

Q1 2025 Trader Client Sentiment Report

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Q1 2025 Trader Sentiment Executive Summary

Trader sentiment has held steady, with 51% reporting a bullish outlook in Q1 compared to 53% in both Q4 2024 and year-over-year.

Key Q1 Themes

- **Little consensus on top concerns:** Concern about the political landscape in Washington, D.C. is at about the same level as concern around geopolitical issues, worries about a market correction, market uncertainty, and inflation.
- **Recession concerns are down:** 44% of traders feel a recession is unlikely in 2025, a significant shift from Q4 2024 (29%).
- **Modest Fed rate cuts are expected:** About half of traders feel the Fed will cut rates up to 50 basis points in 2025.
- **The market feels overvalued to Traders:** About two-thirds of traders feel the market is overvalued currently, with mega cap tech and AI stocks feeling most crowded.
- **Changes in Washington will impact Wall Street:** Traders cite the new U.S. presidential administration as the factor most likely to impact the stock market in 2025.

Q1 2025 Trader Sentiment Snapshot

Good Time to Invest

48%



Better Off Financially

59%

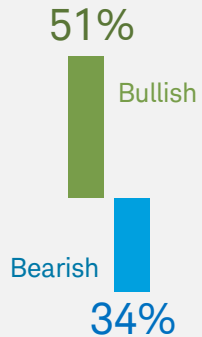


Confident In Decisions

70%



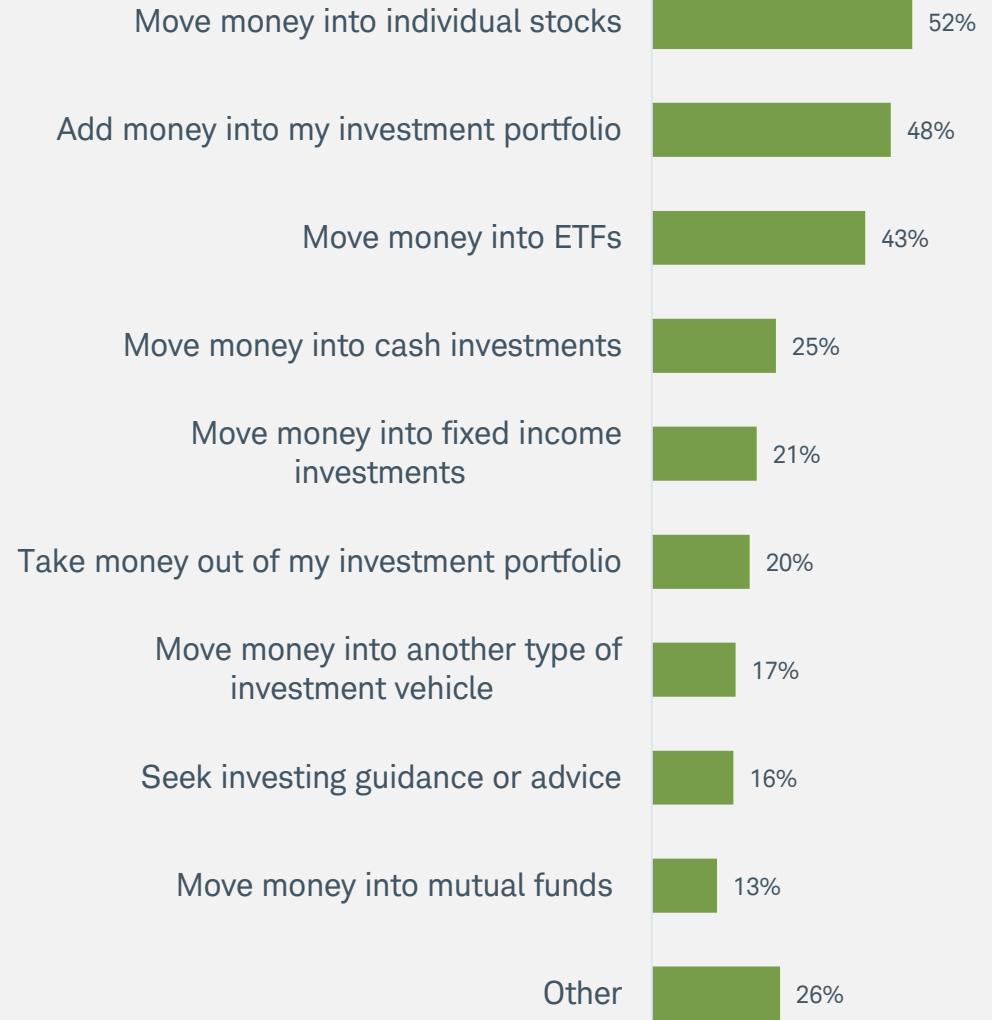
3 Month Outlook



Primary Concern Next 3 Months

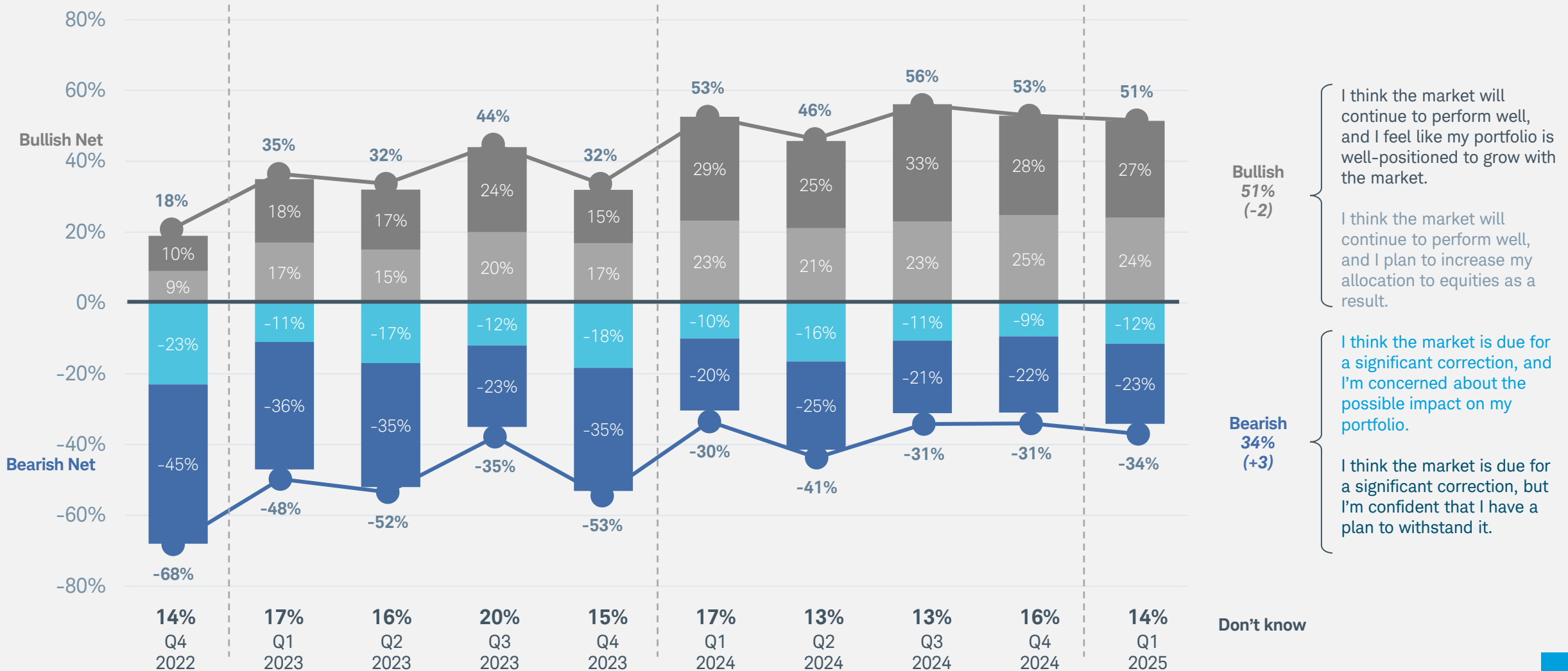


Planned Actions For The Next 3 Months



Trader sentiment remained stable and within range of 2024 values in Q1.

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

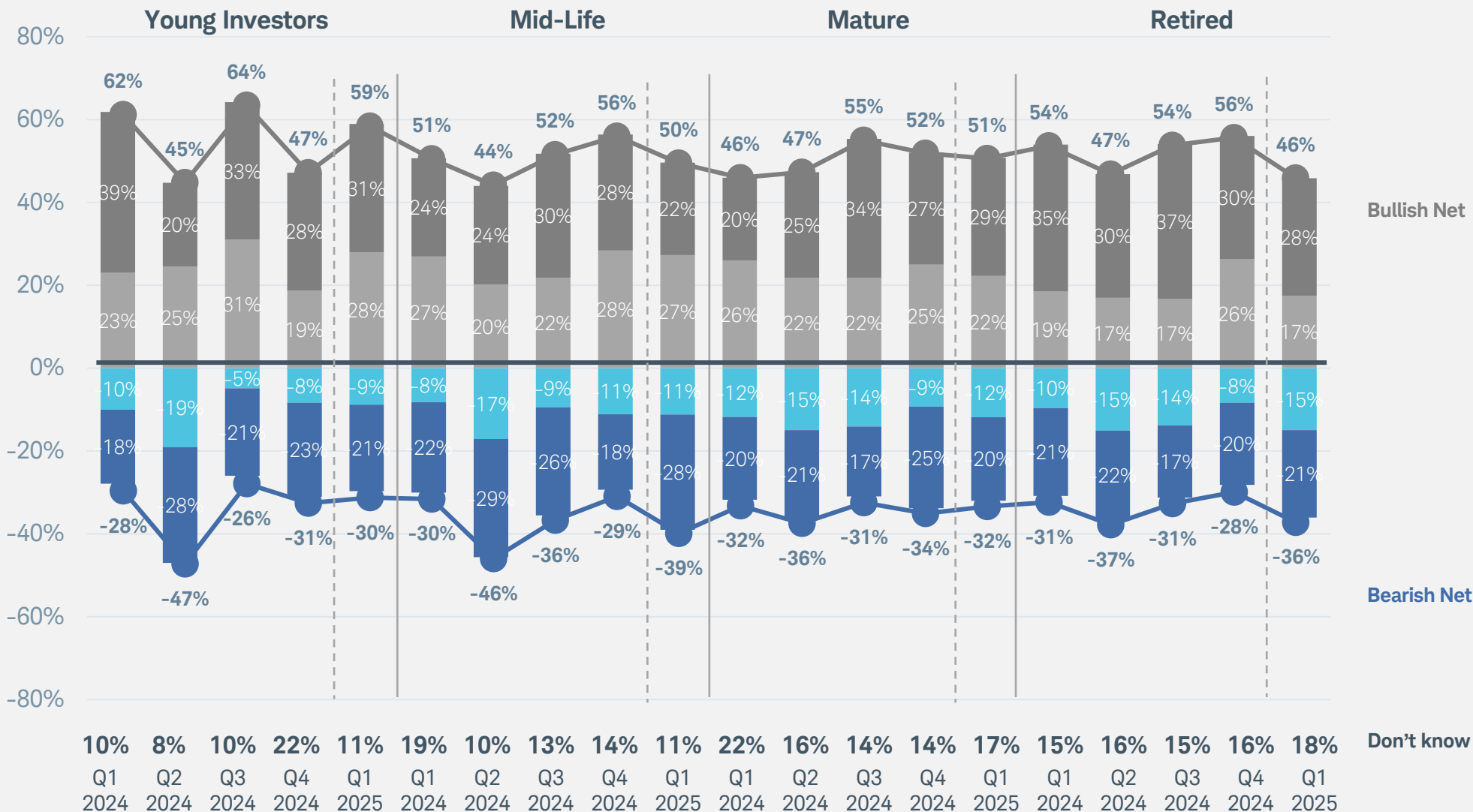


Base = Weighted Total (n=1,040)

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

Sentiment varied by life stage; younger traders' bullishness increased by 12% as all other age groups grew more bearish.

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.

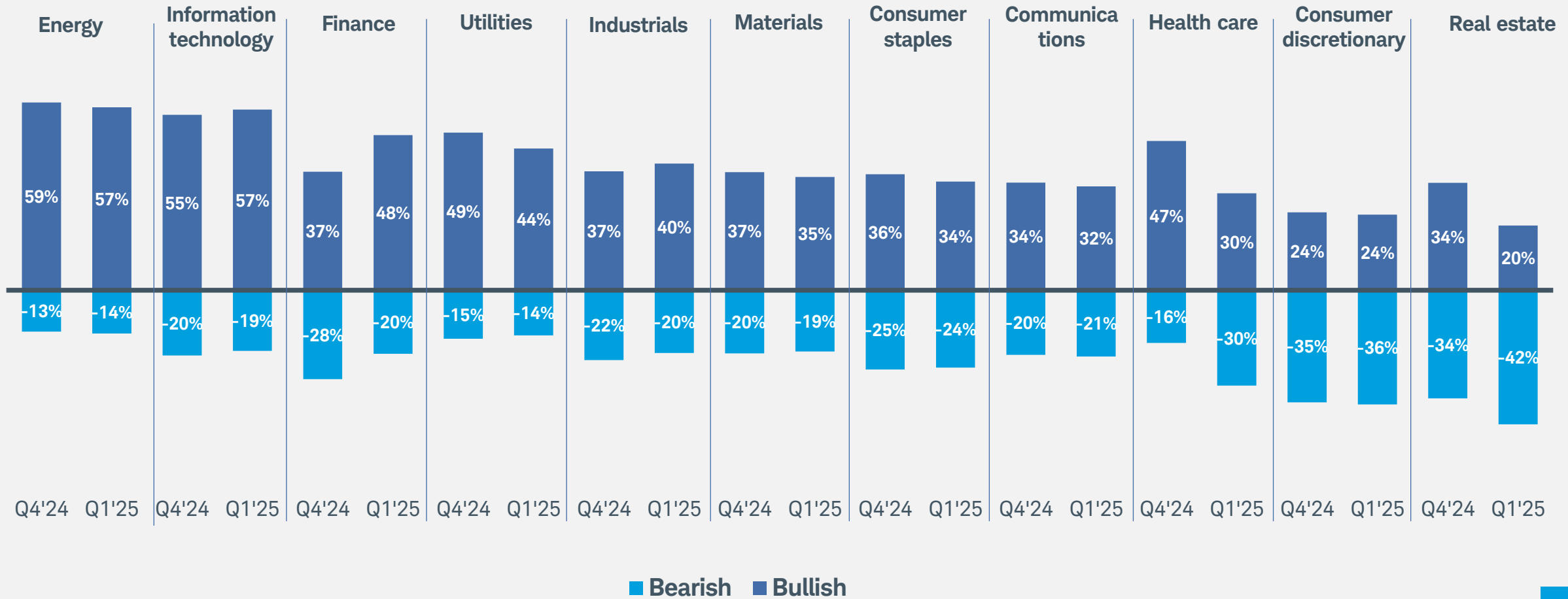
I think the market is due for a significant correction, but I'm confident that I have a plan to withstand it.

Base = Weighted Total (n=1,040)

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

Sector sentiment remained largely steady quarter-over-quarter, with the exception of Finance (11% more bullish), Real Estate (14% less bullish) and Health Care (17% less bullish).

Sector Sentiment Q4'24 vs Q1'25 (Among Trader Sample)

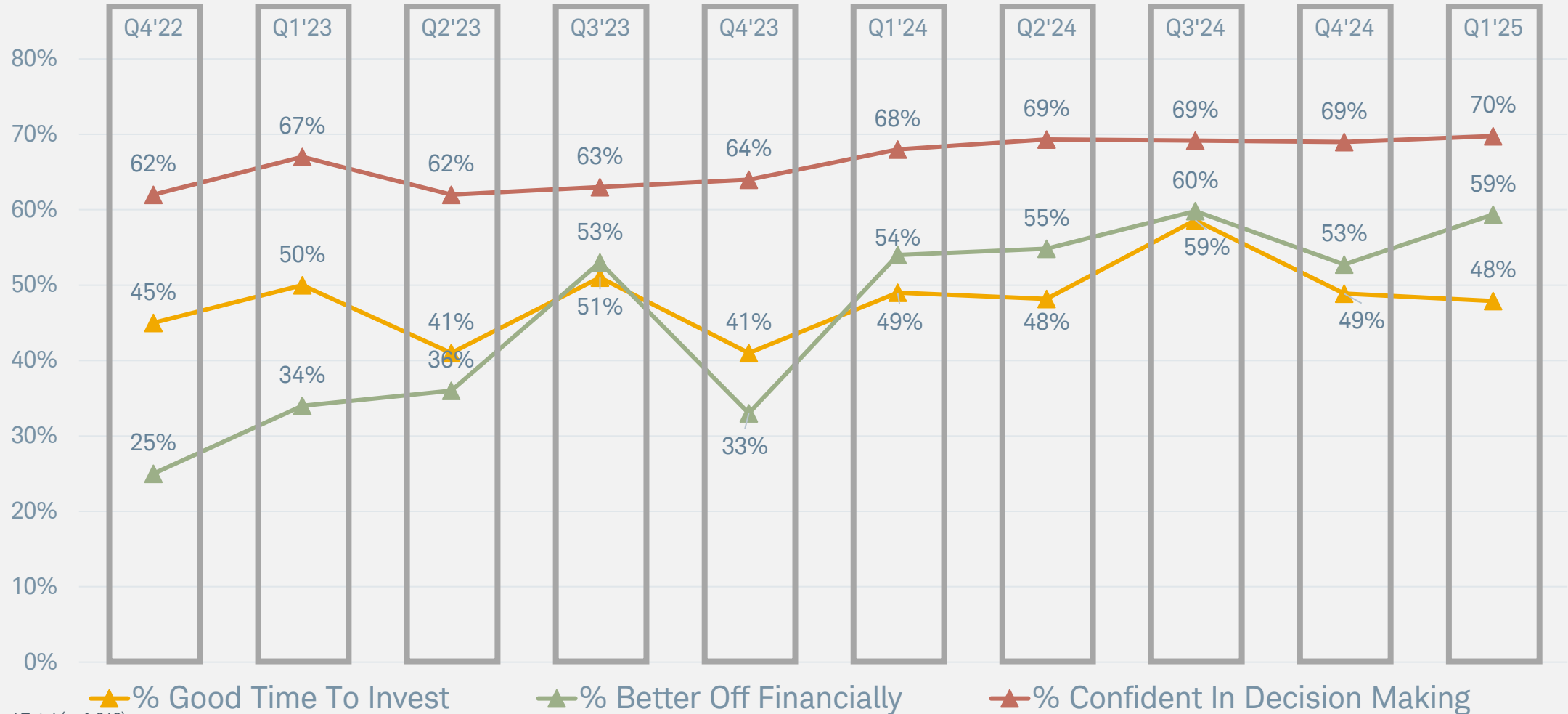


■ Bearish ■ Bullish

Base = Weighted Total (n=1,040)
Q23A. In your opinion, which term best describes the U.S. stock market for each of the following sectors over the next three months?

Confidence in decision making remains high and a greater number of traders feel better off financially now than they did a year ago.

Trader Confidence Trends (Among Trader Sample)



Base = Weighted Total (n=1,040)

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?

No single significant investing concern emerged in Q1 2025, with top concerns spread across multiple areas.

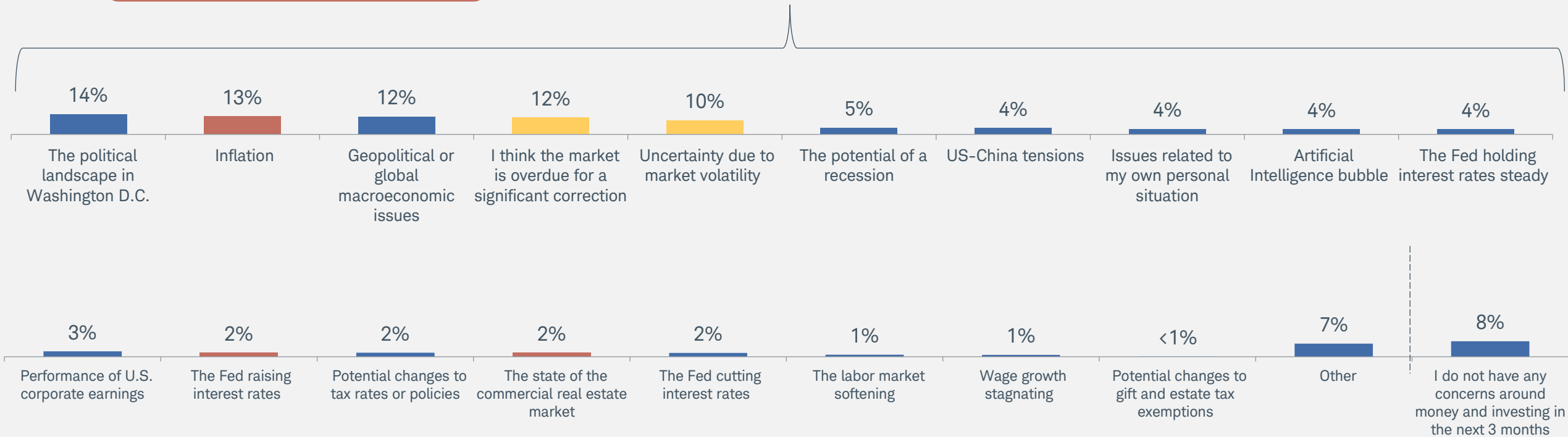
Primary Concern About Investing

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



17% Inflation/Increase Rate Related Concerns

Note: Percentages based among those with a concern



Base = Weighted Total (n=1,040)

Q7. What is your primary concern around money and investing within the next 3 months?



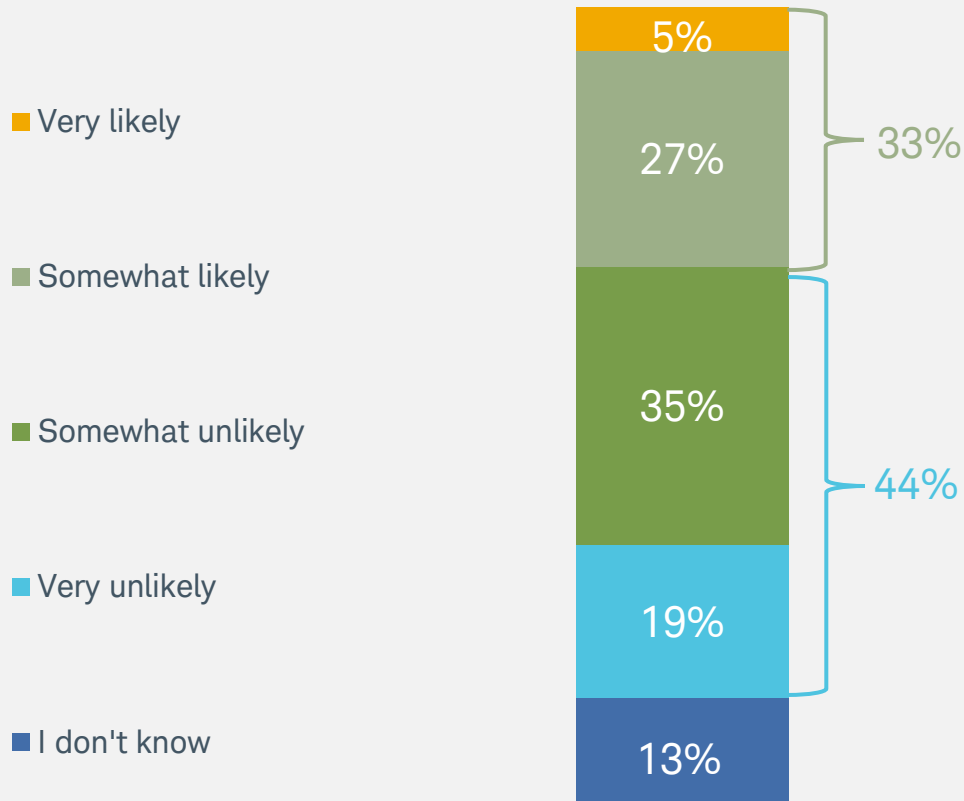
Special Issues

- Economic/Market Outlook
 - Likelihood of Recession
 - Expectations for Inflation
 - Fed Rate Cuts
 - Impact on Stock Market, Overvalued Markets, and Crowded Trades
- Trading Trends and Landscape
 - Bullish & Bearish Views
 - Trading of Instruments in Q1'2025 (Consideration)
- Overnight Trading
 - 2025 engagement expectations and perceived benefits

Forty-four percent of traders see a recession as unlikely in 2025; 65% expect inflation to hold steady.

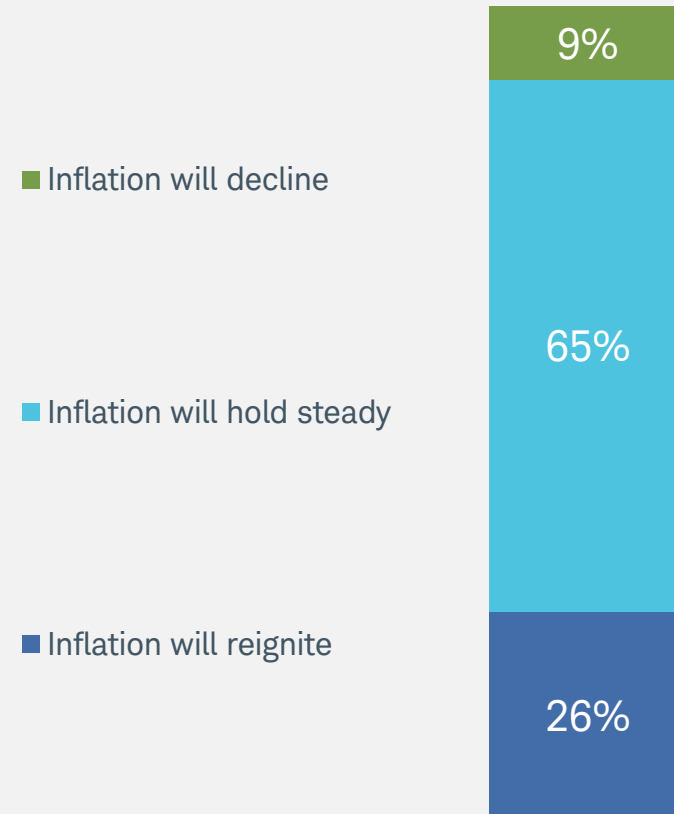
Expected Likelihood of U.S. Recession in 2025

(Single response only; Among Trader Sample)



Expectations for Inflation in First Half of 2025

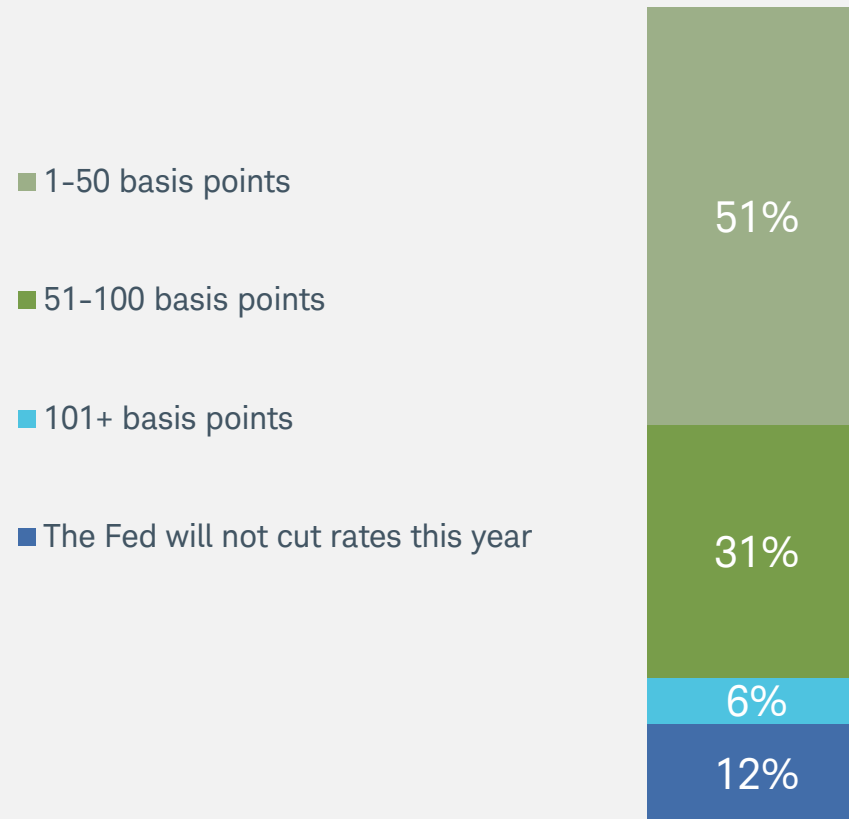
(Single response only; Among Trader Sample)



Base = Weighted Total (n=1,040)
QAT_Q125_1. What is the likelihood that the US economy will officially enter a recession in 2025?
QAT_Q125_2. What are your expectations for inflation in the first half of 2025?

Half of traders expect modest rate cuts (50 basis points or fewer) from the Fed in 2025.

Magnitude of Fed Rate Cuts in 2025
(Single response only; Among Trader Sample)



Base = Weighted Total (n=1,040)
QAT_Q125_3. How much do you believe the Fed will cut rates in 2025 in total?

Traders cite the new U.S. presidential administration as the factor most likely to impact the stock market in 2025.

Impact on Stock Market in 2025 *(Select top three; Among Trader Sample)*

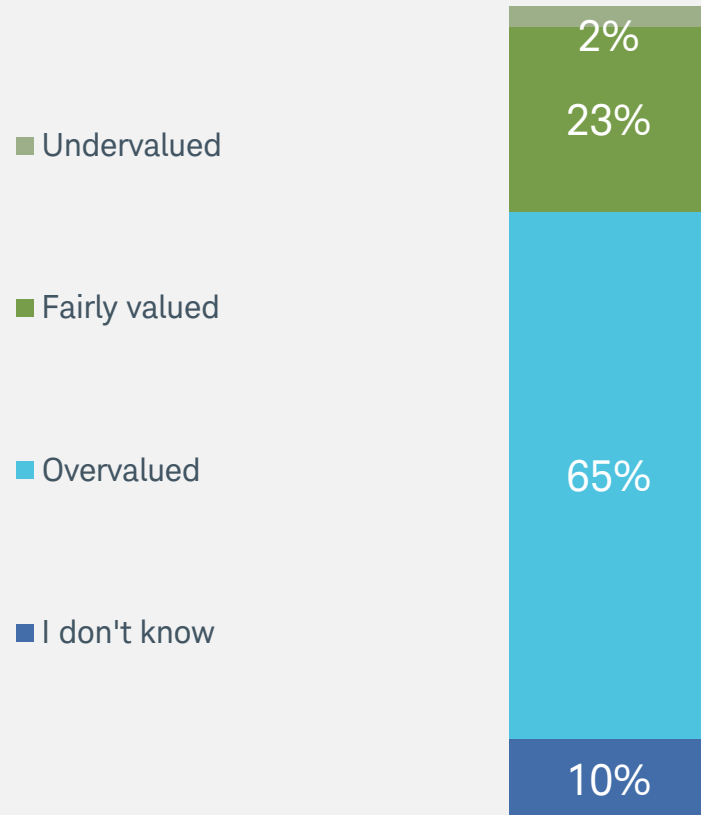


Base = Weighted Total (n=1,040)
QAT_Q125_4. Which of the following do you expect will have the biggest impact on the stock market in 2025?

Sixty-five percent of traders believe the market to be overvalued; they are split between mega cap tech stocks and AI stocks when it comes to the most crowded trade.

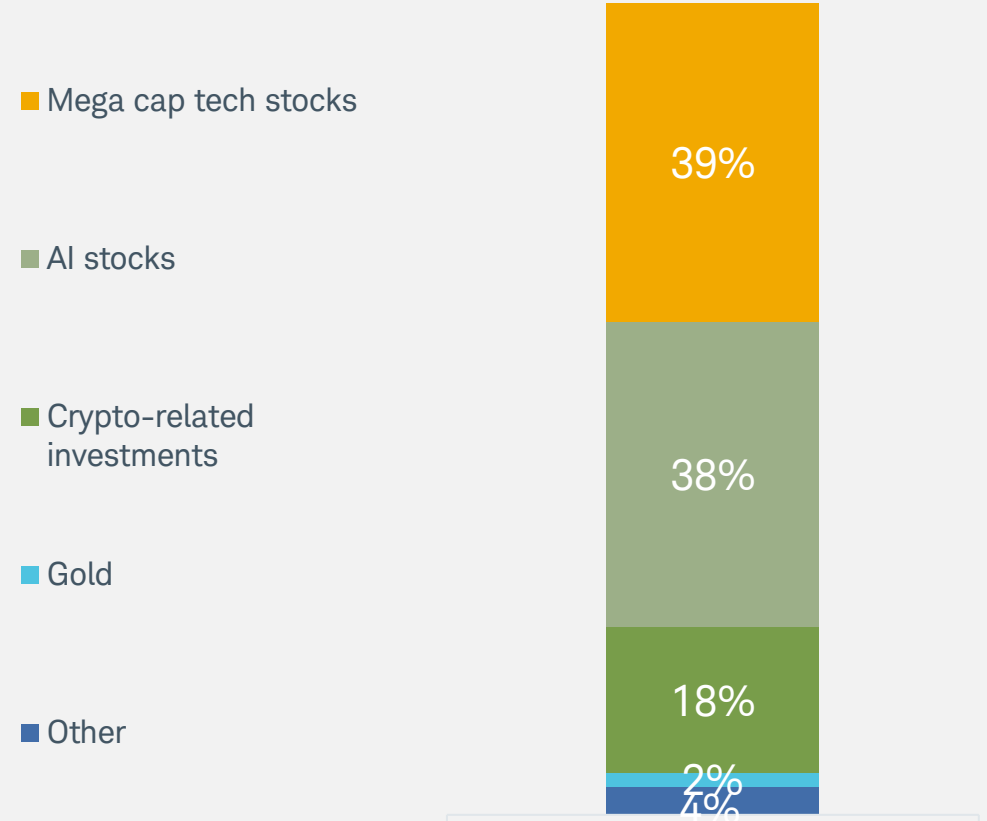
The Market is Currently...

(Single response only; Among Trader Sample)



Most Crowded Trade

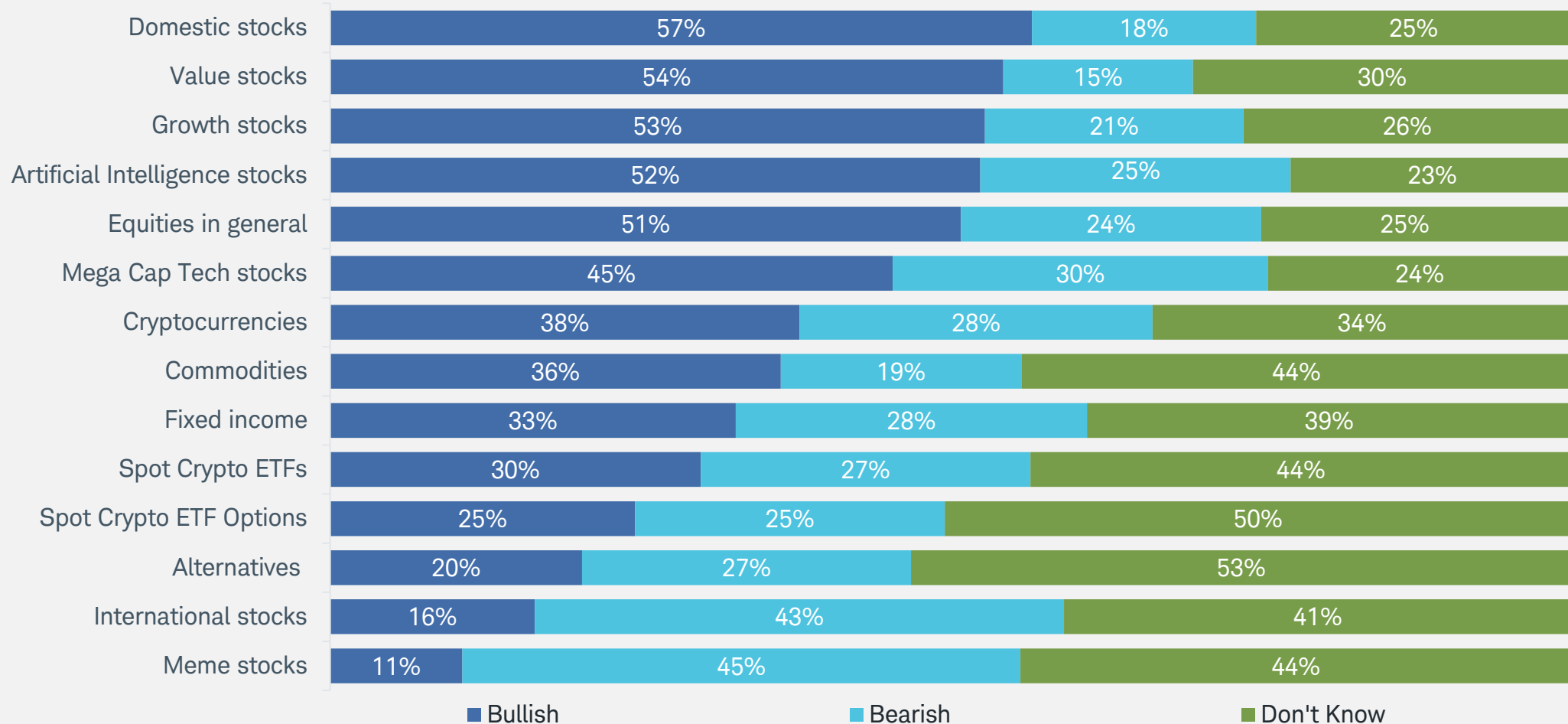
(Single response only; Among Trader Sample)



Base = Weighted Total (n=1,040)
 QAT_Q125_5. Do you believe the market is currently:
 QAT_Q125_6. In your opinion, what is the most crowded trade right now?

Traders are bullish on equities in Q1 2025, particularly domestic and value stocks.

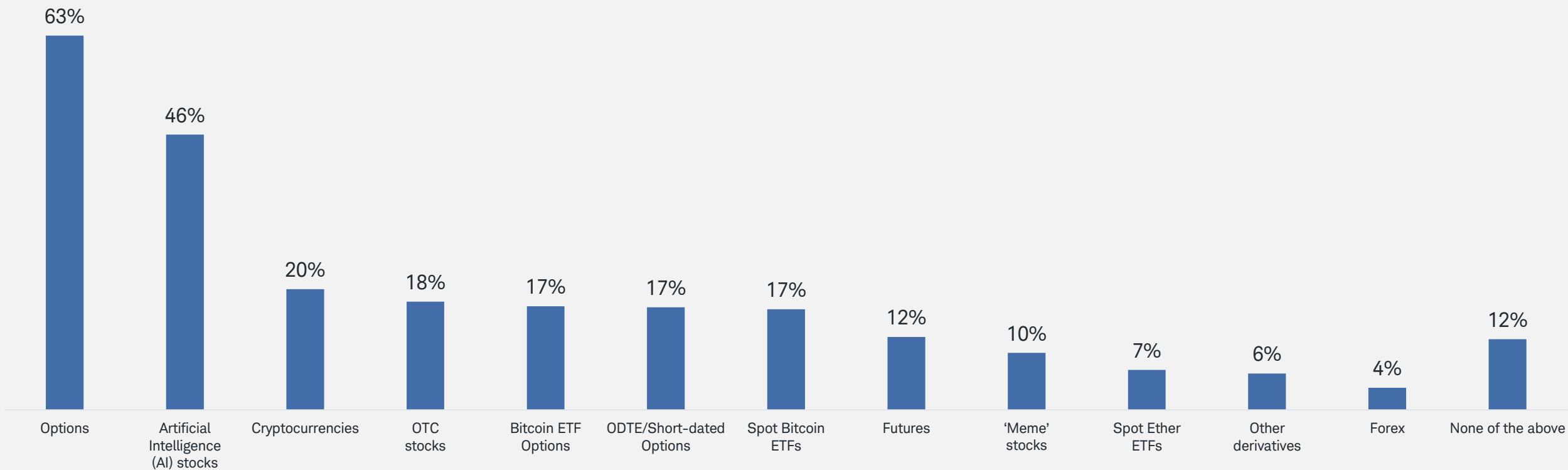
Sentiment Over Next 3 Months (Single response only; Among Trader Sample)



Base = Weighted Total (n=1,040)
QAT_Q125_7. Are you bullish or bearish on each of the following for the next 3 months?

Just shy of half (46%) of traders are considering trading AI stocks in Q1 and one-in-five are considering trading crypto.

Instruments Considering Trading in Q1'25 (Multiple responses allowed; Among Trader Sample)

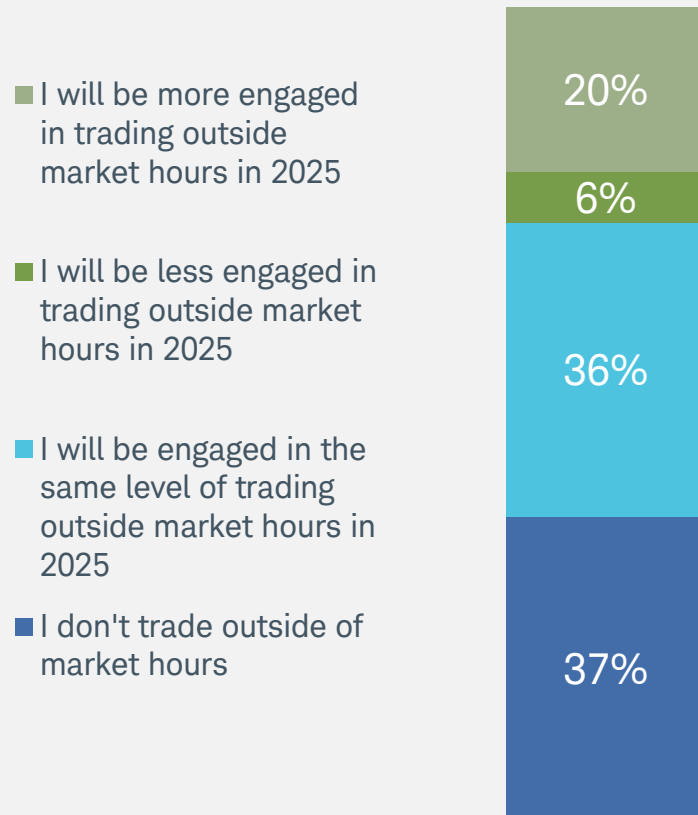


Base = Weighted Total (n=1,040)
QAT_Q125_8. Which, if any, of the following instruments are you considering trading in Q1 2025?

One-in-five traders expect to engage in more trading outside market hours this year; the ability to react to news as it happens is seen as the greatest potential benefit.

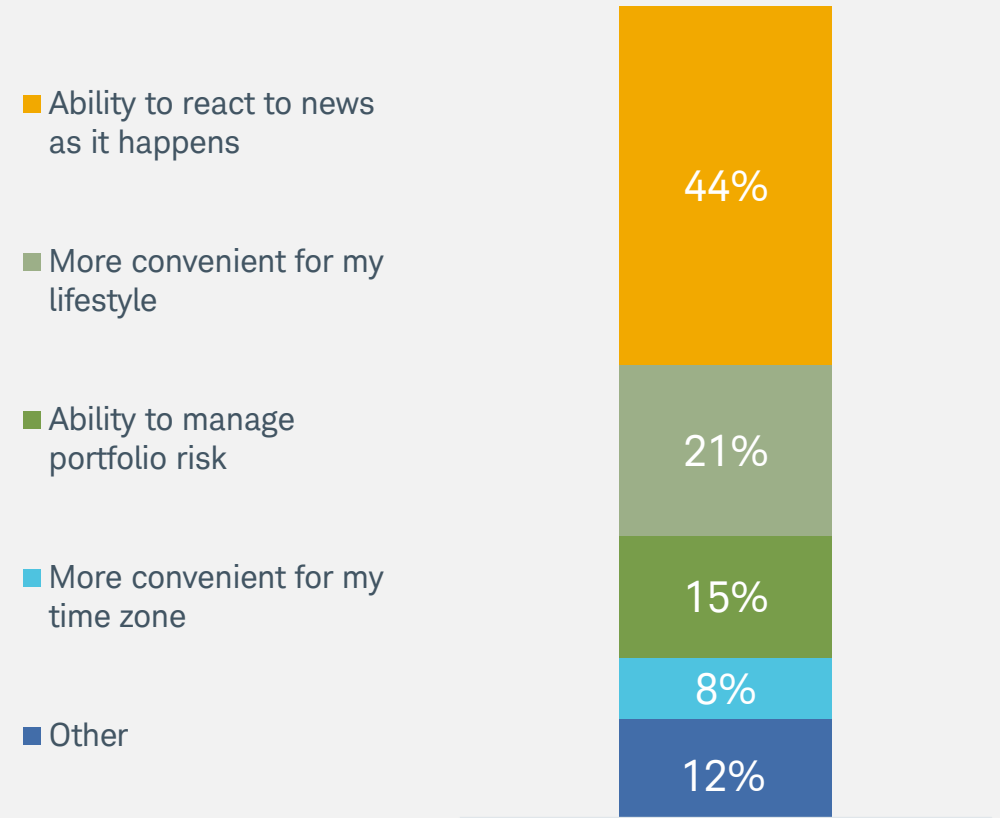
Anticipated Behaviors Regarding Trading Outside of Normal Market Hours

(Single response only; Among Trader Sample)



Biggest Potential Benefit of Outside Standard Market Hours Trading

(Single response only; Among Trader Sample)



Base = Weighted Total (n=1,040)

QAT_Q125_10. How do you anticipate your trading outside of normal market hours (9:30am to 4:00pm ET) may change in 2025?

QAT_Q125_11. What do you see as the biggest potential benefit to trading outside of standard market hours (9:30am to 4:00pm ET)?



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 8th – January 17th, 2025

Sample:

- 1,040 active traders (clients who actively trade equities or trade options, futures, or forex).
- 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.

Gender Male 914 (88%) Female 81 (8%) No answer 45 (4%)	Affluence UHNW (\$10M+) 10 (1%) HNW (\$1M-<\$10M) 213 (20%) Mass Affluent (\$250K-<\$1M) 273 (26%) Core (<\$250K) 544 (52%)	Active Trader Active 1,040 (100%) Not Active 0 (0%)
Life Stage Younger Investor (<40) 130 (13%) Mid-Life (40-55) 238 (23%) Mature (55+ not retired) 326 (32%) Retired 324 (32%)	Financial Consultant Relationship Has Financial Consultant 233 (22%) Does not have Financial Consultant 807 (78%)	Employment Status Employed full-time 386 (37%) Employed part-time 23 (2%) Self-employed 160 (15%) Retired/Semi-retired 400 (38%) Other 28 (3%) No answer 43 (4%)