

FOR IMMEDIATE RELEASE

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IR@etrade.com**E*TRADE STUDY REVEALS BEARISH SENTIMENT AT THREE-YEAR HIGH**

Despite bearishness, investors are significantly more likely to “buy the dip” than “sell the rally”

NEW YORK, January 14, 2019 — 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 show that the majority of investors are bearish amid market volatility, gridlock in Washington, and global growth concerns.

- **Bears take the day.** Bearish sentiment rose 16 percentage points, to 54%—one of the biggest quarterly increases in the past three years.
- **Trade concerns loom large.** Nearly three out of five investors feel China and trade tensions pose the most risk to their portfolios (59%), followed by Fed rate hikes (38%), and gridlock in Washington (33%).
- **They feel volatility is the new normal.** More than nine out of 10 investors (91%) believe volatility will rise or stay the same in Q1.
- **But the majority still give the economy a passing grade.** The majority of surveyed investors (55%) give the economy an A or B grade.
- **“Buy the dip” mentality still rules.** Four out of five investors (79%) say their strategy is to buy the dip, likely to take advantage of recent market volatility. On the other hand, one out of five investors (21%) prefer to sell the rally.

“Volatility and concerns of a global slowdown are clearly on the hearts and minds of investors today,” said Mike Loewengart, VP of Investment Strategy at E*TRADE Financial. “That said, we’ve seen tremendous momentum over the past few years, and ebbs and flows are a natural

part of the market. It won't always go in one direction like it did for many years up until 2018. In the current state of play, it's important to remember that, at least for now, our foundation is strong—economic fundamentals like employment and GDP continue to show resilience.”

The survey also explored retail investors' views on sector opportunities for the first quarter of 2019:

- **Health care.** Half of all surveyed investors see opportunity in health care, which is traditionally viewed as a more defensive sector.
- **Energy.** Two out of five investors see opportunity in energy this quarter amid the recent rally in crude oil.
- **IT.** This sector dropped two places from the number one spot last quarter as device production slows. Yet it remains a top choice, as investors may be seeking bargains.

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 January 2 to January 10 of 2019 among an online US sample of 910 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

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<i>When it comes to the current market are you?</i>				
	Total			
	Q1'19	Q1'18	Q1'17	Q1'16
Bullish	46%	68%	64%	45%
Bearish	54%	32%	36%	55%

<i>Which of the following risks are you most concerned about when it comes to your portfolio? (Top 2)</i>	
	Total
	Q1'19
China and US trade tensions	59%
Fed raising rates	38%
Gridlock in Washington	33%
Weakness in the tech sector	20%
Flattening yield curve	17%
Weakness in the housing market	13%
Brexit	9%
Other	5%
None of these	4%

<i>Over the next quarter, do you think volatility will...</i>	
	Total
	Q1'19
Greatly increase	16%
Somewhat increase	42%
Stay the same	33%
Somewhat decrease	9%
Greatly decrease	0%

<i>What grade would you give the current state of the U.S. economy right now?</i>	
	Total
	Q1'19
A	14%
B	41%

C	32%
D	10%
F	3%

If you had to choose, would you say your trading strategy is more buy the dip or sell the rally?

	Total
	Q1'19
Buy the dip	79%
Sell the rally	21%

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

	Q1'19	Q4'18	Q3'18	Q2'18	Q1'18
Health care	50%	44%	41%	46%	41%
Energy	40%	42%	43%	41%	47%
Information technology	38%	49%	45%	44%	45%
Financials	36%	40%	41%	40%	43%
Consumer staples	30%	21%	19%	24%	17%
Utilities	29%	23%	24%	22%	19%
Communications services	23%	21%	27%	24%	23%
Industrials	20%	21%	22%	22%	29%
Consumer discretionary	17%	22%	19%	18%	15%
Materials	16%	17%	20%	20%	21%