

# Q1 2024 Trader Client Sentiment Report

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# Q1 2024 Executive Summary

**Trader sentiment has significantly improved compared to Q4 2023, and a majority of Schwab's trader clients (54%) feel better off financially compared to one year ago. Approximately half of traders see this as a good time to invest in equities.**

## Key Q1 Themes

- **Bulls outrunning the bears:** More than half of respondents report a bullish outlook for the first time since 2021 – up from 32% in Q4 2023.
- **Confidence on the rise:** Nearly 70% of traders are currently confident in their decision making, and there is a 20-percentage point increase since Q4 in traders feeling better off financially compared to a year ago.
- **Top trader concerns:** When asked about top concerns, geopolitical or global macroeconomic issues are weighing on traders' minds, with 18% citing this as their primary concern about investing (up from 5% last quarter). Sixteen percent cite concerns about the political landscape in Washington D.C. Only nine percent of traders think the market is overdue for a correction.
- **What to watch for:** Traders predict the U.S. presidential election, the federal funds rate, and inflation trends will have the biggest impact on the stock market in 2024.
- **Drilling in on sectors and asset classes:** At the sector level, traders are most bullish about Information Technology followed by Healthcare and Energy, and most bearish about Real Estate and Consumer Discretionary. They are relatively bullish on AI stocks as well as value, growth, domestic, and mega-cap tech stocks, and equities in general.

# Q1'24 Trader Sentiment Snapshot

Good Time to Invest

49%



Better Off Financially

54%

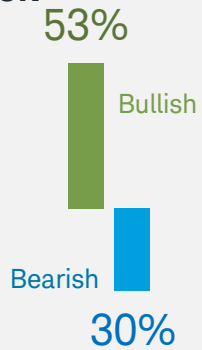


Confident In Decisions

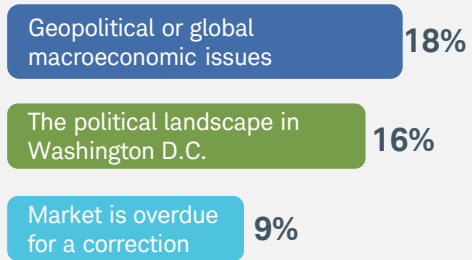
68%



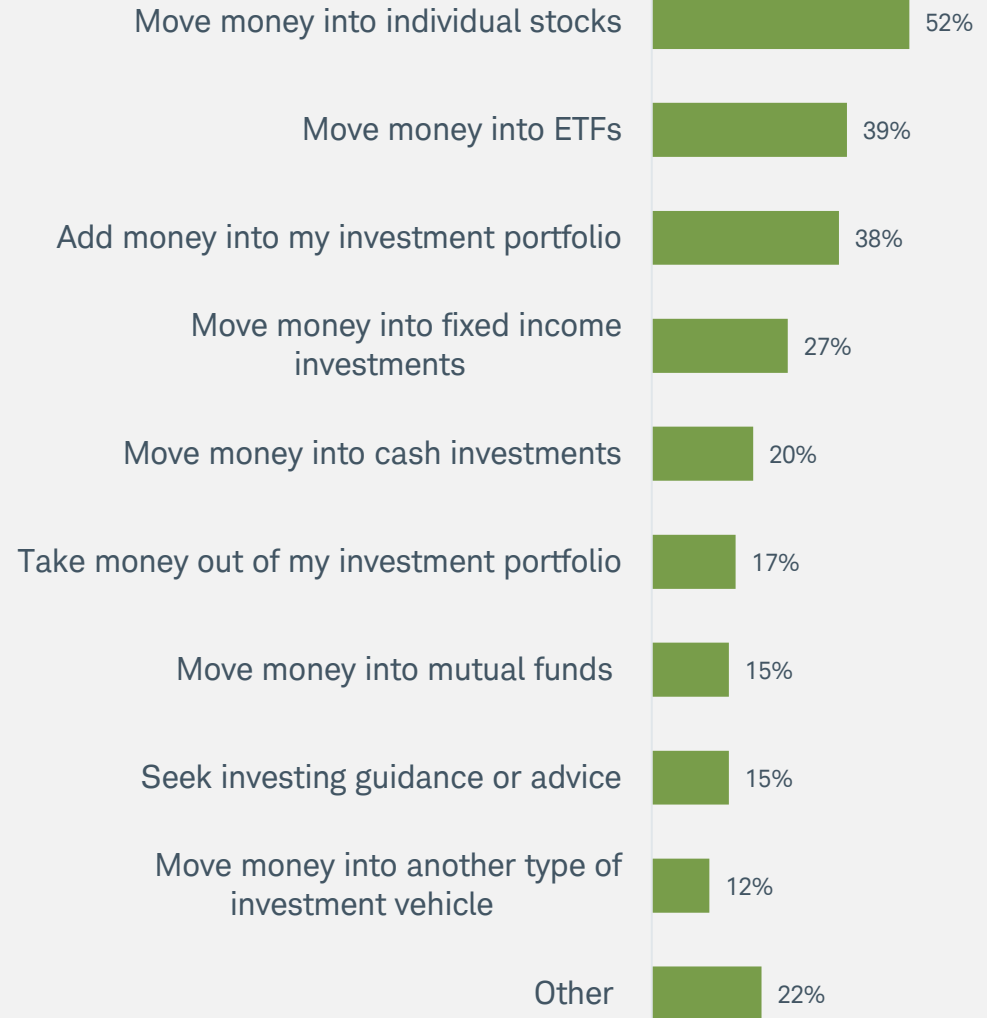
## 3 Month Outlook



## Primary Concern Next 3 Months



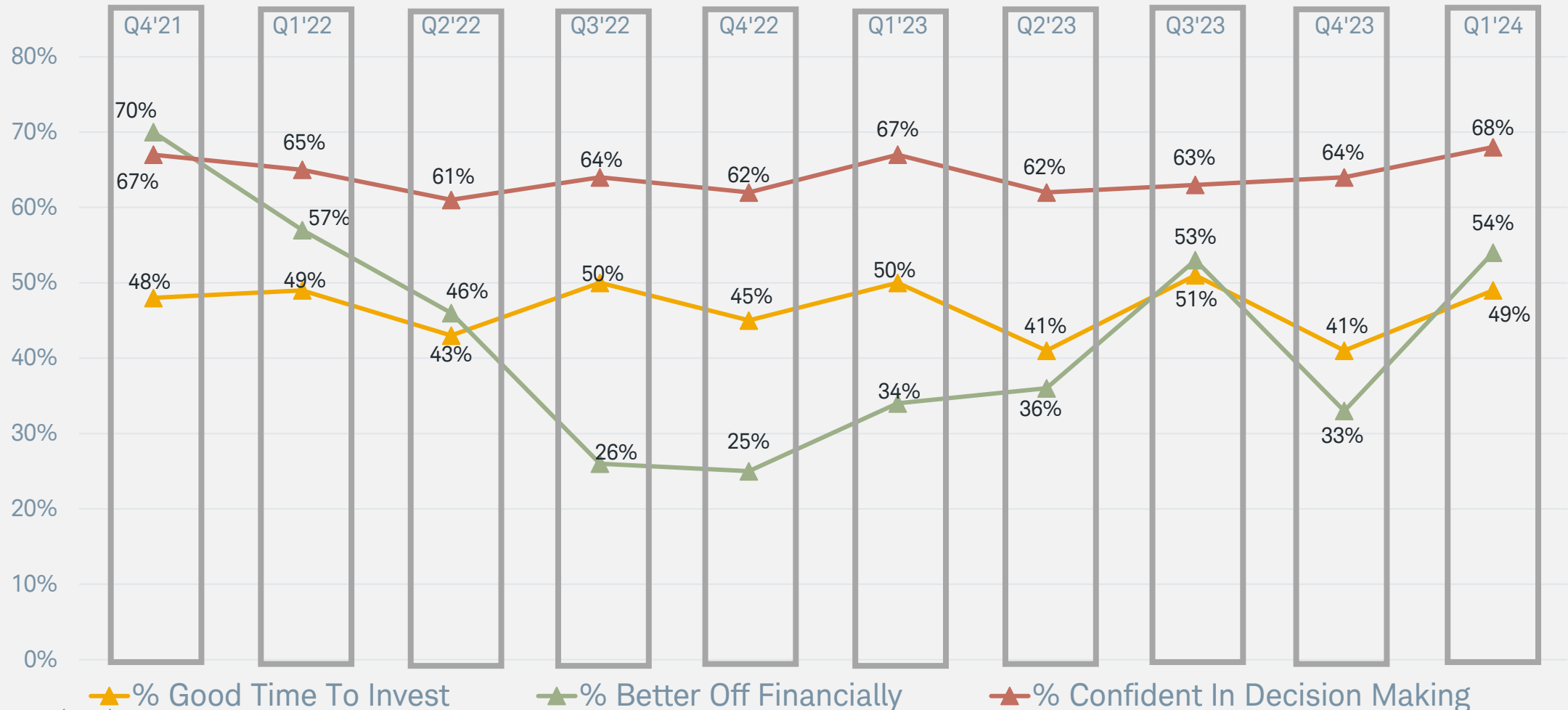
## Planned Actions For The Next 3 Months



While traders' confidence has been consistently high, they have frequently been split on whether it's a good time to invest and those reporting improved financial standing has fluctuated significantly

## Trader Confidence Trends

October 2021 – January 2024



Base = Weighted Total (n=762)

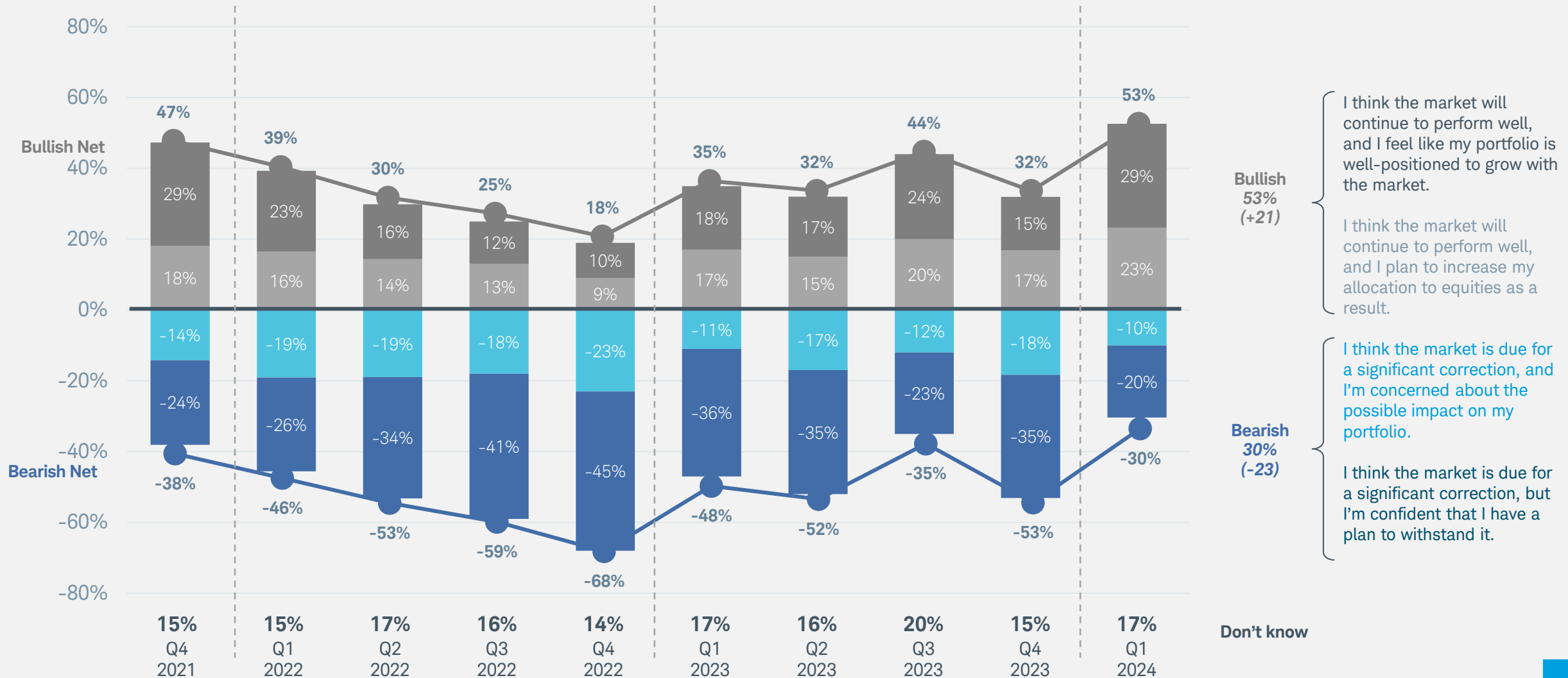
Q1. In your opinion, is this a good time or bad time to invest in stocks, mutual funds and other equity-based investments?

Q3. In terms of how you are getting along financially, compared to a year ago, are you...?

Q4. How confident are you in making investment decisions for your household?

# Trader sentiment moved significantly upward, with more than half of respondents reporting a bullish outlook for the first time since 2021

## Outlook For U.S. Stock Market (Single response only; Among Trader Sample)



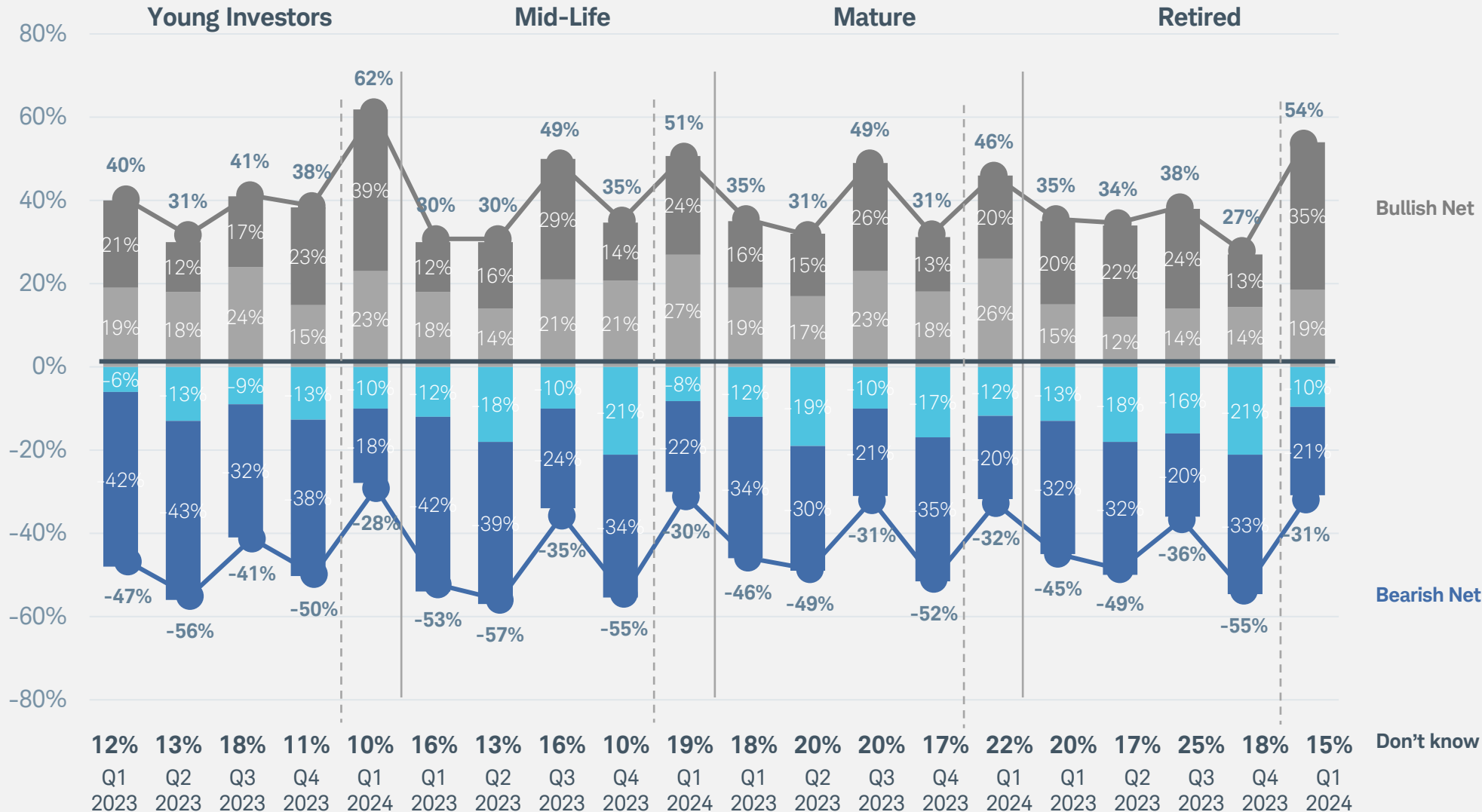
Base = Weighted Total (n=762)

Q6. Thinking about the next 3 months, which statement best describes your outlook for the U.S. stock market?

# Trader sentiment increased across age groups, with young and retired groups feeling the most bullish

## Outlook For U.S. Stock Market By Life Stage

(Single response only; Among Trader Sample)



I think the market will continue to perform well, and I feel like my portfolio is well-positioned to grow with the market.

I think the market will continue to perform well, and I plan to increase my allocation to equities as a result.

I think the market is due for a significant correction, and I'm concerned about the possible impact on my portfolio.

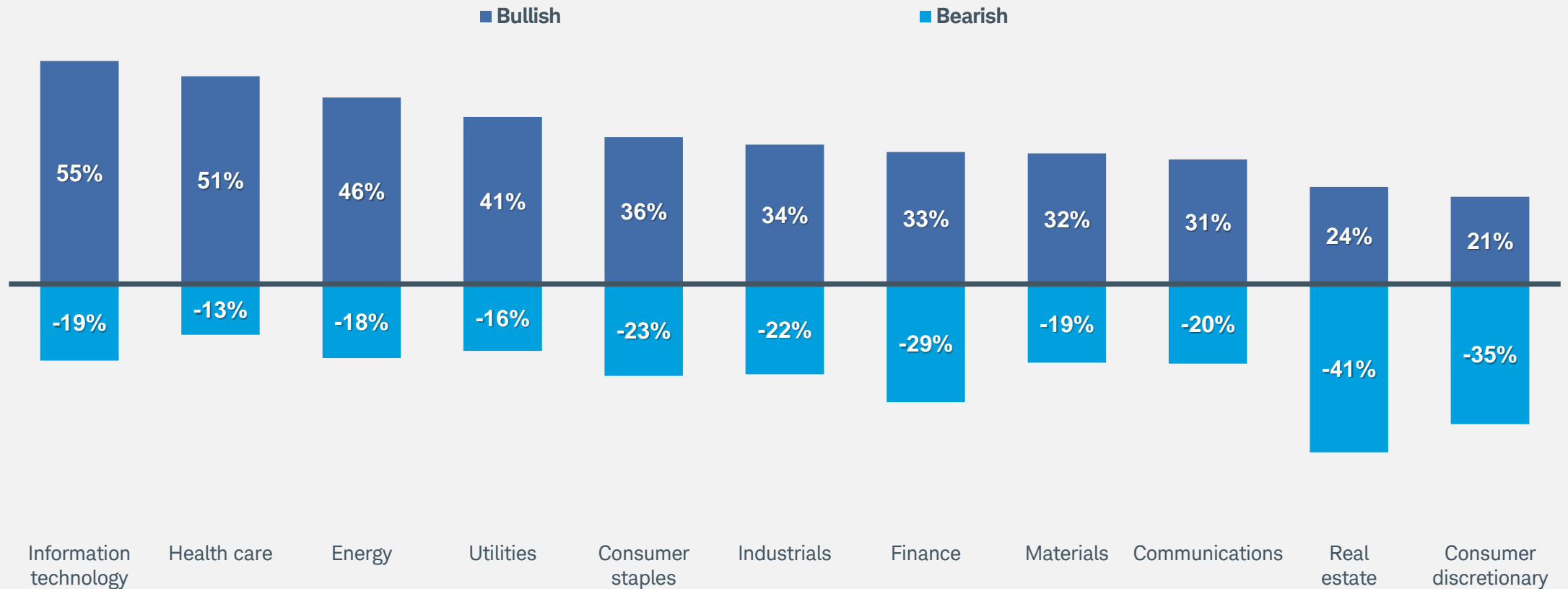
I think the market is due for a significant correction, but I'm confident that I have a plan to withstand it.

Base = Weighted Total (n=762)

Q6. Thinking about the next 3 months, which statement best describes your outlook for the U.S. stock market?

# Traders are most bullish on Information Technology and Healthcare, and they are most bearish on Consumer Discretionary and Real Estate

## Sector Sentiment Over Next 3 Months (Among Trader Sample)



Base = Weighted Total (n=762)

Q23A. In your opinion, which term best describes the U.S. stock market for each of the following sectors over the next three months?

# Traders reporting improved financial standing compared to one year ago have greatly increased since last quarter (54% vs. 33% in Q4 '23)

## Confidence In Investment Decision Making

(% Extremely/Very Confident; Among Trader Sample)

68%

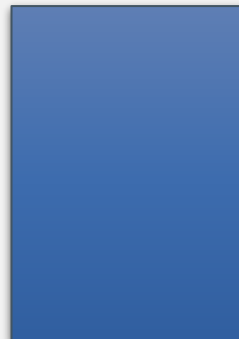


Total Traders

## Is this a Good or Bad Time to Invest?

(% Very Good/Good; Among Trader Sample)

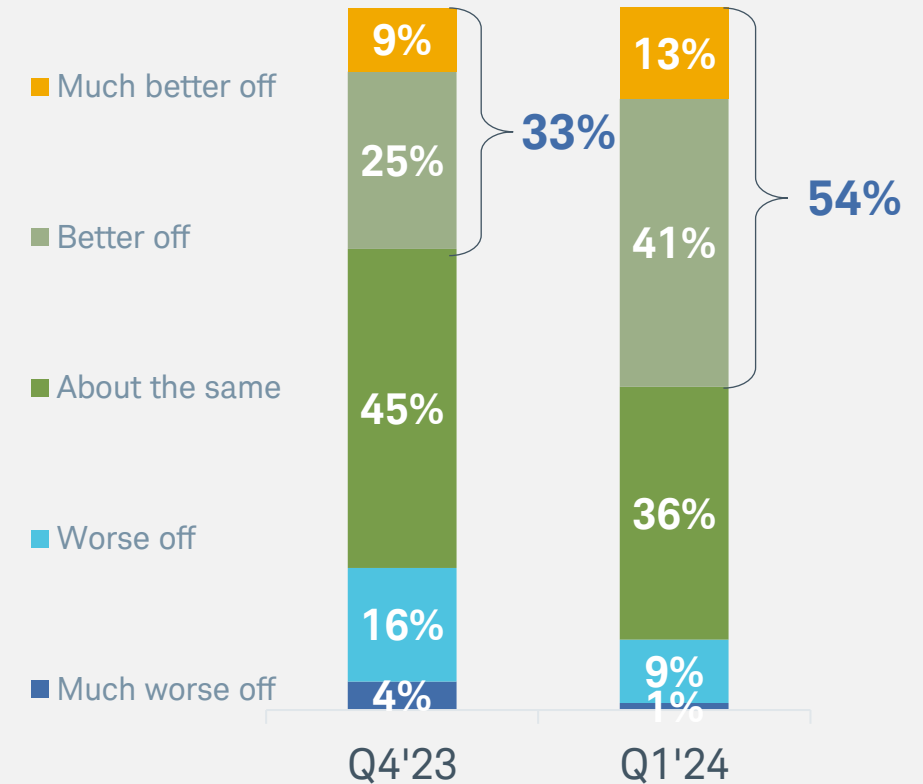
49%



Total Traders

## Financial Standing vs. Year Ago

(Among Trader Sample)



Base = Weighted Total (n=762)

Q4. How confident are you in making investment decisions for your household?

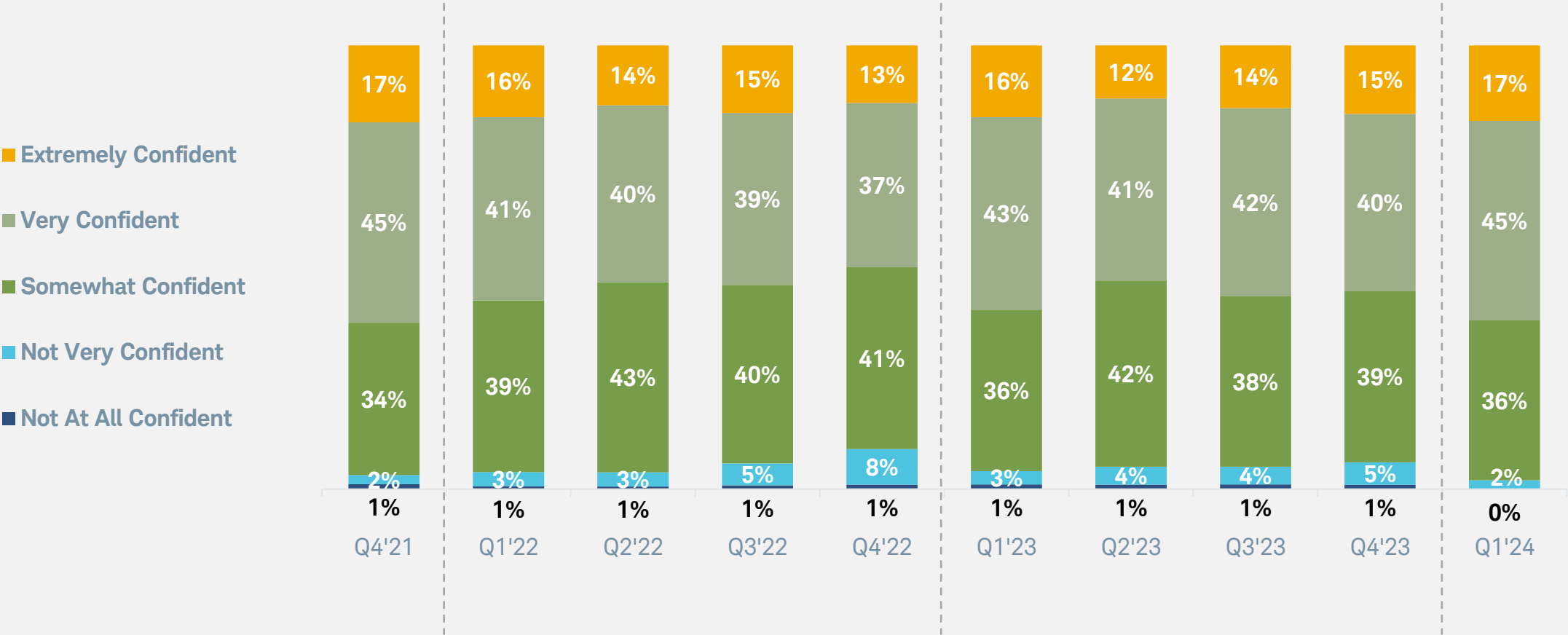
Q1. In your opinion, is this a good time or bad time to invest in stocks, mutual funds and other equity-based investments?

Q3. In terms of how you are getting along financially, would you say you are better off, about the same or worse off than you were a year ago?



# Traders' confidence in reaching financial goals remains high

**Confidence In Reaching Financial Goals**  
*(Single response only; Among Trader Sample)*



Base = Weighted Total (n=762)  
 Q10. Which statement best describes your confidence in reaching your financial goals?

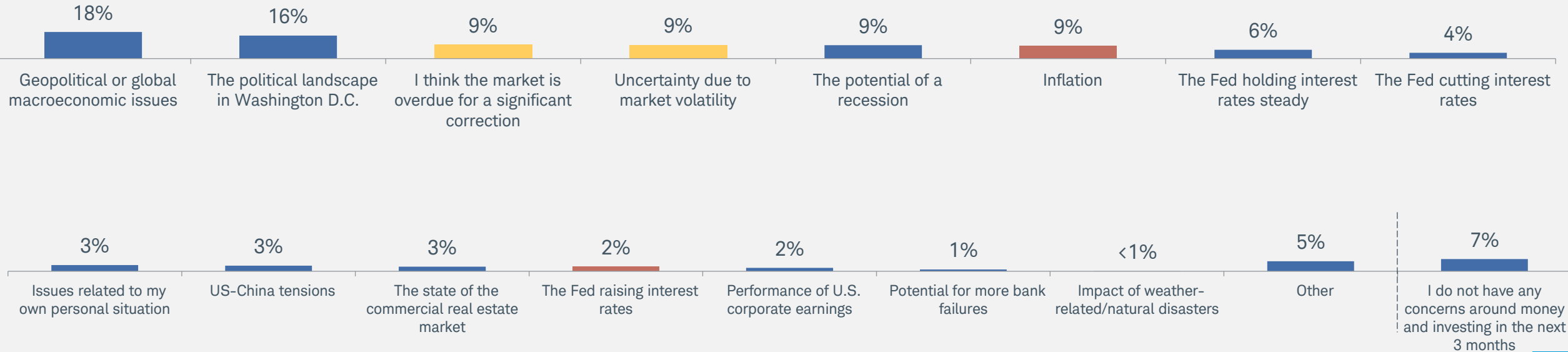
# Traders' investing concerns focus on geopolitical or global macroeconomic issues and the U.S. political landscape; fewer than 10% think the market is overdue for a big correction

## Primary Concern About Investing

(Single response only; Among Those With A Concern; Among Trader Sample)

**11% Inflation/Increased Interest Rates Related Concerns**

Note: Percentages based among those with a concern

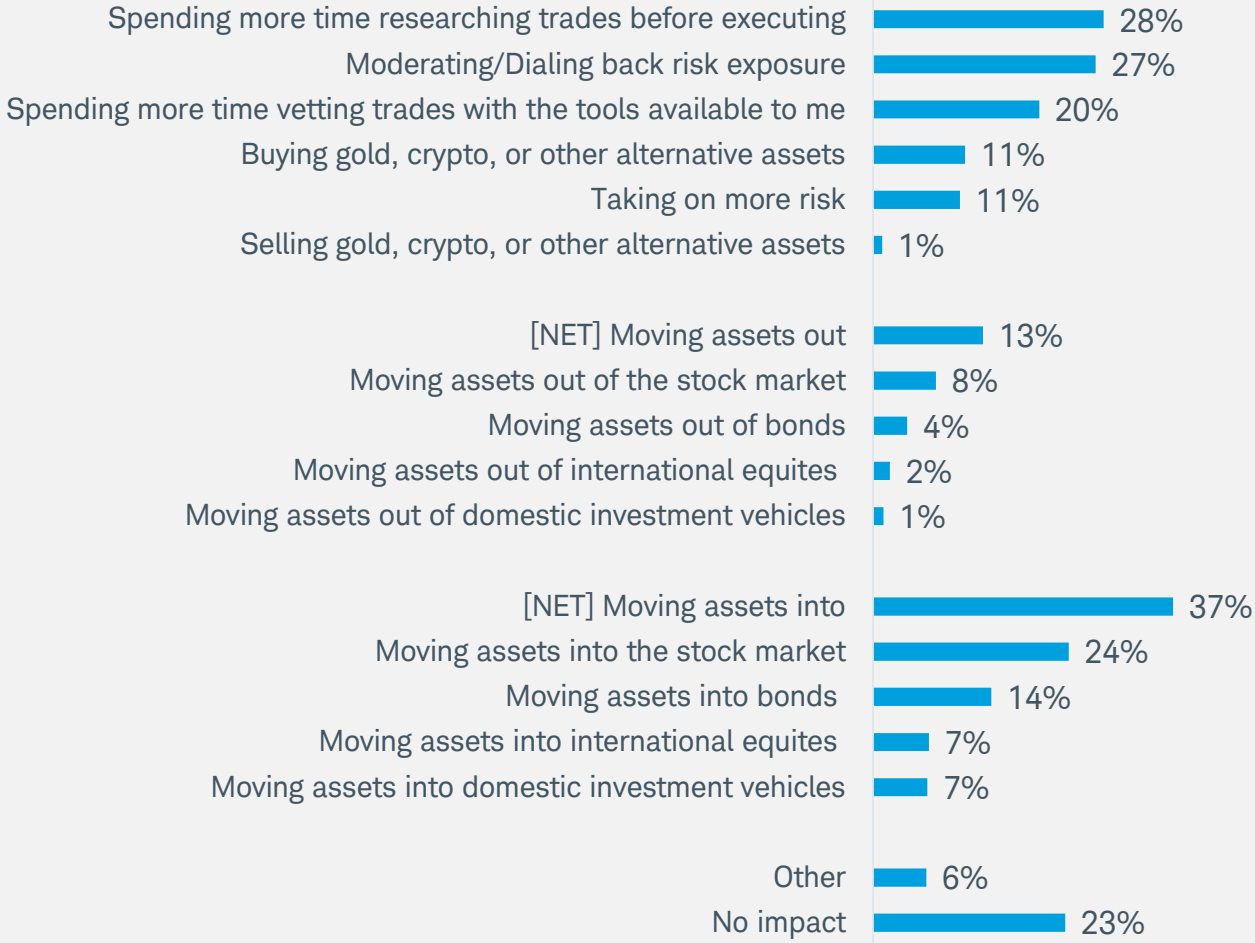


Base = Weighted Total (n=762)  
 Q7. What is your primary concern around money and investing within the next 3 months?

# Schwab's trader clients are highly engaged: spending more time with research and trading tools and moving assets into the stock market

## Impact of Expectations for the Economy On Trading Approach

(Multiple responses allowed; Among Trader Sample)



Base = Weighted Total (n=762)  
 Q23AA2. How are your expectations for the economy impacting or driving your approach to trading?



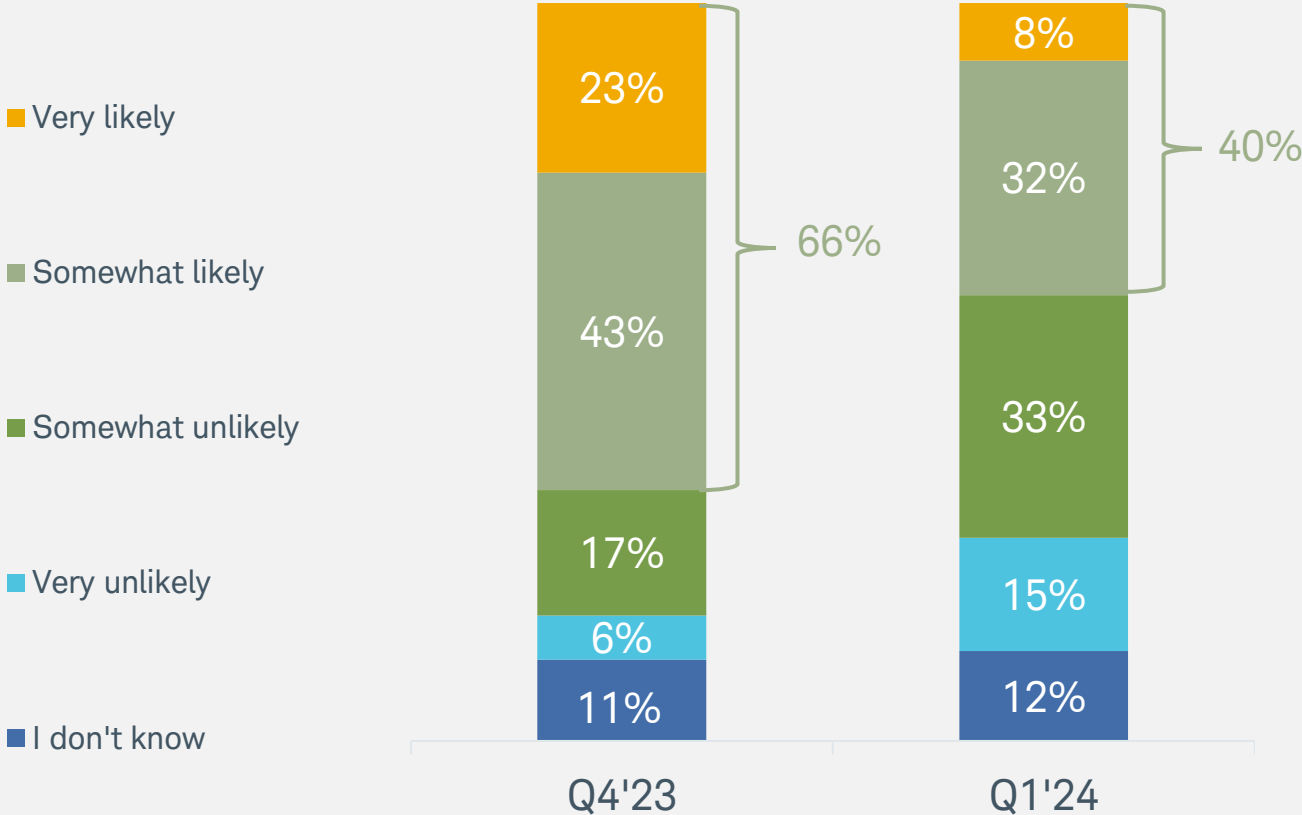
## Special Issues

- Economic Outlook
  - Likelihood of Recession
  - Fed Rate Cuts
  - Expectations & Predictions for 2024
- Trading Trends and Landscape
  - Bullish & Bearish Views
  - Trading of Instruments in 2024 (Consideration & First Time)
- Election
  - Outlook for the US Financial Market
  - Impact On Trading Strategy

# Traders now see a significantly lower likelihood of the U.S. entering a recession in 2024 compared to how they felt in Q4 '23

### Expected Likelihood of US Recession in 2024

(Single response only; Among Trader Sample)



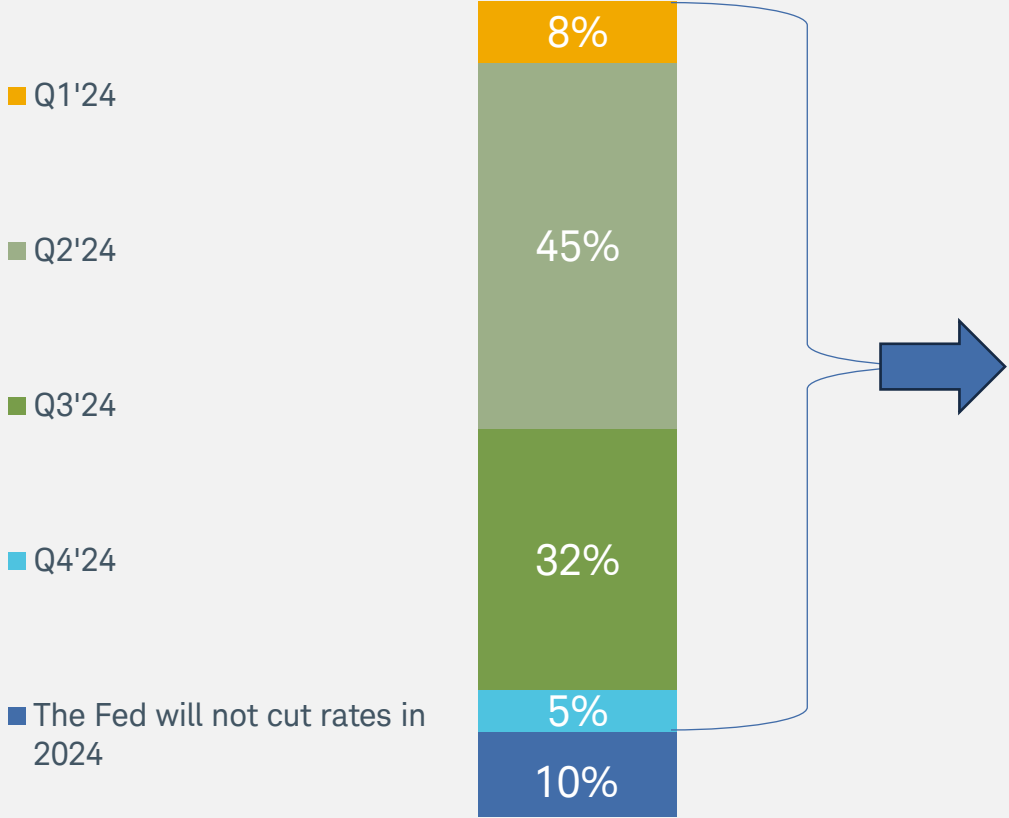
Base = Weighted Total (n=575)  
QAT\_Q124\_1. What is the likelihood that the US economy will officially enter a recession in 2024?

Note: No HNW representation due to sampling constraint for Q1'24  
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# Traders predict interest rate cuts on the horizon in 2024, with most expecting cuts will amount to $\leq 100$ basis points this year

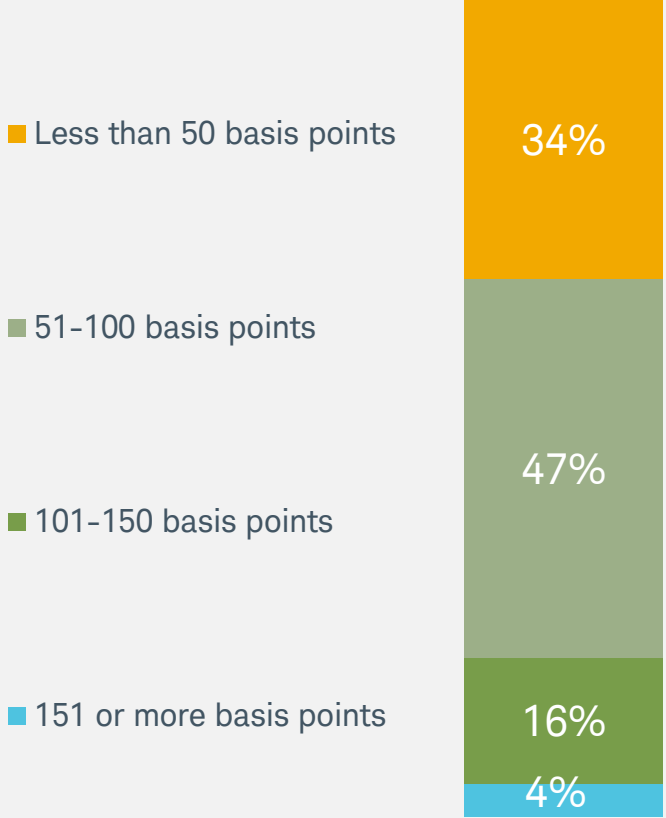
## Expectation for First Fed Rate Cut in 2024

(Single response only; Among Trader Sample)



## Magnitude of Fed Rate Cuts in 2024

(Single response only; Among Trader Sample)



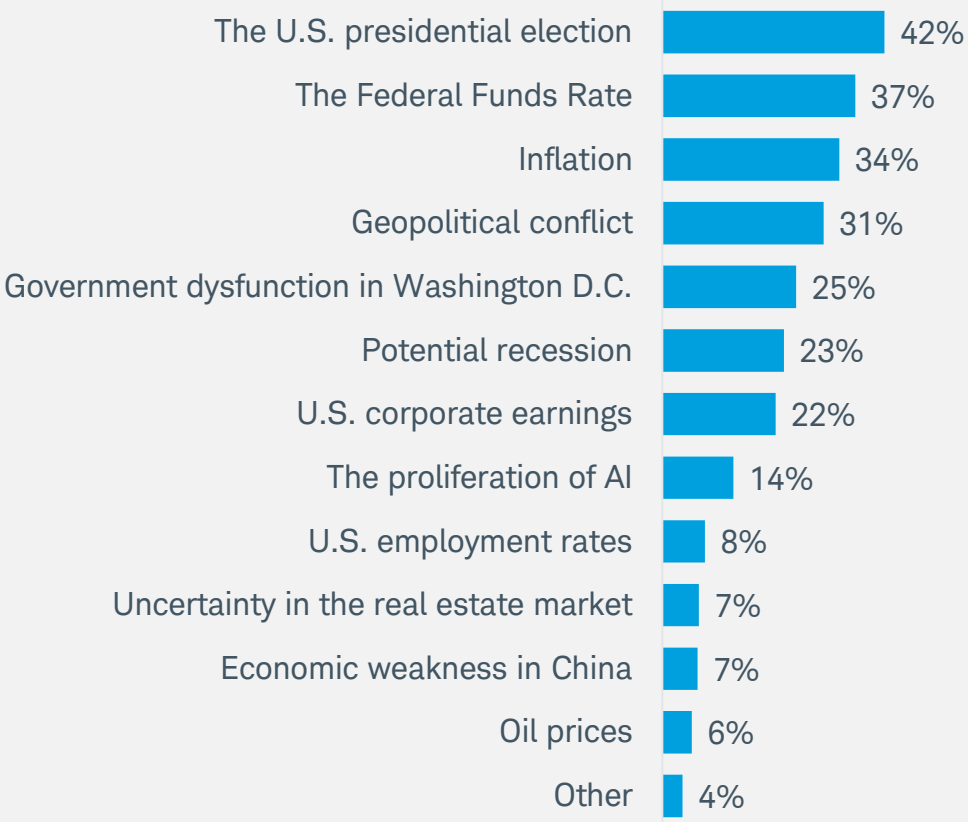
Base = Weighted Total (n=575); Base = Expect The Fed To Cut Rates This Year (n=515)  
 QAT\_Q124\_2. When do you expect the Fed to make its first rate cut this year?  
 QAT\_Q124\_3. How much will the Fed cut rates in 2024 in total?

Note: No HNW representation due to sampling constraint  
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# Traders expect the U.S. presidential election, federal funds rate, and inflation to have the greatest impact on the stock market in 2024

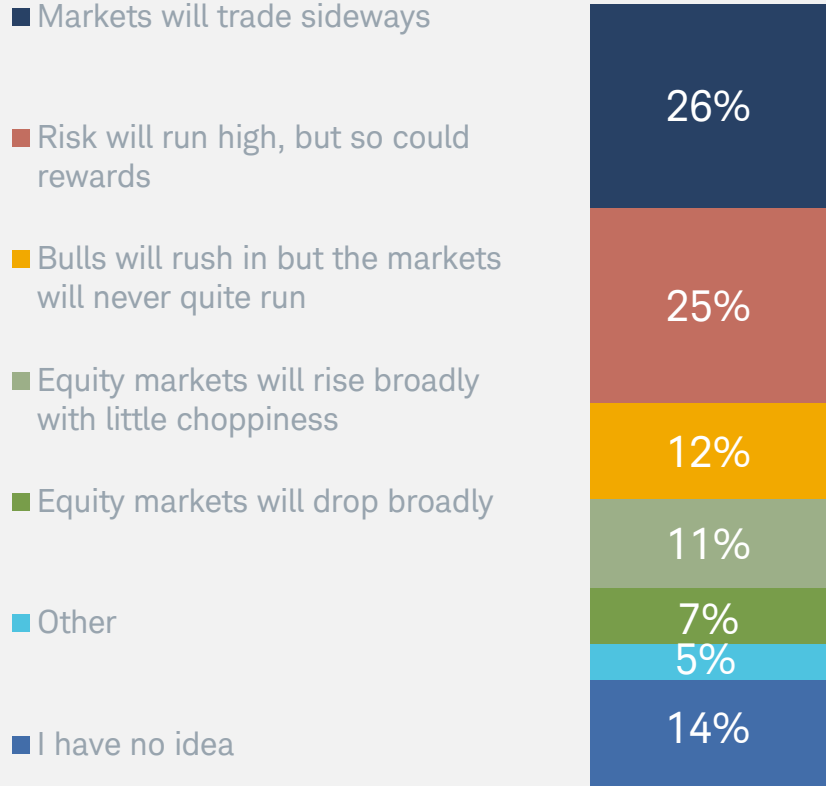
## Expectation Of Impact on Stock Market in 2024

(Select up to three response; Among Trader Sample)



## Predictions for 2024

(Single response only; Among Trader Sample)

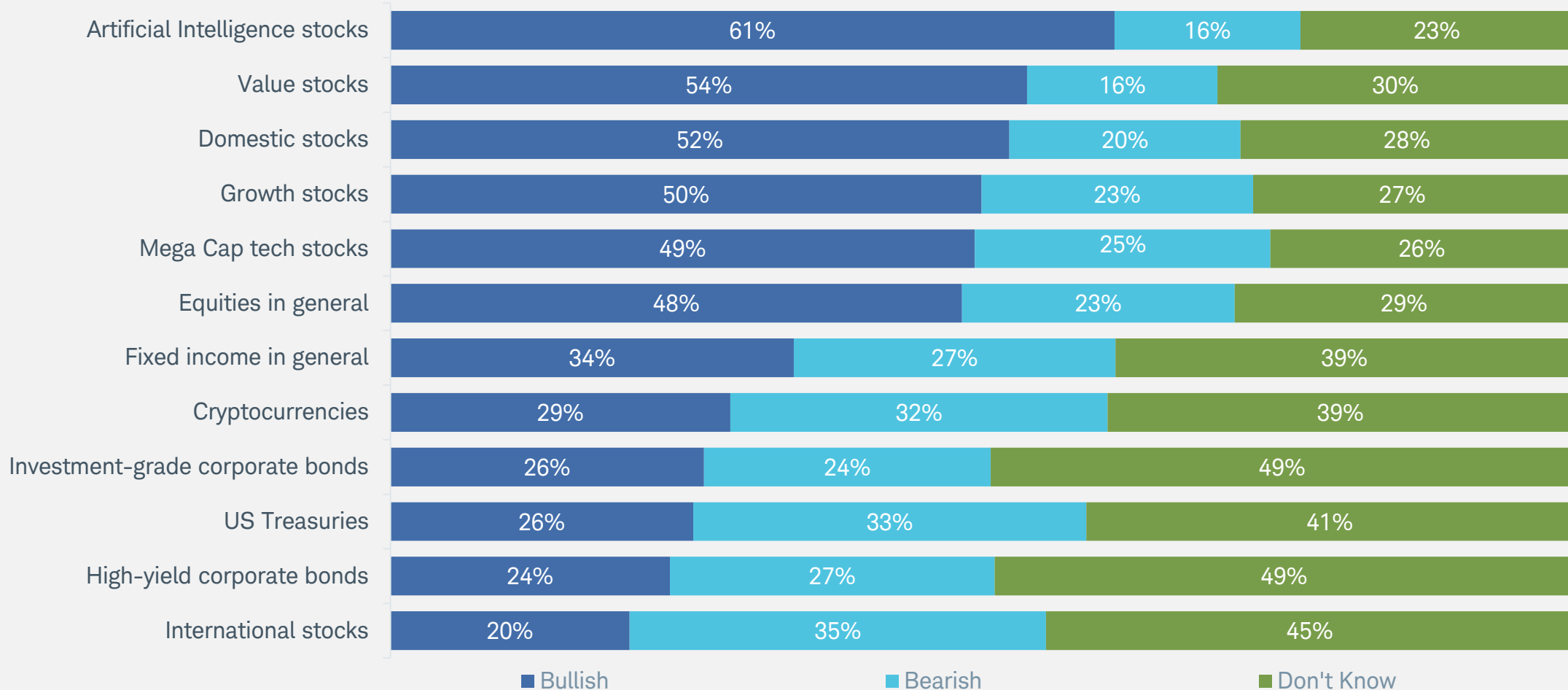


Base = Weighted Total (n=575)  
 QAT\_Q124\_4. Which of the following do you expect will have the biggest impact on the stock market in 2024?  
 QAT\_Q124\_5. If you were to predict, in 2024...

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# Nearly two-thirds of traders are bullish on Artificial Intelligence (AI) stocks this quarter

## Sentiment Over Next 3 Months (Single response only; Among Trader Sample)



Base = Weighted Total (n=575)  
QAT\_Q124\_6. Are you bullish or bearish on each of the following for the next 3 months?

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# More than half of traders are considering trading options in 2024, but few will be trading them for the first time

## Trading Instruments in 2024 (Multiple response; Among Trader Sample)



Base = Weighted Total (n=575)  
QAT\_Q124\_7. Which, if any, of the following instruments are you considering trading in 2024?  
QAT\_Q124\_7a. Which, if any, of the following instruments would you be trading for the first time in 2024?

Note: No HNW representation due to sampling constraint  
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# Methodology & Sample Information

# Methodology and Respondent Demographics

## Background:

Charles Schwab & Co has tracked client sentiment for over 10 years to gauge how clients (investors) are feeling about their current financial situation, market & investing opportunities or risks, the market outlook, and their confidence in investing and achieving financial goals.

Since Q4'21, Schwab has tracked client sentiment among **active traders** separately.

## Methodology:

- The data is collected quarterly via an online survey amongst Schwab clients with Retail Assets of at least \$2,000
- Q1 study was fielded January 12<sup>th</sup> – January 27<sup>th</sup>, 2024

## Sample:

- 762 active traders (clients who actively trade equities or trade options, futures, or forex). (NOTE: “Special Issues” questions had 575 respondents and did not include High Net Worth clients in Q1)
  - Of the 762 Active Traders, 358 traders using TD Ameritrade, 404 traders using Charles Schwab.
- The data was weighted by Life Stage and Investible Assets/Affluence to reflect the Trader segment.
- Counts noted below are prior to weighting to show the sample sizes used for subgroup analysis.

## Rounding:

- In some cases, the individual elements of a chart may not sum to the total due to rounding.

<b>Gender</b> Male 669 (88%) Female 56 (7%) No answer 37 (5%)	<b>Affluence</b> UHNW (\$10M+) 22 (3%) HNW (\$1M-<\$10M) 26 (3%) Mass Affluent (\$250K-<\$1M) 302 (40%) Core (<\$250K) 412 (54%)	<b>Active Trader</b> Active 762 (100%) Not Active
<b>Life Stage</b> Younger Investor (<40) 74 (10%) Mid-Life (40-55) 175 (24%) Mature (55+ not retired) 234 (32%) Retired 257 (35%)	<b>Financial Consultant Relationship</b> Has Financial Consultant 131 (17%) Does not have Financial Consultant 631 (83%)	<b>Employment Status</b> Employed full-time 259 (34%) Employed part-time 17 (2%) Self-employed 102 (13%) Retired/Semi-retired 316 (41%) Other 26 (3%) No answer 42 (6%)