

Two out of Five Investors Uncomfortable With Valuation Levels

This week's **Sentiment Survey** special question asked AAI members what their comfort level was with the current valuation level of stocks. More than two out of five respondents (42%) said they were uncomfortable. Many of these respondents described valuations as being "high," though some of these respondents clarified their views by calling valuations "a little" or "a bit" too high. Slightly more than 26% of respondents described themselves as being comfortable with the current level of valuations. Several of these respondents pointed toward earnings growth as supporting current prices. Nearly 13% expressed a more mixed opinion, saying valuations are varying by stock, valuations could be sustained if earnings growth continues and/or interest rates remain low or that stock prices could continue to climb even with the current level of valuations.

Here is a sampling of the responses

- "My comfort level is low. Valuations are too high."
- "I am generally comfortable with valuations because of low interest rates, an improving economy and improving profitability."
- "Valuations seem a bit too high. I wouldn't be surprised to see a market correction."
- "Slightly uncomfortable, but bearable. I expect interest rates to stay reasonably low and company earnings to slowly increase."
- "They are likely a bit high, but appear to be all over the map."

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