

E*TRADE Study Reveals Bullish Sentiment Has Fallen to Two-Year Low

April 13, 2018



Bullish sentiment falls
16 percentage points,
now at 52% among
experienced investors



Regarding market performance, less than half of surveyed investors believe the market will end in positive territory, down 31 percentage points from Q1'18

NEW YORK--(BUSINESS WIRE)--Apr. 13, 2018-- E*TRADE Financial Corporation (NASDAQ: ETFC) today announced results from the most recent wave of StreetWise, the E*TRADE quarterly tracking study of experienced investors. Results indicate a significant decline in positive investor sentiment:

- Bullish sentiment decreased to 52 percent, a 16 percentage point decline from Q1'18 and an 11 percentage point decline from Q2'17.
- Almost three out of five investors believe the US economy is healthy enough for at least one rate hike in the second quarter, down 8 percentage points from Q1'18 and 4 percentage points from Q2'17.
- Just under half believe the market will rise this quarter, down 31 percentage points from Q1'18, and 9 percentage points from Q2'17.

"After a 2017 defined by record-breaking highs, volatility now seems to be the name of the game," commented Mike Loewengart, VP of Investment Strategy at E*TRADE Financial. "This shouldn't come as too much of a surprise given trade tensions with China, tech stocks taking one on the chin amid data privacy issues, and some jobs data coming in at the end of the quarter as a bit of a mixed bag. But all that being said, economic fundamentals remain strong as we enter earnings season, and, in taking a long-term view, many equities may be considered bargains by historical standards."

The survey also explored retail investors' thoughts regarding potential investing opportunities for the first quarter:

- **Health care.** Nearly half of all investors believe the health care sector offers potential in Q2, up 5 percentage points from the previous quarter. Investor interest in the sector is at its highest point in more than a year, perhaps due to investors viewing the industry as traditionally defensive but without the interest rate exposure of other defensive sectors like telecom and utilities.
- **IT.** Despite taking some recent lumps in March, interest in IT remains steady, with 44% of surveyed respondents drawn to the sector. Amid a pronounced pullback in the sector, many investors may be eyeing bargain opportunities on stocks that have witnessed historically high valuations during the recent bull run.
- **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. Although interest in the sector declined from Q1, surveyed investors continue to rate it high in potential this quarter compared to other sectors.

E*TRADE aims to enhance the financial independence of traders and investors through a powerful digital offering and professional guidance. To learn more about E*TRADE's trading and investing platforms and tools, visit etrade.com.

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 11 of 2018 among an online US sample of 947 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 64 percent male and 36 percent female, with an even distribution across online brokerages, geographic regions, and age bands.

Referenced Data

When it comes to the current market are you?

Q2'18	Q1'18	Q4'17	Q3'17	Q2'17
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Bullish	52%	68%	63%	60%	63%
Bearish	48%	32%	37%	40%	37%

How do you predict the market will end this quarter?

	Q2'18	Q1'18	Q4'17	Q3'17	Q2'17
Rise	46%	77%	66%	61%	55%
Rise 20%	2%	2%	2%	1%	0%
Rise 15%	3%	7%	6%	3%	4%
Rise 10%	11%	18%	16%	14%	13%
Rise 5%	30%	50%	42%	43%	38%
Stay basically where it is	17%	14%	17%	21%	23%
Drop 5%	21%	7%	11%	13%	16%
Drop 10%	12%	2%	4%	4%	4%
Drop 15%	3%	0%	2%	0%	2%
Drop 20%	1%	0%	0%	1%	0%
Drop	37%	9%	17%	18%	22%

Is the US economy healthy enough for the Fed to enact additional rate hikes this quarter?

	Q2'18	Q1'18	Q4'17	Q3'17	Q2'17
Agree (Top 2 Box)	58%	66%	59%	58%	62%
Strongly agree	17%	20%	17%	14%	16%
Somewhat agree	41%	46%	42%	44%	46%
Neither agree nor disagree	25%	25%	27%	24%	26%
Somewhat disagree	13%	7%	12%	15%	10%
Strongly disagree	4%	2%	2%	3%	2%
Disagree (Bottom 2 Box)	17%	9%	14%	18%	12%

What industries do you think offer the most potential this quarter? (Top three)

	Q2'18	Q1'18	Q4'17	Q3'17	Q2'17
Health care	46%	41%	43%	41%	39%
Information technology	44%	45%	46%	45%	46%
Energy	41%	47%	44%	46%	45%
Financials	40%	43%	39%	43%	39%
Telecommunication services	24%	23%	27%	24%	24%
Consumer staples	24%	17%	20%	20%	20%
Utilities	22%	19%	22%	24%	23%
Industrials	22%	29%	22%	24%	28%
Materials	20%	21%	20%	20%	20%
Consumer discretionary	18%	15%	16%	16%	15%

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