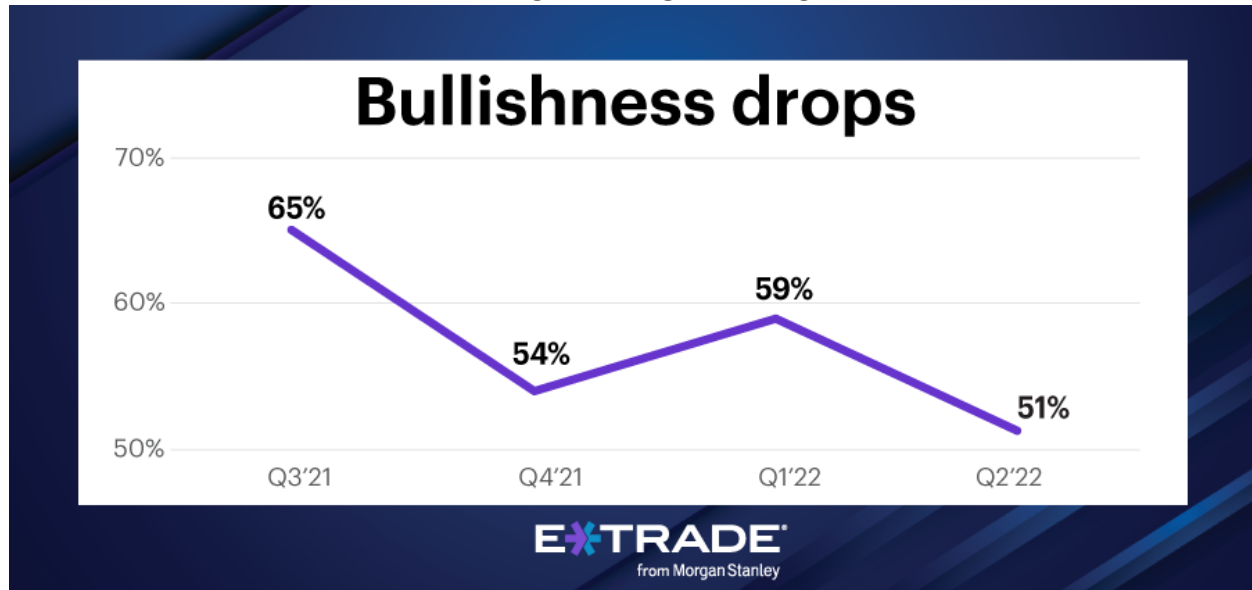


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**E\*TRADE FROM MORGAN STANLEY STUDY REVEALS DROP IN BULLISHNESS AS  
INFLATION FEARS TAKE HOLD**



*Amid high inflation and geopolitical tensions, investors are feeling more “Dazed and Confused”*

**ARLINGTON, Va., April 13, 2022** — E\*TRADE from Morgan Stanley today announced results from the most recent wave of *StreetWise*, its quarterly tracking study of experienced investors. Results reveal a drop in positive sentiment following a volatile first quarter:

- **Bullishness falls.** Bullish sentiment dropped 8 percentage points from last quarter to 51%. And nearly a third believe we’re at the peak of the business cycle (32%) or in a recession (31%)—up 2 and 7 percentage points, respectively.
- **Investors are feeling “Dazed and Confused”.** Investors selected “Dazed and Confused” (29%) as the top movie choice to describe how they feel about the market, up 6 percentage points from the last quarter.
- **And most expect volatility to rise.** Nearly two in three investors (64%) said they expect volatility to increase this quarter.
- **Inflation fears reign.** For the fourth quarter in a row, inflation (56%) was selected as a top portfolio risk, followed by the Russia and Ukraine conflict (45%), and a recession (38%).

“A lot has shifted in the last year—inflation went from transitory to persistent, supply chain concerns pivoted to oil constraints, we entered a rising rate environment, and geopolitical tensions reached a tipping point,” said Mike Loewengart, Managing Director of Investment Strategy at E\*TRADE from Morgan Stanley. “Amid this backdrop, it’s not surprising to see cracks in investors’ bullishness. In fact, this type of volatility is normal as we enter a new era of monetary policy. So while investors seem to be bracing for more, it’s important to remember that



from Morgan Stanley

sticking to a diversified investment strategy is likely to serve most well over the long-term. Translation: Resist the urge to panic sell or buy when you see account balances fluctuate.”

The survey explored investor views on sector opportunities for the second quarter of 2022:

- **Energy.** With crude oil’s spike since the Ukraine conflict, the energy sector (48%) took the top spot this quarter, jumping 11 percentage points from Q1.
- **IT.** Despite the Fed raising rates last month and signaling more on the horizon, nearly two in five (38%) investors see opportunity in the IT sector. While it’s largely thought that rising rates can eat into growth potential of tech names, recent volatility and the pullback in the sector could be drawing investors into this still evolving and growing area of the market.
- **Health care.** Interest in this traditionally defensive sector remained high amid increased volatility (37%), but ticked down 9 percentage points from last quarter.

### About the Survey

This wave of the survey was conducted from April 1 to April 11 of 2022 among an online US sample of 913 self-directed active investors who manage at least \$10,000 in an online brokerage account. The survey has a margin of error of  $\pm 3.20$  percent at the 95 percent confidence level. It was fielded and administered by Dynata. 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.

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E\*TRADE engages Dynata to program, field, and tabulate the study. Dynata provides digital research data and has locations in the Americas, Europe, the Middle East and Asia-Pacific. For more information, please go to [www.dynata.com](http://www.dynata.com).

### Referenced Data

<b>And when it comes to the current market are you?</b>		
	<b>Q1'22</b>	<b>Q2'22</b>
Bullish	59%	51%
Bearish	41%	49%

<b>What stage of the business cycle do you believe we are currently in?</b>		
	<b>Q1'22</b>	<b>Q2'22</b>
Peak (Economic growth reaches maximum limit, inflation takes hold, economic factors slow or stop)	30%	32%
Recession (Economic growth decreases)	24%	31%
Expansion (Economic growth is steady and economic factors increase)	28%	17%
Recovery (Economy growth reaches lowest level and begins to move back into positive territory)	10%	10%
Trough (Negative economic growth)	8%	10%

<b>If you had to pick a movie title that best describes how you personally feel about the market this quarter, which would it be?</b>		
	<b>Q1'22</b>	<b>Q2'22</b>
Dazed and Confused	23%	29%
Easy Rider	21%	17%
Singin' in the Rain	16%	11%
Jackass	6%	10%
Raging Bull	13%	9%
Pulp Fiction	10%	9%
Fear and Loathing in Las Vegas	7%	8%
Apocalypse Now	4%	7%

<b>Over the next quarter, do you think volatility will...</b>	
	<b>Q2'22</b>
<b>Top 2 Box</b>	<b>64%</b>
Greatly increase	18%
Somewhat increase	46%
Stay the same	29%
Somewhat decrease	7%
Greatly decrease	--

<b>Which of the following risks are you most concerned about when it comes to your portfolio? (Top four)</b>				
	<b>Q3'21</b>	<b>Q4'21</b>	<b>Q1'22</b>	<b>Q2'22</b>
Inflation	35%	52%	58%	56%
Russia/Ukraine conflict	--	--	--	45%
Recession	17%	38%	35%	38%
Market volatility	27%	41%	47%	37%
Supply chain constraints	--	38%	36%	30%



from Morgan Stanley

US trade tensions	17%	28%	29%	28%
Coronavirus and other pandemic concerns	23%	38%	44%	25%
Current presidential administration	16%	31%	29%	24%
Economic weakness abroad	12%	31%	25%	22%
Gridlock in Washington	14%	30%	24%	20%
Fed monetary policy	12%	24%	26%	20%
Commodity prices	--	--	--	18%
Job market	15%	24%	24%	17%
The yield curve	7%	13%	13%	11%
None of these	3%	3%	3%	2%
Other	1%	1%	1%	1%

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

	<b>Q1'22</b>	<b>Q2'22</b>
Energy	37%	48%
Information technology	43%	38%
Health care	46%	37%
Real estate	32%	34%
Utilities	24%	28%
Financials	30%	24%
Consumer staples	22%	22%
Materials	17%	20%
Communication services	21%	18%
Industrials	17%	18%
Consumer discretionary	12%	12%