidence in their ability to forecast stock prices. Many of these respondents said it is too difficult to predict where stock prices are headed. About 10% of all respondents said they had some confidence in their expectations, but there are too many variables to be firmly confident. Approximately 26% reiterated their expectations for stock prices to rise. Prospects for earnings growth, economic expansion and/or tax reform were given as reasons for the optimism. Conversely, close to 24% of respondents to the special question expressed pessimism. Several of these respondents expressed concerns about Washington politics, valuations and/or the likelihood of tax reform being passed. (Not all AAI members who took the Sentiment Survey answered the special question.)

Here is a sampling of the responses:

- "Pretty confident. Earnings are pretty good and the world economy is getting better."
- "I have no confidence that the market will stay at current levels or increase over the next six months."
- "A seven on a scale of one to 10 because of expectations for a favorable impact from tax reform, market gains outside the U.S. and general investor euphoria."
- "There is so much volatility in current events, that it is not possible to accurately predict the future."

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