

E*TRADE Study Reveals Bullish Sentiment Has Fallen to Two-Year Low

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 a significant decline in positive investor sentiment:

This press release features multimedia. View the full release here:

<https://www.businesswire.com/news/home/20180413005300/en/>



- | Bullish sentiment decreased to 52 percent, a 16 percentage point decline from Q1'18 and an 11 percentage point decline from Q2'17.
- | Almost three out of five investors believe the US economy is healthy enough for at least one rate hike in the second quarter, down 8 percentage points from Q1'18 and 4 percentage points from Q2'17.
- | Just under half believe the market will rise this quarter, down 31 percentage points from Q1'18, and 9 percentage points from Q2'17.

Regarding market performance, less than half of surveyed investors believe the market will end in positive territory, down 31 percentage points from Q1'18 (Photo: Business Wire)

of the game," commented Mike Loewengart, VP of Investment Strategy at E*TRADE Financial. "This shouldn't come as too much of a surprise given trade tensions with China, tech stocks taking one on the chin amid data privacy issues, and some jobs data coming in at the end of the quarter as a bit of a mixed bag. But all that being said, economic fundamentals remain strong as we enter earnings season, and, in taking a long-term view, many equities may be considered bargains by historical standards."

"After a 2017 defined by record-breaking highs, volatility now seems to be the name

The survey also explored retail investors' thoughts regarding potential investing opportunities for the first quarter:

- | **Health care.** Nearly half of all investors believe the health care sector offers potential in Q2, up 5 percentage points from the previous quarter. Investor interest in the sector is at its highest point in more than a year, perhaps due to investors viewing the industry as traditionally defensive but without the interest rate exposure of other defensive sectors like telecom and utilities.
- | **IT.** Despite taking some recent lumps in March, interest in IT remains steady, with 44% of surveyed respondents drawn to the sector. Amid a pronounced pullback in the sector, many investors may be eyeing bargain opportunities on stocks that have witnessed historically high valuations during the recent bull run.
- | **Energy.** While the energy sector started the year as one of the worst performing sectors, its recent resurgence has investors taking note amid a tightening of international supplies. Although interest in the sector declined from Q1, surveyed investors continue to rate it high in potential this quarter compared to other sectors.

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 April 1 to April 11 of 2018 among an online US sample of 947 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 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 64 percent male and 36 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>					
	Q2'18	Q1'18	Q4'17	Q3'17	Q2'17
Bullish	52%	68%	63%	60%	63%
Bearish	48%	32%	37%	40%	37%

<i>How do you predict the market will end this quarter?</i>					
	Q2'18	Q1'18	Q4'17	Q3'17	Q2'17
Rise	46%	77%	66%	61%	55%
Rise 20%	2%	2%	2%	1%	0%
Rise 15%	3%	7%	6%	3%	4%
Rise 10%	11%	18%	16%	14%	13%
Rise 5%	30%	50%	42%	43%	38%
Stay basically where it is	17%	14%	17%	21%	23%
Drop 5%	21%	7%	11%	13%	16%
Drop 10%	12%	2%	4%	4%	4%
Drop 15%	3%	0%	2%	0%	2%
Drop 20%	1%	0%	0%	1%	0%
Drop	37%	9%	17%	18%	22%

<i>Is the US economy healthy enough for the Fed to enact additional rate hikes this quarter?</i>					
	Q2'18	Q1'18	Q4'17	Q3'17	Q2'17
Agree (Top 2 Box)	58%	66%	59%	58%	62%
Strongly agree	17%	20%	17%	14%	16%
Somewhat agree	41%	46%	42%	44%	46%
Neither agree nor disagree	25%	25%	27%	24%	26%
Somewhat disagree	13%	7%	12%	15%	10%
Strongly disagree	4%	2%	2%	3%	2%
Disagree (Bottom 2 Box)	17%	9%	14%	18%	12%

<i>What industries do you think offer the most potential this quarter? (Top three)</i>					
	Q2'18	Q1'18	Q4'17	Q3'17	Q2'17
Health care	46%	41%	43%	41%	39%
Information technology	44%	45%	46%	45%	46%
Energy	41%	47%	44%	46%	45%
Financials	40%	43%	39%	43%	39%
Telecommunication services	24%	23%	27%	24%	24%
Consumer staples	24%	17%	20%	20%	20%
Utilities	22%	19%	22%	24%	23%
Industrials	22%	29%	22%	24%	28%
Materials	20%	21%	20%	20%	20%
Consumer discretionary	18%	15%	16%	16%	15%

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