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E*TRADE STUDY REVEALS RETAIL BULLS ARE CHARGING INTO THE NEW YEAR



Having endured an unpredictable 2016, investors are significantly more optimistic about the market than they were one year ago

NEW YORK, January 12, 2017 — E*TRADE Financial Corporation (NASDAQ: ETFC) today announced results from the most recent wave of *StreetWise*, E*TRADE's quarterly tracking study of experienced investors. Results indicate a significant rise in positive investor sentiment over the past year:

- Bullish sentiment is at 65 percent, the highest level measured by the survey since Q1'15¹, and up 20 percentage points from Q1'16.
- Three out of five investors believe the market will rise this quarter, up 26 percentage points from Q1'16.
- Investors are most likely to choose "Easy Rider" as the movie title that best describes their views of the market, while "Singin' in the Rain" increased 10 percentage points from Q1'16, and "Dazed and Confused" dropped 12 percentage points from Q1'16.
- More than three out of five investors also believe the U.S. economy is healthy enough for additional rate hikes this quarter, up 16 percentage points from Q1'16.

"While the market started 2016 on a down note, the year ended with a bang—closing at near record highs," commented Mike Loewengart, VP of Investment Strategy at E*TRADE Financial. "With the initial uncertainties of the election, the Brexit vote, and a long anticipated Fed rate hike now in the rearview mirror, many investors see opportunities in 2017, despite the potential unknowns of what a Trump presidency may bring."

Mr. Loewengart also offered insight into investment opportunities across U.S. sectors:

- **Energy.** More than half of all investors believe the energy sector offers potential in Q1, up seven percentage points from the previous quarter. Interest in the energy sector is at its highest point in more than a year, perhaps in response to President-elect Trump's calls to implement pro-energy measures.
- **Financials.** Investor interest in financials surged 14 percentage points from the previous quarter, rising to 46 percent in Q1. With additional Fed rate hikes expected in 2017, investors may view financials as a sector that could potentially benefit. Additionally, many investors may view the sector favorably due to potential industry-wide deregulation proposed by Trump.
- **Health care.** Interest in health care remains high with 42 percent of those surveyed interested in the sector for Q1, perhaps due to the President-elect's stated determination to repeal Obamacare and push for industry deregulation.

1. E*TRADE. (2015). [U.S. Equities the Top Choice for Investors.](#)

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For useful insight from E*TRADE and third-party investment professionals, follow the Company on Twitter, [@ETRADE](#).

About the Survey

This wave of the survey was conducted from January 1 to January 10 of 2017 among an online U.S. sample of 904 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 ResearchNow. 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 65 percent male and 35 percent female with an even distribution across online brokerages, geographic regions, and age bands.

Referenced Data

<i>When it comes to the current market are you?</i>					
	Q1'17	Q4'16	Q3'16	Q2'16	Q1'16
Bullish	65%	55%	55%	61%	45%
Bearish	35%	45%	45%	39%	55%

<i>If you had to pick a movie title that best describes how you personally feel about the market right now, which would it be?</i>					
	Q1'17	Q4'16	Q3'16	Q2'16	Q1'16
Easy Rider	23%	26%	17%	20%	14%
Dazed and Confused	21%	30%	40%	31%	33%
Singin' in the Rain	17%	11%	9%	13%	7%

Raging Bull	16%	7%	5%	6%	4%
Pulp Fiction	11%	12%	12%	12%	13%
Fear and Loathing in Las Vegas	5%	6%	8%	8%	11%
Jackass	4%	6%	5%	6%	7%
Apocalypse Now	2%	3%	4%	4%	9%

How do you predict the market will end this quarter? (Question asked beginning in Q1'16)					
	Q1'17	Q4'16	Q3'16	Q2'16	Q1'16
Rise	60%	54%	41%	59%	34%
Rise 20%	1%	1%	1%	1%	0%
Rise 15%	3%	2%	1%	2%	3%
Rise 10%	13%	8%	5%	9%	10%
Rise 5%	43%	44%	34%	47%	21%
Stay basically where it is	18%	22%	28%	21%	20%
Drop 5%	17%	19%	24%	16%	23%
Drop 10%	4%	4%	6%	4%	16%
Drop 15%	1%	1%	1%	0%	5%
Drop 20%	0%	0%	0%	0%	2%
Drop	22%	24%	31%	20%	46%

Is the U.S. economy healthy enough for the Fed to enact additional rate hikes this quarter?					
	Q1'17	Q4'16	Q3'16	Q2'16	Q1'16
Agree (Top 2 Box)	63%	53%	33%	41%	47%
Strongly agree	15%	12%	6%	9%	7%
Somewhat agree	48%	41%	27%	32%	40%
Neither agree nor disagree	23%	27%	30%	29%	27%
Somewhat disagree	12%	15%	28%	20%	19%
Strongly disagree	2%	5%	9%	10%	7%
Disagree (Bottom 2 Box)	14%	20%	37%	30%	26%

What industries do you think offer the most potential this quarter? (Top three)					
	Q1'17	Q4'16	Q3'16	Q2'16	Q1'16
Energy	53%	46%	43%	48%	38%
Financials	46%	32%	25%	29%	32%
Health care	42%	45%	54%	56%	60%
Information technology	34%	50%	44%	51%	53%
Industrials	29%	17%	16%	19%	16%
Utilities	22%	25%	31%	17%	18%

Materials	20%	14%	16%	14%	13%
Telecommunication services	19%	27%	26%	24%	26%
Consumer staples	18%	27%	30%	27%	30%
Consumer discretionary	16%	17%	15%	17%	15%

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