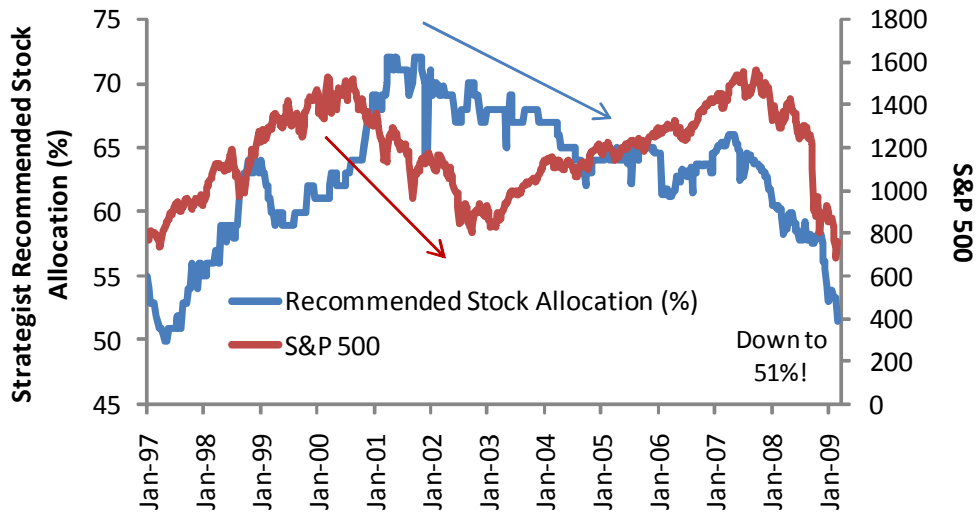


Contrarians Rejoice

The recommended allocation to stocks by Wall Street strategists has fallen to 51%, which is the second lowest level in the 12 years that *Bloomberg* has been conducting its weekly survey. Stock allocation has been in a down-trend ever since peaking in April 2001 (well after the market peaked in 2000), aside from a slight pickup right towards the end of the bull market in 2007. Now that stocks have fallen more than 50% from their highs, strategists have sharply cut their recommended stock allocation in the last few months. On the other hand, the recommended allocation to fixed income has spiked to its highest levels ever at 39%. This comes at the same time that US Treasuries have soared.

Strategists as a whole are known to be lagging, if not contrarian, indicators. Since they failed to foresee the fall in equities at the start of this decade, and began increasing their recommended equity exposure just before markets peaked in 2007, contrarian investors love to see that strategists have pretty much given up on stocks.

Strategist Recommended Stock Allocation Since 1997



Strategist Recommended Fixed Income Allocation Since 1997

