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**AHEAD OF MEETING, E*TRADE REVEALS INVESTOR
EXPECTATIONS FOR 2018 FED ACTIONS**



Despite positive leadership views, investor views on rate hikes differed significantly from Fed statements

NEW YORK, March 20, 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 reveal investor expectations for rate hikes this year as Federal Reserve Chair Jerome Powell takes the reins:

- **Investors started the year more conservative than the Fed.** Three out of four investors (75 percent) are projecting one or two hikes this year, compared to the Fed's stated agenda of three hikes in 2018.
- **But overall, investors are confident in the health of the economy to support rate increases.** Two out of three (66 percent) investors believe the economy is healthy enough to enact further rate hikes this year.
- **Nearly all expect a hike this month.** Tracking closely with CME probabilities of a rate hike, more than nine out of 10 (93 percent) investors believe it is likely that the Fed will announce an interest rate increase during its March meeting.

"As we embark on a new chapter for the Fed, are we in for more of the same, or will we see something unexpected?" questioned Mike Loewengart, VP of Investment Strategy at E*TRADE

Financial. “We know the Fed has a rate destination in mind, but what remains to be seen is if the pace will accelerate or if they’ll make pit stops on the way. For context, while the federal funds rate is at its highest level since 2008, it’s still low by historical standards. If economic growth continues to pick up steam, we could see more action in 2018 than many may have expected.”

Mr. Loewengart also offered additional observations from the survey on how views of the Fed can vary by generation:

- **Boomers are the most hawkish.** Three out of 10 Boomers (31 percent) think the Fed will raise rates three times or more this year—the most predicted by any age group.
- **Millennials are the most dovish.** Nearly nine out of 10 Millennials (85 percent) believe we’re on pace for two or fewer hikes this year. In contrast, 78 percent of Gen Xers and 69 percent of Boomers believe we’ll get two or fewer hikes this year.
- **Gen Xers aren’t as confident in the economy or new leadership.** Slightly more than three out of five (62 percent) Gen Xers believe the US economy is healthy enough for additional rate hikes this year—the lowest out of any age group. And nearly a quarter (24 percent) believe new Fed leadership will be negative for the economy—the highest out of any age group.

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 1 to January 15 of 2018 among an online US sample of 923 self-directed active investors who manage at least \$10,000 in an online brokerage account. The survey has a margin of error of ±3.23 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 61 percent male and 39 percent female with an even distribution across online brokerages, geographic regions, and age bands.

Referenced Data

<i>How many more times do you think the Federal Reserve will raise interest rates in 2018?</i>				
		Age		
	Total	25–34	35–54	55+
Zero	2%	1%	5%	0%
One	26%	36%	30%	15%
Two	49%	48%	43%	54%
Three	20%	11%	19%	30%
Four or more	3%	4%	3%	1%

How likely do you think it is that there will be a rate increase by the Federal Reserve in March 2018, which is the announcement with a press conference?				
		Age		
	Total	25–34	35–54	55+
Top 2 Box	93%	91%	91%	96%
Very likely	34%	39%	30%	35%
Somewhat likely	59%	52%	61%	61%
Somewhat unlikely	6%	9%	7%	4%
Very unlikely	1%	0%	2%	0%
Bottom 2 Box	7%	9%	9%	4%

The US economy is healthy enough for the Fed to enact additional rate hikes this quarter.				
		Age		
	Total	25–34	35–54	55+
Agree (Top 2 Box)	66%	67%	62%	70%
Strongly agree	20%	26%	22%	15%
Somewhat agree	46%	41%	40%	55%
Neither agree nor disagree	25%	27%	27%	22%
Somewhat disagree	7%	5%	9%	7%
Strongly disagree	2%	1%	2%	1%
Disagree (Bottom 2 Box)	9%	6%	11%	8%

When it comes to the economy, do you think the new Fed leadership will be...				
		Age		
	Total	25–34	35–54	55+
Positive (Top 2 Box)	69%	71%	63%	73%
Very positive	13%	21%	10%	10%
Somewhat positive	56%	50%	53%	63%
Somewhat negative	15%	15%	19%	10%
Very negative	3%	4%	5%	1%
Negative (Bottom 2 Box)	18%	19%	24%	11%
Unsure	9%	10%	9%	11%
No change	4%	0%	4%	5%

“Millennial” defined as age 25–34 // “Gen X” defined as age 35–54 //
“Baby Boomer” defined as age 55+

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