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**E*TRADE STUDY REVEALS BULLISH SENTIMENT COOLS
AMID POSITIVE ECONOMIC INDICATORS**



Majority remain bullish, yet fewer believe the market will rise this quarter—down five percentage points from Q1

E*TRADE

While the economy continues to produce positive headlines, bullish sentiment among investors retreated slightly from Q1 peaks.

NEW YORK, April 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 positive investor sentiment has leveled off from the previous quarter:

- Bullish sentiment is at 63 percent, decreasing two percentage points from Q1'17 highs.
- Slightly more than half of investors believe the market will rise five percent or more this quarter, down five percentage points from Q1'17.
- Investors remain most likely to choose "Easy Rider" as the movie title that best describes their views of the market.
- More than three out of five investors continue to believe the U.S. economy is healthy enough for additional rate hikes this quarter, down one percentage point from the previous quarter.

"In this sustained bull market, a pullback or correction is never out of the question," commented Mike Loewengart, VP of Investment Strategy at E*TRADE Financial. "With the Fed planning to reduce their balance sheet, while suggesting more hikes may be on the way, coupled with the legislative uncertainty around several policy reforms, investors may be lowering their expectations, if only to reflect if the market is peaking or gearing up for another run."

The survey also explored where investors feel potential investment opportunities may be this quarter. Mr. Loewengart offered insight into those identified:

- **International equities.** Talk of the Trump Trade (i.e., bullish trades in sectors that stand to benefit from President Trump's proposed policies) has dominated U.S. markets, but investors appear to be turning their gaze to international equities. While investors still favor domestic markets, interest in both developed international and emerging markets rose this quarter amid attractive valuations and uncertainty in the U.S.
- **Information technology.** Investor interest in information technology surged 12 percentage points from the previous quarter, and is now the sector that investors believe offers the most potential this quarter. While IT performance struggled in the aftermath of the election, market observers are pointing to strong fundamentals and robust consumer demand.
- **Energy.** While the energy sector started the year as one of the worst performing sectors, its recent resurgence has investors taking note, amid a tightening of international supplies and profit growth expectations ahead of earnings. Although interest in the sector declined from Q1, surveyed investors still believe it offers potential this quarter.

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For useful trading and investing insights from E*TRADE, follow the company on Twitter, [@ETRADE](https://twitter.com/ETRADE).

About the Survey

This wave of the survey was conducted from April 1 to April 10 of 2017 among an online U.S. sample of 958 self-directed active investors who manage at least \$10,000 in an online brokerage account. The survey has a margin of error of ± 3.18 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>					
	Q2'17	Q1'17	Q4'16	Q3'16	Q2'16
Bullish	63%	65%	55%	55%	61%
Bearish	37%	35%	45%	45%	39%

<i>If you had to pick a movie title that best describes how you personally feel about the market right now, which would it be?</i>					
	Q2'17	Q1'17	Q4'16	Q3'16	Q2'16
Easy Rider	25%	23%	26%	17%	20%
Dazed and Confused	19%	21%	30%	40%	31%
Singin' in the Rain	18%	17%	11%	9%	13%
Raging Bull	15%	16%	7%	5%	6%

Pulp Fiction	10%	11%	12%	12%	12%
Jackass	7%	4%	6%	5%	6%
Fear and Loathing in Las Vegas	4%	5%	6%	8%	8%
Apocalypse Now	2%	2%	3%	4%	4%

<i>How do you predict the market will end this quarter?</i> (Question asked beginning in Q1'16)					
	Q2'17	Q1'17	Q4'16	Q3'16	Q2'16
Rise	55%	60%	54%	41%	59%
Rise 20%	0%	1%	1%	1%	1%
Rise 15%	4%	3%	2%	1%	2%
Rise 10%	13%	13%	8%	5%	9%
Rise 5%	38%	43%	44%	34%	47%
Stay basically where it is	23%	18%	22%	28%	21%
Drop 5%	16%	17%	19%	24%	16%
Drop 10%	4%	4%	4%	6%	4%
Drop 15%	2%	1%	1%	1%	0%
Drop 20%	0%	0%	0%	0%	0%
Drop	22%	22%	24%	31%	20%

<i>Is the U.S. economy healthy enough for the Fed to enact additional rate hikes this quarter?</i>					
	Q2'17	Q1'17	Q4'16	Q3'16	Q2'16
Agree (Top 2 Box)	62%	63%	53%	33%	41%
Strongly agree	16%	15%	12%	6%	9%
Somewhat agree	46%	48%	41%	27%	32%
Neither agree nor disagree	26%	23%	27%	30%	29%
Somewhat disagree	10%	12%	15%	28%	20%
Strongly disagree	2%	2%	5%	9%	10%
Disagree (Bottom 2 Box)	12%	14%	20%	37%	30%

<i>The health of the markets outside the U.S. appeals to me as an investor this quarter.</i>					
	Q2'17	Q1'17	Q4'16	Q3'16	Q2'16
Agree (Top 2 Box)	50%	43%	40%	33%	44%
Strongly agree	12%	10%	12%	8%	11%
Somewhat agree	38%	33%	28%	25%	33%
Neither agree nor disagree	29%	28%	28%	21%	21%
Somewhat disagree	16%	24%	25%	31%	26%
Strongly disagree	5%	5%	7%	15%	9%
Disagree (Bottom 2 Box)	21%	29%	32%	46%	35%

<i>I am more likely to invest abroad than domestically this quarter</i>					
	Q2'17	Q1'17	Q4'16	Q3'16	Q2'16
Agree (Top 2 Box)	29%	26%	27%	18%	19%
Strongly agree	7%	6%	6%	4%	7%
Somewhat agree	22%	20%	21%	14%	12%
Neither agree nor disagree	26%	26%	25%	23%	24%
Somewhat disagree	31%	33%	32%	36%	35%
Strongly disagree	14%	15%	16%	23%	22%
Disagree (Bottom 2 Box)	45%	48%	48%	59%	57%

<i>What industries do you think offer the most potential this quarter? (Top three)</i>					
	Q2'17	Q1'17	Q4'16	Q3'16	Q2'16
Information technology	46%	34%	50%	44%	51%
Energy	45%	53%	46%	43%	48%
Financials	39%	46%	32%	25%	29%
Health care	39%	42%	45%	54%	56%
Industrials	28%	29%	17%	16%	19%
Telecommunication services	24%	19%	27%	26%	24%
Utilities	23%	22%	25%	31%	17%
Consumer staples	20%	18%	27%	30%	27%
Materials	20%	20%	14%	16%	14%
Consumer discretionary	15%	16%	17%	15%	17%

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