

Bullish Sentiment Bucked Back from Two-Year Low, According to E*TRADE Study



Despite a growing trade war, more than half of surveyed investors believe market performance will end the quarter in positive territory, up 6 percentage points from Q2'18

NEW YORK--(BUSINESS WIRE)-- 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 an increase in positive investor sentiment since last quarter:

- 1 Bullish sentiment increased to 57%, a 5 percentage point jump from Q2'18 and a 3 percentage point decline from Q3'17.
- 1 More than half believe the market will rise this quarter, up 6 percentage points from Q2'18 and down 9 percentage points from Q3'17.
- 1 Over half of investors believe the US economy is healthy enough for at least one rate hike in the third quarter, down 1 percentage points from both Q2'18 and Q3'17.

"Investors today have no shortage of market worries, with geopolitical tensions, trade escalations, expected rate increases, and a fair dose of market volatility all contributing to a general uneasiness," commented Mike Loewengart, VP of Investment Strategy at E*TRADE Financial. "But in spite of all of this, it's encouraging to see investors balance the negative headlines with the positive data coming from recent economic reports, suggesting many may be shrugging off the drama in favor of focusing on economic fundamentals."

The survey also explored retail investors' thoughts about potential investing opportunities for the third quarter of 2018:

- 1 **IT.** Interest in IT continued into the current quarter, with 45% of surveyed respondents again drawn to the sector. Following a recent pullback in the sector, investors may be pursuing bargain opportunities on stocks that saw historically high valuations earlier in the year.
- 1 **Energy.** The energy sector largely rebounded to where it started the year, and investors seem to be paying attention, as 43% of the population expressed interest. The sector has increased in popularity since Q2, and surveyed investors continued to rate it high in potential this quarter compared to other sectors.
- 1 **Health care.** 41% of all investors believe the health care sector offers potential in Q3. Although down 4 percentage points from the previous quarter, investor interest remains strong, as many tend to view it as a defensive player that

lacks the sensitivity to interest rate hikes that other defensive sectors like telecom and utilities may face.

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 July 1 to July 11 of 2018 among an online US sample of 940 self-directed active investors who manage at least \$10,000 in an online brokerage account. The survey has a margin of error of ± 3.20 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% male and 40% female, with an even distribution across online brokerages, geographic regions, and age bands.

Referenced Data

When it comes to the current market are you?

	Q3'18	Q2'18	Q1'18	Q4'17	Q3'17
Bullish	57%	52%	68%	63%	60%
Bearish	43%	48%	32%	37%	40%

How do you predict the market will end this quarter?

	Q3'18	Q2'18	Q1'18	Q4'17	Q3'17
Rise	52%	46%	77%	66%	61%
Rise 20%	2%	2%	2%	2%	1%
Rise 15%	5%	3%	7%	6%	3%
Rise 10%	13%	11%	18%	16%	14%
Rise 5%	32%	30%	50%	42%	43%
Stay basically where it is	23%	17%	14%	17%	21%
Drop 5%	17%	21%	7%	11%	13%
Drop 10%	6%	12%	2%	4%	4%
Drop 15%	1%	3%	0%	2%	0%
Drop 20%	1%	1%	0%	0%	1%
Drop	25%	37%	9%	17%	18%

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

	Q3'18	Q2'18	Q1'18	Q4'17	Q3'17
Agree (Top 2 Box)	57%	58%	66%	59%	58%
Strongly agree	16%	17%	20%	17%	14%
Somewhat agree	41%	41%	46%	42%	44%
Neither agree nor disagree	27%	25%	25%	27%	24%
Somewhat disagree	13%	13%	7%	12%	15%
Strongly disagree	3%	4%	2%	2%	3%
Disagree (Bottom 2 Box)	16%	17%	9%	14%	18%

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

	Q3'18	Q2'18	Q1'18	Q4'17	Q3'17
Information technology	45%	44%	45%	46%	45%
Energy	43%	41%	47%	44%	46%
Health care	41%	46%	41%	43%	41%
Financials	41%	40%	43%	39%	43%
Telecommunication services	27%	24%	23%	27%	24%

Utilities	24%	22%	19%	22%	24%
Industrials	22%	22%	29%	22%	24%
Consumer staples	19%	24%	17%	20%	20%
Materials	20%	20%	21%	20%	20%
Consumer discretionary	19%	18%	15%	16%	16%

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