

## E\*TRADE Study Reveals Investor Bullishness at Historic Highs



*Following a banner year of market gains, more than three out of four investors still believe the market will rise this quarter*

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 rise in positive investor sentiment quarter over quarter and year over year:

- 1 The majority remain bullish at 68 percent, increasing five percentage points from Q4'17, and three percentage points from Q1'17.
- 1 Nearly eight out of ten investors believe the market will rise this quarter, up 11 percentage points from Q4'17, and 17 percentage points from Q1'17.
- 1 Two out of three investors believe the US economy is healthy enough for at least one rate hike in the first quarter, up seven percentage points from the previous quarter, and three percentage points from Q1'17.

"Investor optimism in this market has reached new heights following a year of serious growth," commented Mike Loewengart, VP of Investment Strategy at E\*TRADE Financial. "While there are more than a few uncertainties to keep investors awake at night, they are clearly reacting to the roundly positive economic data that has been coming in at a steady stream, not to mention the boost that tax reform may bring. And as we approach our first earnings season of the year, investors are eyeing a variety of opportunities across the market."

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

- 1 **Energy.** Nearly half of investors believe the energy sector offers potential in Q1, up three percentage points from the previous quarter. Interest in the energy sector remains strong as the current administration has opened up offshore drilling and stronger crude oil prices helped push the sector to recent highs.
- 1 **Financials.** Investors' interest in financials rose four percentage points from the previous quarter. With additional Fed rate hikes expected in 2018, investors may view financials as a sector that could potentially benefit. Additionally, many investors may view the sector favorably due to the potential benefits of a new lower corporate tax rate.
- 1 **International.** Appetite among investors for foreign assets increased eight percentage points from the previous quarter. In 2017, international equities significantly outpaced domestic equities, breaking a trend that had been in place since the market bottom of the financial crisis nearly a decade ago.

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](http://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  $\pm 3.23$  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>When it comes to the current market are you?</i>					
	Q1'18	Q4'17	Q3'17	Q2'17	Q1'17
Bullish	68%	63%	60%	63%	65%
Bearish	32%	37%	40%	37%	35%

<i>How do you predict the market will end this quarter?</i>					
	Q1'18	Q4'17	Q3'17	Q2'17	Q1'17
<b>Rise</b>	<b>77%</b>	<b>66%</b>	<b>61%</b>	<b>55%</b>	<b>60%</b>
Rise 20%	2%	2%	1%	0%	1%
Rise 15%	7%	6%	3%	4%	3%
Rise 10%	18%	16%	14%	13%	13%
Rise 5%	50%	42%	43%	38%	43%
<b>Stay basically where it is</b>	<b>14%</b>	<b>17%</b>	<b>21%</b>	<b>23%</b>	<b>18%</b>
Drop 5%	7%	11%	13%	16%	17%
Drop 10%	2%	4%	4%	4%	4%
Drop 15%	0%	2%	0%	2%	1%
Drop 20%	0%	0%	1%	0%	0%
<b>Drop</b>	<b>9%</b>	<b>17%</b>	<b>18%</b>	<b>22%</b>	<b>22%</b>

<i>Is the US economy healthy enough for the Fed to enact additional rate hikes this quarter?</i>					
	Q1'18	Q4'17	Q3'17	Q2'17	Q1'17
<b>Agree (Top 2 Box)</b>	<b>66%</b>	<b>59%</b>	<b>58%</b>	<b>62%</b>	<b>63%</b>
Strongly agree	20%	17%	14%	16%	15%
Somewhat agree	46%	42%	44%	46%	48%
<b>Neither agree nor disagree</b>	<b>25%</b>	<b>27%</b>	<b>24%</b>	<b>26%</b>	<b>23%</b>
Somewhat disagree	7%	12%	15%	10%	12%
Strongly disagree	2%	2%	3%	2%	2%
<b>Disagree (Bottom 2 Box)</b>	<b>9%</b>	<b>14%</b>	<b>18%</b>	<b>12%</b>	<b>14%</b>

<i>The health of the markets outside the US appeals to me as an investor this quarter.</i>					
	Q1'18	Q4'17	Q3'17	Q2'17	Q1'17
<b>Agree (Top 2 Box)</b>	<b>62%</b>	<b>54%</b>	<b>53%</b>	<b>50%</b>	<b>43%</b>
Strongly agree	20%	14%	14%	12%	10%
Somewhat agree	42%	40%	39%	38%	33%
<b>Neither agree nor disagree</b>	<b>24%</b>	<b>29%</b>	<b>29%</b>	<b>29%</b>	<b>28%</b>
Somewhat disagree	11%	13%	14%	16%	24%
Strongly disagree	3%	4%	4%	5%	5%
<b>Disagree (Bottom 2 Box)</b>	<b>14%</b>	<b>17%</b>	<b>18%</b>	<b>21%</b>	<b>29%</b>

<i>What industries do you think offer the most potential this quarter? (Top three)</i>					
	Q1'18	Q4'17	Q3'17	Q2'17	Q1'17
Energy	47%	44%	46%	45%	53%

Information technology	45%	46%	45%	46%	34%
Financials	43%	39%	43%	39%	46%
Health care	41%	43%	41%	39%	42%
Industrials	29%	22%	24%	28%	29%
Telecommunication services	23%	27%	24%	24%	19%
Materials	21%	20%	20%	20%	20%
Utilities	19%	22%	24%	23%	22%
Consumer staples	17%	20%	20%	20%	18%
Consumer discretionary	15%	16%	16%	15%	16%

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