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**E\*TRADE STUDY REVEALS WHILE MAJORITY BULLISH, SENTIMENT  
SLID FROM Q1 PEAKS**



Bullish sentiment falls to  
2017 low, now at 60% among  
experienced investors

**E\*TRADE**

*While investors still believe the market may have steam left, bearishness has increased gradually for the past two quarters*

**NEW YORK, July 12, 2017** — E\*TRADE Financial Corporation (NASDAQ: ETFC) today announced results from the most recent wave of *StreetWise*, E\*TRADE's quarterly tracking study of experienced investors. Results indicate that while many believe the market still has room to run, bullish sentiment continued a gradual decline from Q1'17 highs:

- The majority remain bullish at 60 percent, yet this view has decreased three percentage points from Q2'17 and five percentage points from Q1'17<sup>1</sup> highs.
- Slightly more than three out of five investors believe the market will rise five percent or more this quarter, up six percentage points from Q2'17.
- Slightly less than three out of five investors believe the U.S. economy is healthy enough for additional rate hikes, down four percentage points from the previous quarter.

“The market delivered solid returns in the first half of 2017, but savvy investors know the bull ride can't last forever,” commented Mike Loewengart, VP of Investment Strategy at E\*TRADE Financial. “Amid higher valuations, further Fed action anticipated, and significant geopolitical uncertainty, market observers may be viewing the second half of the year with a dose of healthy skepticism. Some will undoubtedly seek defensive plays.”

The survey also explored sentiment concerning potential investment opportunities for the third quarter. Mr. Loewengart offered insight into those identified:

- **International equities.** After lagging for much of the past decade, interest in foreign assets gained momentum as developed and emerging market equities have largely outpaced their U.S. counterparts in 2017.
- **Energy.** Investors believe energy offers the most potential this quarter. They may be drawn to its defensive characteristics, coupled with the sector's potential as a value play given the decline it experienced throughout 2017.
- **Information technology.** Investor interest in IT remained steady from the previous quarter, despite suffering from a June sell-off. Since the sector has still performed well over the year, investors may be taking a longer view and seeing the recent dip as a buying opportunity.

1. E\*TRADE. (2017). [E\\*TRADE Study Reveals Retail Bulls Are Charging into the New Year.](#)

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### About the Survey

This wave of the survey was conducted from July 1 to July 10 of 2017 among an online U.S. sample of 959 self-directed active investors who manage at least \$10,000 in an online brokerage account. The survey has a margin of error of  $\pm 3.16$  percent at the 95 percent confidence level. It was fielded and administered by Research Now. The panel is broken into thirds of active (trade more than once a week), swing (trade less than once a week but more than once a month), and passive (trade less than once a month). The panel is 60 percent male and 40 percent female with an even distribution across online brokerages, geographic regions, and age bands.

### Referenced Data

<i>When it comes to the current market are you?</i>					
	<b>Q3'17</b>	<b>Q2'17</b>	<b>Q1'17</b>	<b>Q4'16</b>	<b>Q3'16</b>
Bullish	60%	63%	65%	55%	55%
Bearish	40%	37%	35%	45%	45%

<i>How do you predict the market will end this quarter?</i>					
	<b>Q3'17</b>	<b>Q2'17</b>	<b>Q1'17</b>	<b>Q4'16</b>	<b>Q3'16</b>
<b>Rise</b>	<b>61%</b>	<b>55%</b>	<b>60%</b>	<b>54%</b>	<b>41%</b>
Rise 20%	1%	0%	1%	1%	1%
Rise 15%	3%	4%	3%	2%	1%
Rise 10%	14%	13%	13%	8%	5%
Rise 5%	43%	38%	43%	44%	34%
<b>Stay basically where it is</b>	<b>21%</b>	<b>23%</b>	<b>18%</b>	<b>22%</b>	<b>28%</b>

Drop 5%	13%	16%	17%	19%	24%
Drop 10%	4%	4%	4%	4%	6%
Drop 15%	0%	2%	1%	1%	1%
Drop 20%	1%	0%	0%	0%	0%
<b>Drop</b>	<b>18%</b>	<b>22%</b>	<b>22%</b>	<b>24%</b>	<b>31%</b>

<i>Is the U.S. economy healthy enough for the Fed to enact additional rate hikes?</i>					
	Q3'17	Q2'17	Q1'17	Q4'16	Q3'16
<b>Agree (Top 2 Box)</b>	<b>58%</b>	<b>62%</b>	<b>63%</b>	<b>53%</b>	<b>33%</b>
Strongly agree	14%	16%	15%	12%	6%
Somewhat agree	44%	46%	48%	41%	27%
<b>Neither agree nor disagree</b>	<b>24%</b>	<b>26%</b>	<b>23%</b>	<b>27%</b>	<b>30%</b>
Somewhat disagree	15%	10%	12%	15%	28%
Strongly disagree	3%	2%	2%	5%	9%
<b>Disagree (Bottom 2 Box)</b>	<b>18%</b>	<b>12%</b>	<b>14%</b>	<b>20%</b>	<b>37%</b>

<i>The health of the markets outside the U.S. appeals to me as an investor this quarter.</i>					
	Q3'17	Q2'17	Q1'17	Q4'16	Q3'16
<b>Agree (Top 2 Box)</b>	<b>53%</b>	<b>50%</b>	<b>43%</b>	<b>40%</b>	<b>33%</b>
Strongly agree	14%	12%	10%	12%	8%
Somewhat agree	39%	38%	33%	28%	25%
<b>Neither agree nor disagree</b>	<b>29%</b>	<b>29%</b>	<b>28%</b>	<b>28%</b>	<b>21%</b>
Somewhat disagree	14%	16%	24%	25%	31%
Strongly disagree	4%	5%	5%	7%	15%
<b>Disagree (Bottom 2 Box)</b>	<b>18%</b>	<b>21%</b>	<b>29%</b>	<b>32%</b>	<b>46%</b>

<i>What industries do you think offer the most potential this quarter? (Top three)</i>					
	Q3'17	Q2'17	Q1'17	Q4'16	Q3'16
Energy	46%	45%	53%	46%	43%
Information technology	45%	46%	34%	50%	44%
Financials	43%	39%	46%	32%	25%
Health care	41%	39%	42%	45%	54%
Utilities	24%	23%	22%	25%	31%
Industrials	24%	28%	29%	17%	16%
Telecommunication services	24%	24%	19%	27%	26%
Materials	20%	20%	20%	14%	16%
Consumer staples	20%	20%	18%	27%	30%
Consumer discretionary	16%	15%	16%	17%	15%

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