

Q2 2024 Trader Client Sentiment Report

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Q2 2024 Trader Sentiment Executive Summary

Bullish sentiment among traders has dropped off slightly compared to Q1 2024 (46% vs. 53%) but is still higher than levels seen in 2022 and 2023.

Key Q2 Themes

- **Inflation concerns are on the rise:** Traders' primary investing concerns are focused on inflation; these concerns have more than doubled quarter-over-quarter (9% to 19%).
- **Recession concerns are abating but expectations for the economy are tepid:** Just over half of traders think a U.S. recession is unlikely but many are uncertain that the Fed will achieve any kind of landing in 2024. They largely anticipate modest rate cuts, if any, of up to 50 basis points in 2024.
- **Traders view Artificial Intelligence as over-bought, but they are still bullish on it:** AI is far and away the most "crowded" trade according to Traders, but most are bullish on the market potential of AI.
- **Interest in trading options is high, but 0DTE is less enticing:** About two-thirds of traders plan to trade options this year, but far fewer (13%) are considering zero days-to-expiration or short-dated options trading.
- **Cryptocurrency is still seen as risky:** Nearly two thirds of traders believe the future of cryptocurrency is uncertain.

Q2 2024 Trader Sentiment Snapshot

Good Time to Invest

48%



Better Off Financially

55%

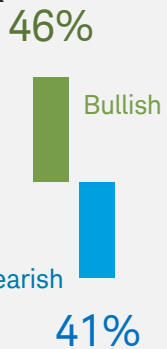


Confident In Decisions

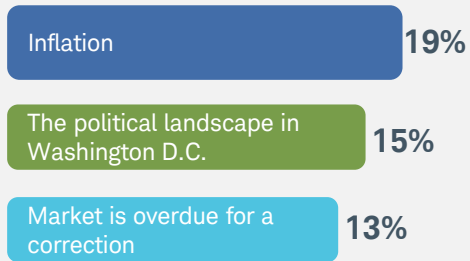
69%



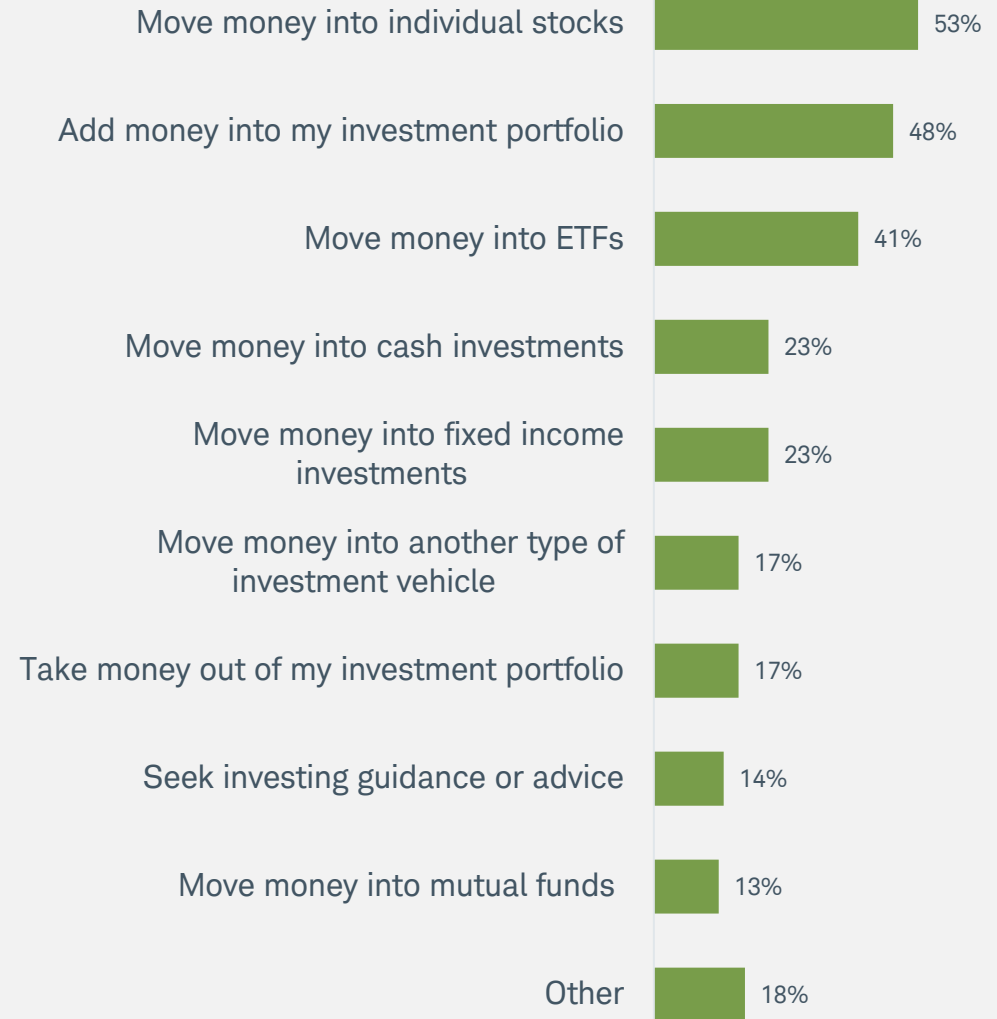
3 Month Outlook



Primary Concern Next 3 Months

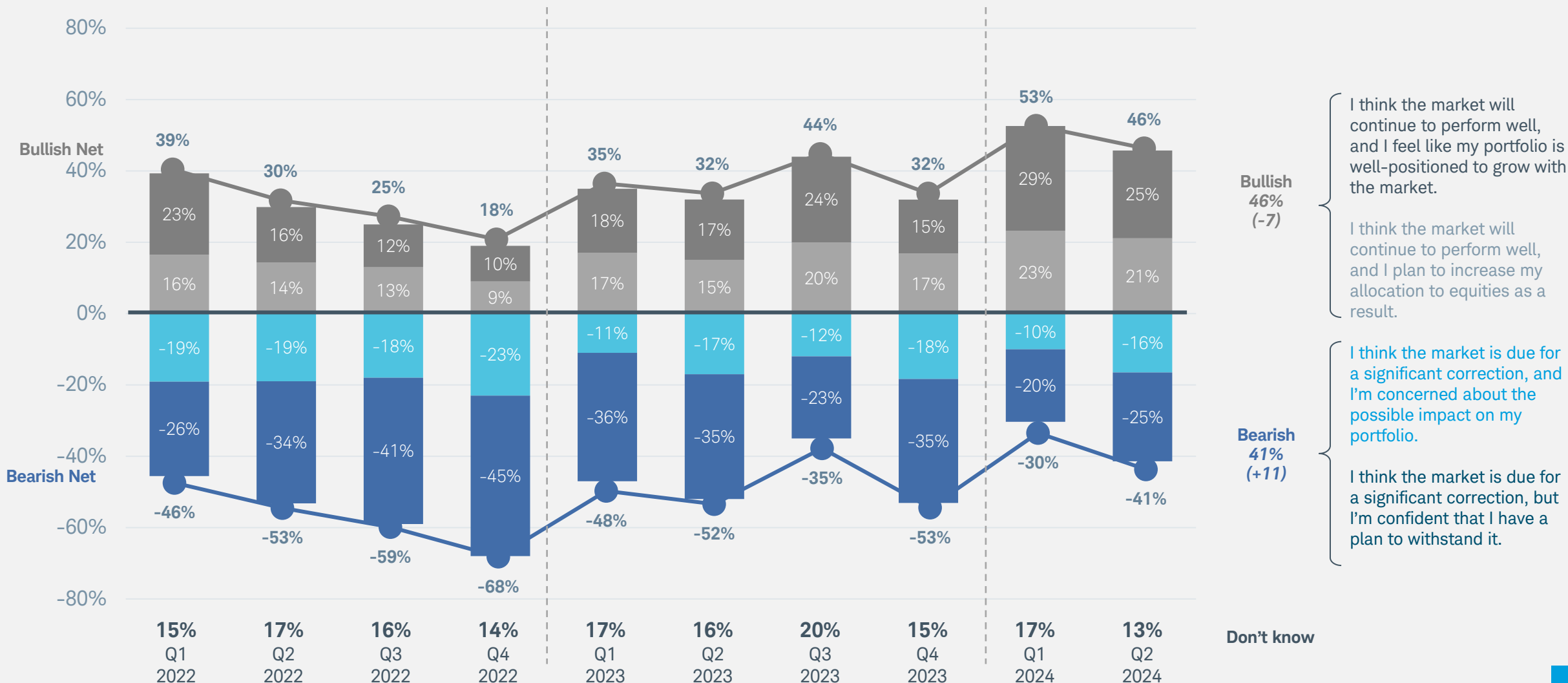


Planned Actions For The Next 3 Months



Trader sentiment dipped in Q2 2024 but remains at higher levels compared to the past two years.

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

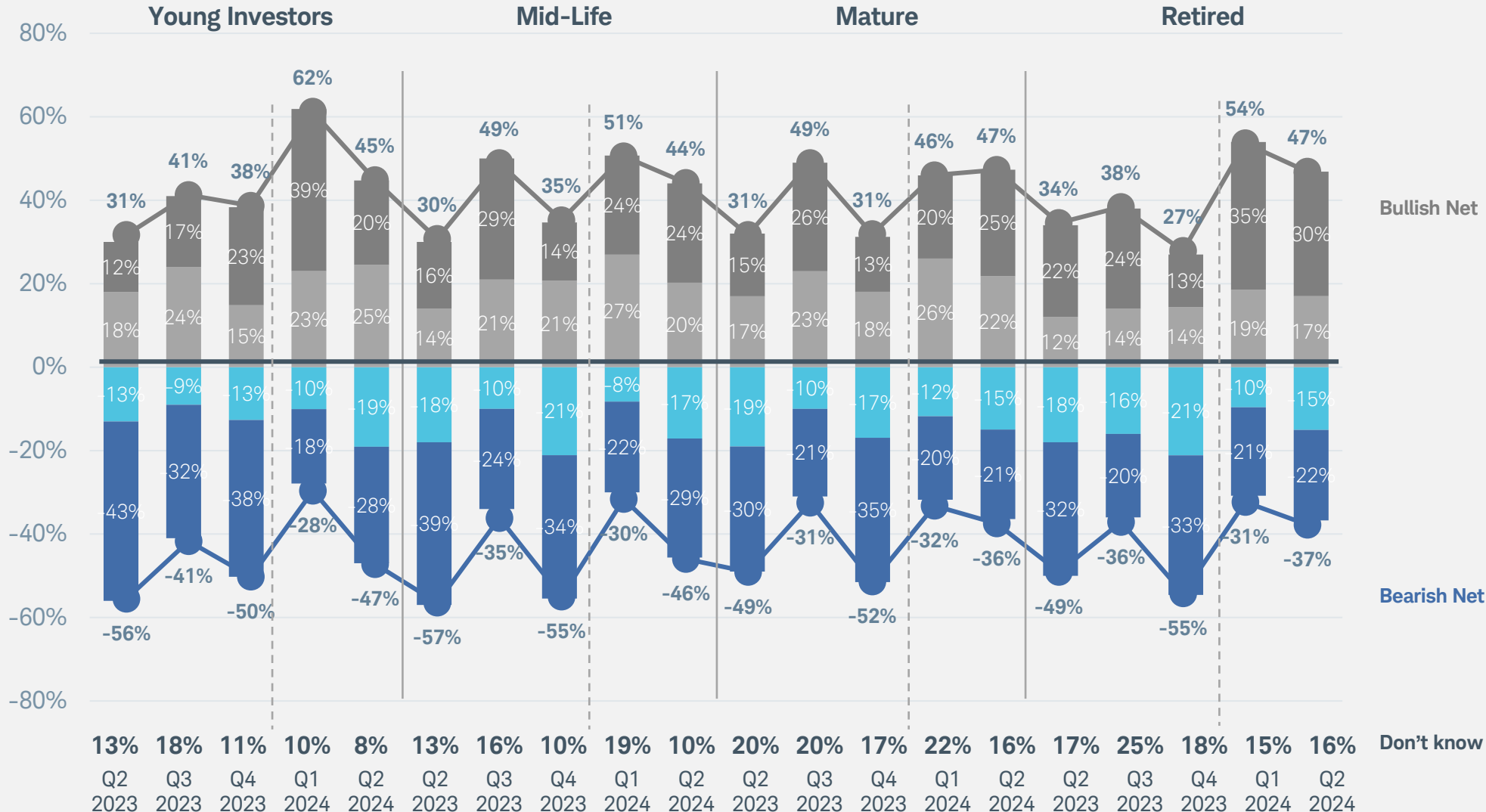


Base = Weighted Total (n=920)
Q6. Thinking about the next 3 months, which statement best describes your outlook for the U.S. stock market?

Trader sentiment varied across age groups; younger investors in particular grew significantly 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.

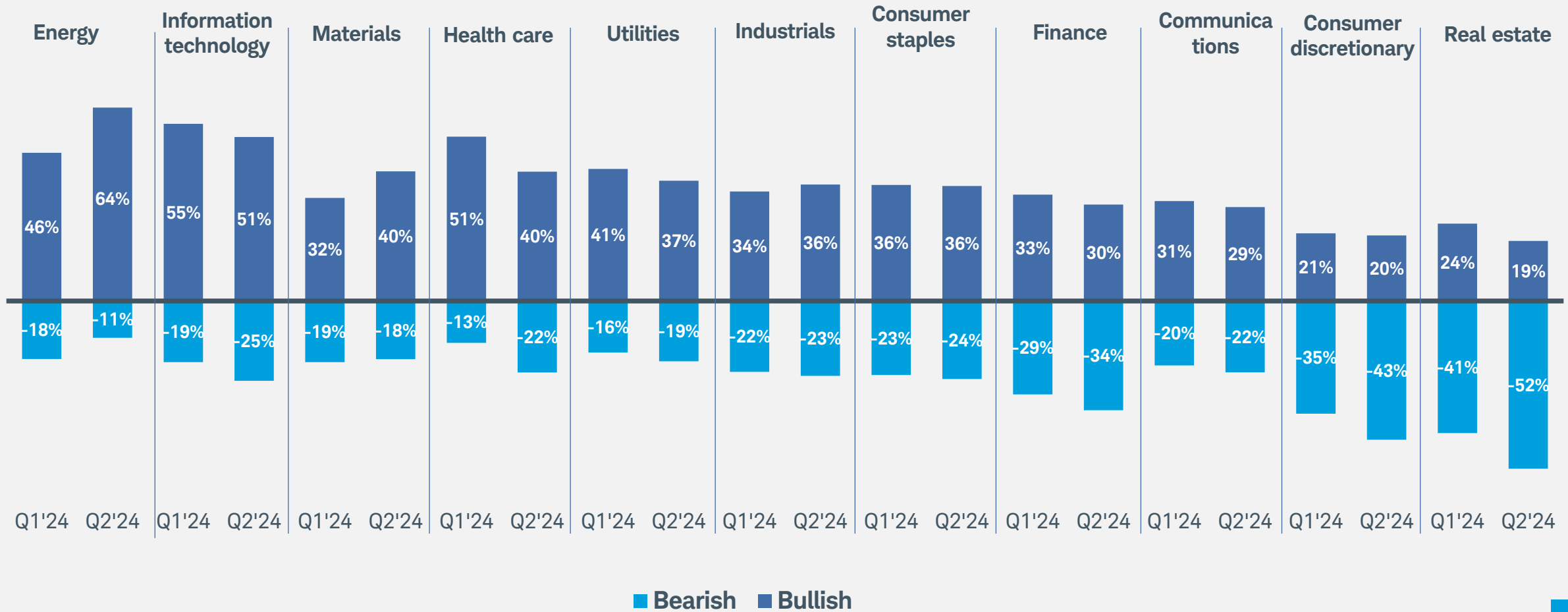
I think the market is due for a significant correction, and I'm concerned about the possible impact on my portfolio.

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=920)
 Q6. Thinking about the next 3 months, which statement best describes your outlook for the U.S. stock market?

At the sector level, sentiment has fluctuated quarter-over-quarter, with bullishness rising significantly when it comes to Energy and Materials but dropping or staying about the same for others.

Sector Sentiment Q1 vs Q2 *(Among Trader Sample)*

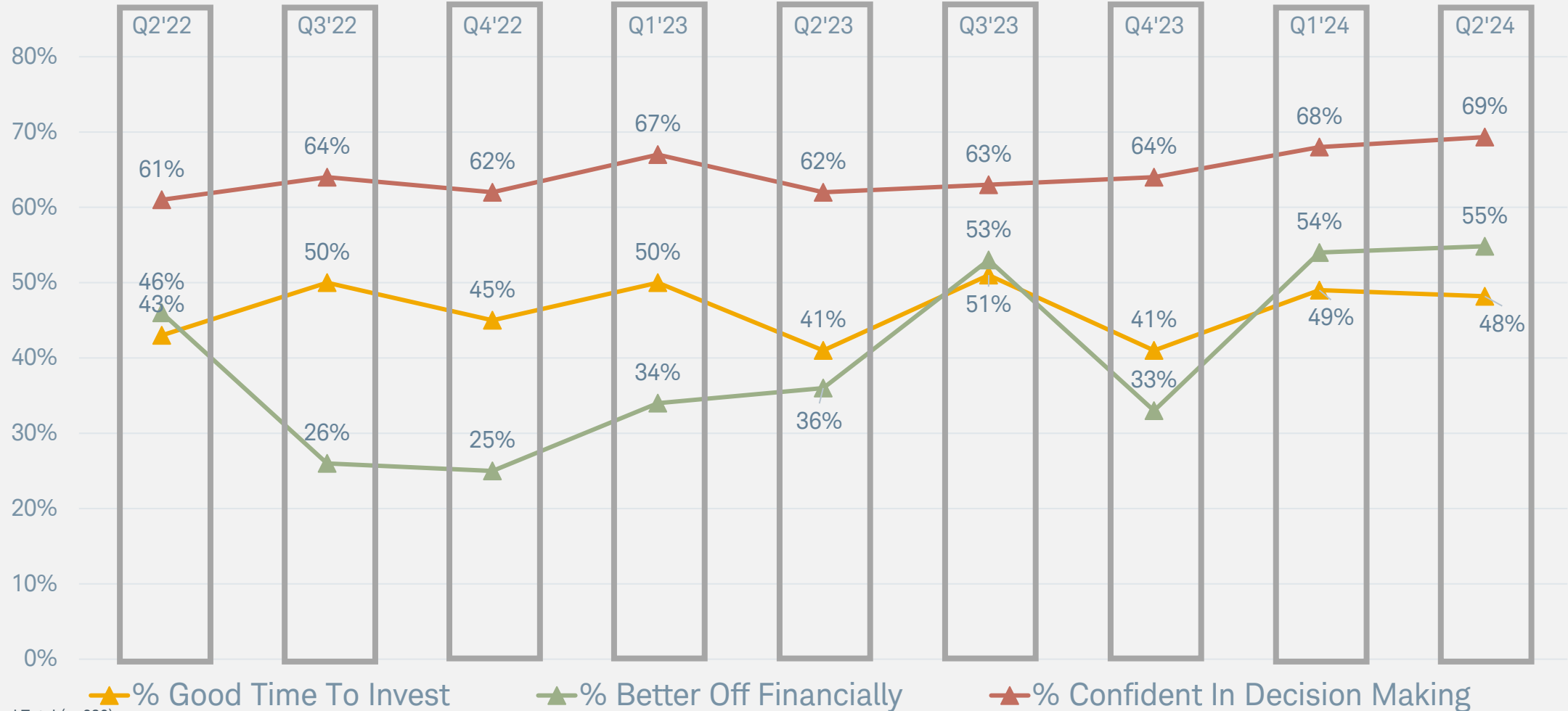


Base = Weighted Total (n=920)
Q23A. In your opinion, which term best describes the U.S. stock market for each of the following sectors over the next three months?

As traders' confidence climbs to its highest level in two years, they remain somewhat cautious about whether it's a good time to invest in equities.

Trader Confidence Trends

January 2022 – April 2024



Base = Weighted Total (n=920)

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?

Inflation concerns have substantially risen among traders, more than doubling quarter-over-quarter (9% in Q1 vs. 19% in Q2).

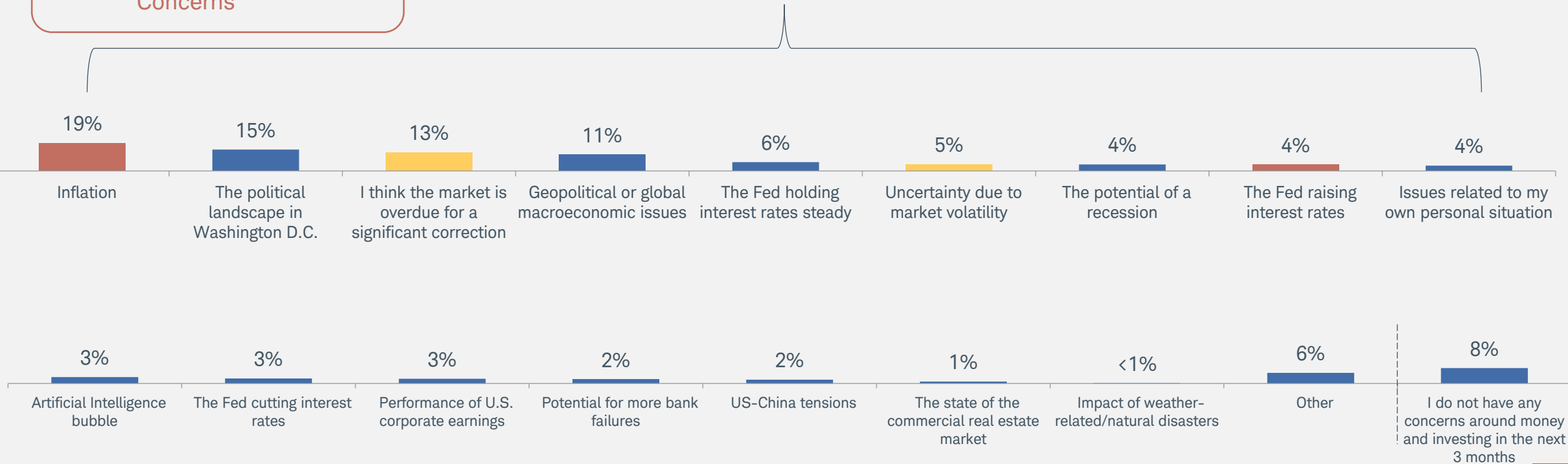
Primary Concern About Investing

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



23% Inflation/Increased Interest Rates Related Concerns

Note: Percentages based among those with a concern



Base = Weighted Total (n=920)

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



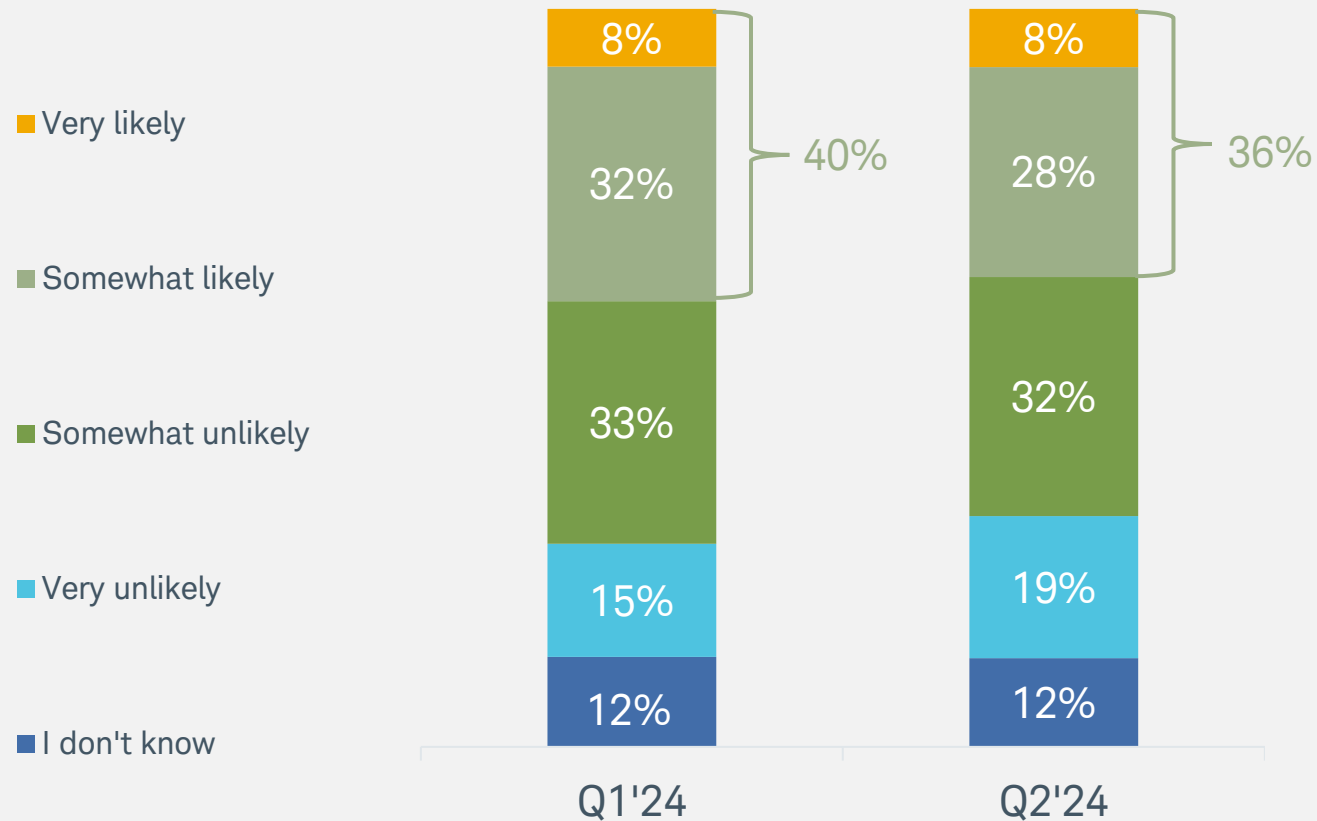
Special Issues

- Economic Outlook
 - Likelihood of Recession
 - Expectations of Fed Landing
 - Fed Rate Cuts
- Trading Trends and Landscape
 - Bullish & Bearish Views
 - Crowded Rates
 - Expectation of Economy on Trading Strategy
 - Trading of Instruments in 2024 (Consideration & First Time)
 - Cryptocurrency

Traders' recession fears have continued to abate in 2024, with just over one third (36%) seeing a recession as likely this year.

Expected Likelihood of U.S. Recession in 2024

(Single response only; Among Trader Sample)

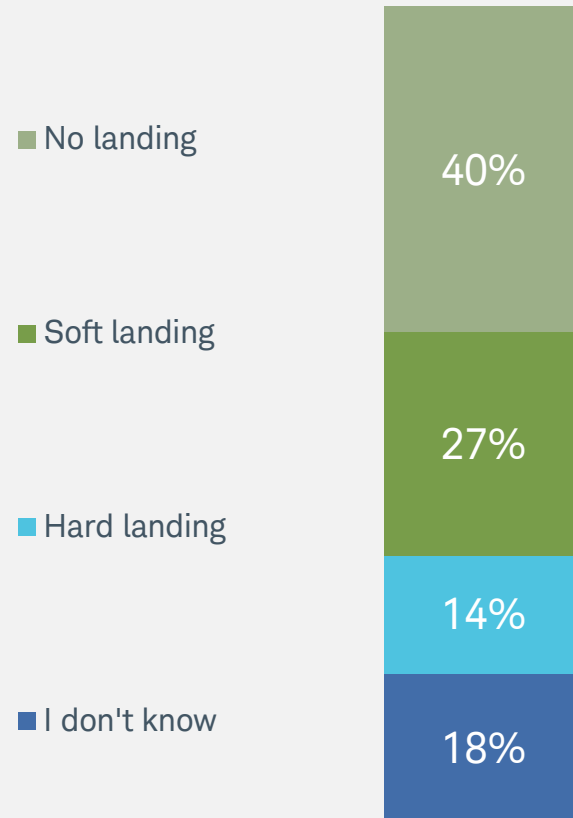


Base = Weighted Total (n=920)
QAT_Q224_1. What is the likelihood that the US economy will officially enter a recession in 2024?

Only 25% of traders anticipate rate cuts of greater than 50 basis points in 2024.

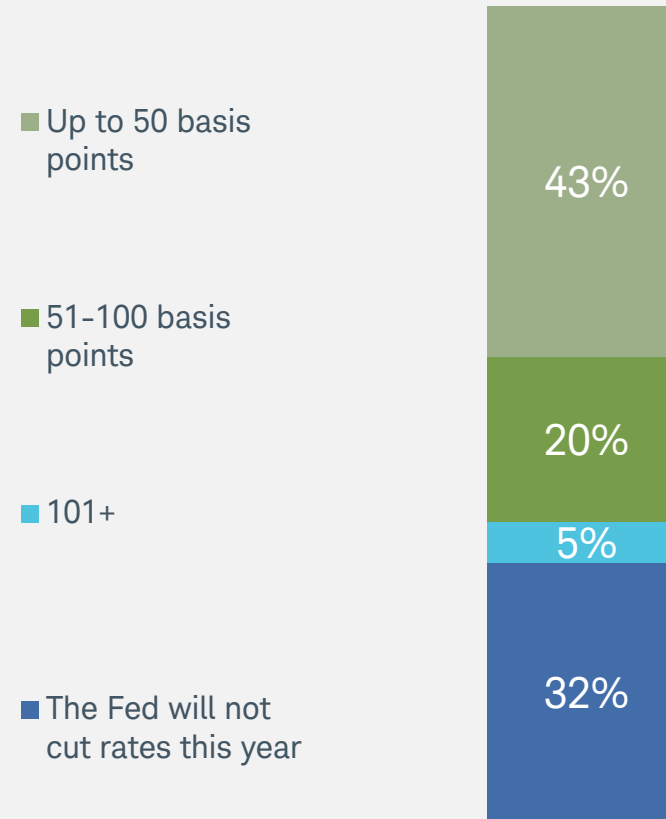
Fed Scenarios in 2024

(Single response only; Among Trader Sample)



Magnitude of Fed Rate Cuts in 2024

(Single response only; Among Trader Sample)



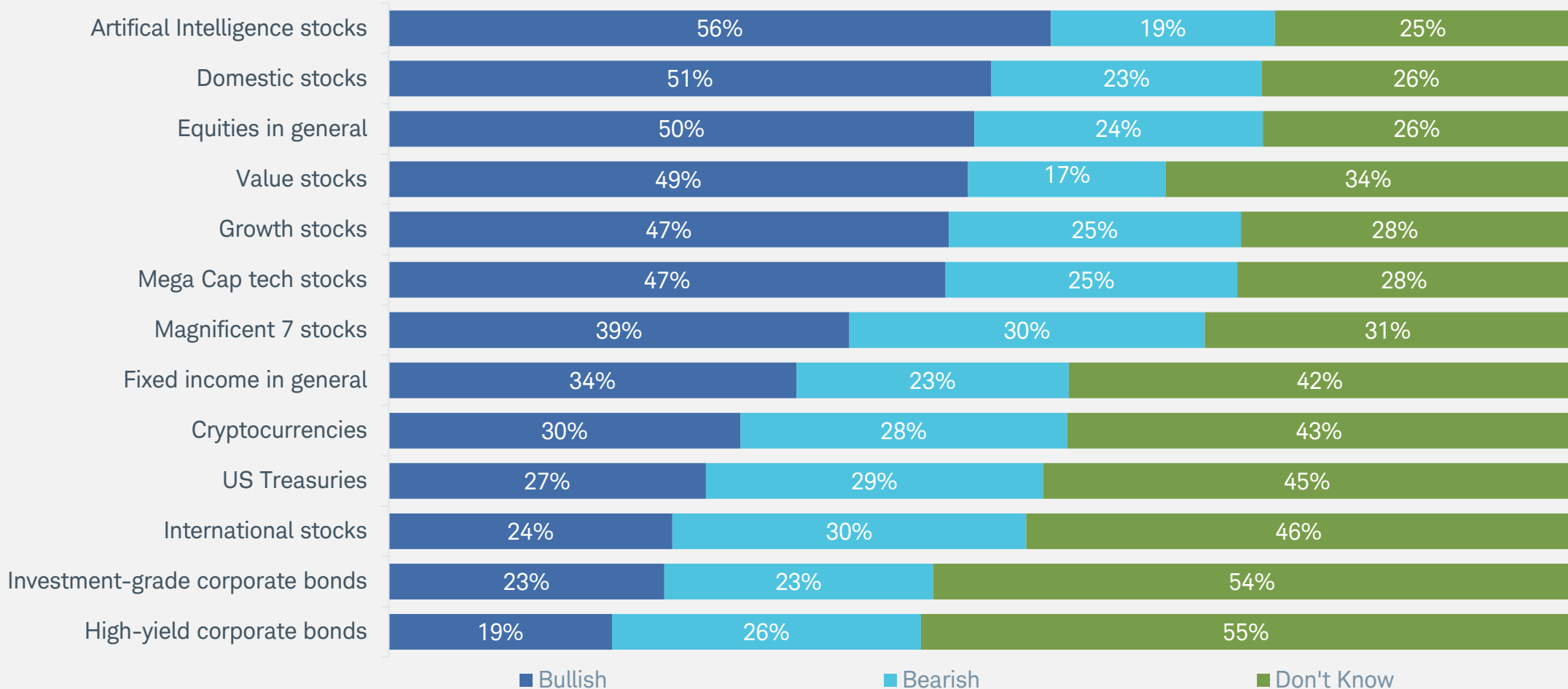
Base = Weighted Total (n=920)

QAT_Q224_2. Which of the following scenarios is the Fed most likely to achieve in 2024?

QAT_Q224_3. How much will the Fed cut rates in 2024 in total?

More than half of traders are bullish on AI, a smaller majority than last quarter (61%). Bullishness toward equities in general remained relatively steady (48% in Q1).

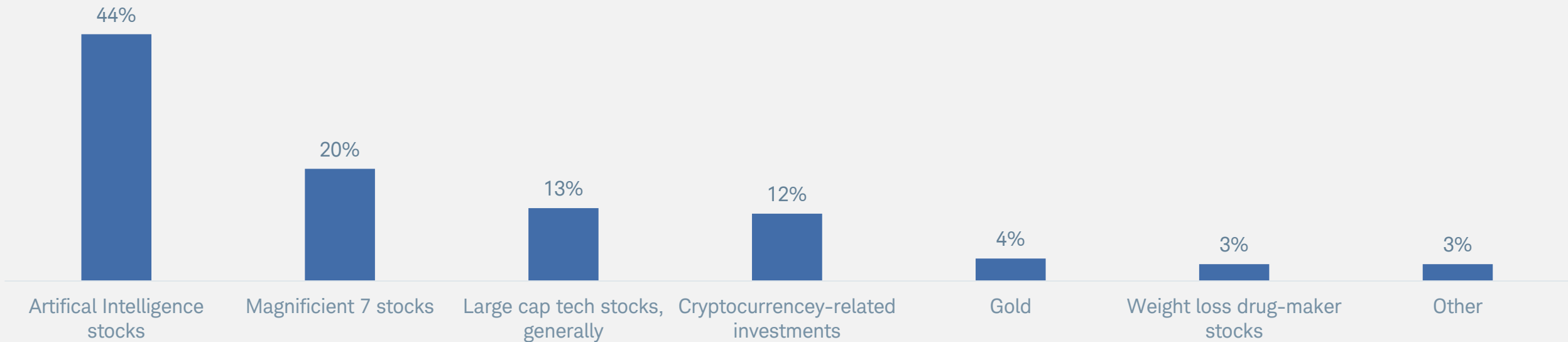
Sentiment Over Next 3 Months (Single response only; Among Trader Sample)



Base = Weighted Total (n=920)
QAT_Q224_4. Are you bullish or bearish on each of the following for the next 3 months?

According to traders, AI is the most "crowded," or over-bought, trade in Q2.

Most Crowded Trade *(Single response only; Among Trader Sample)*

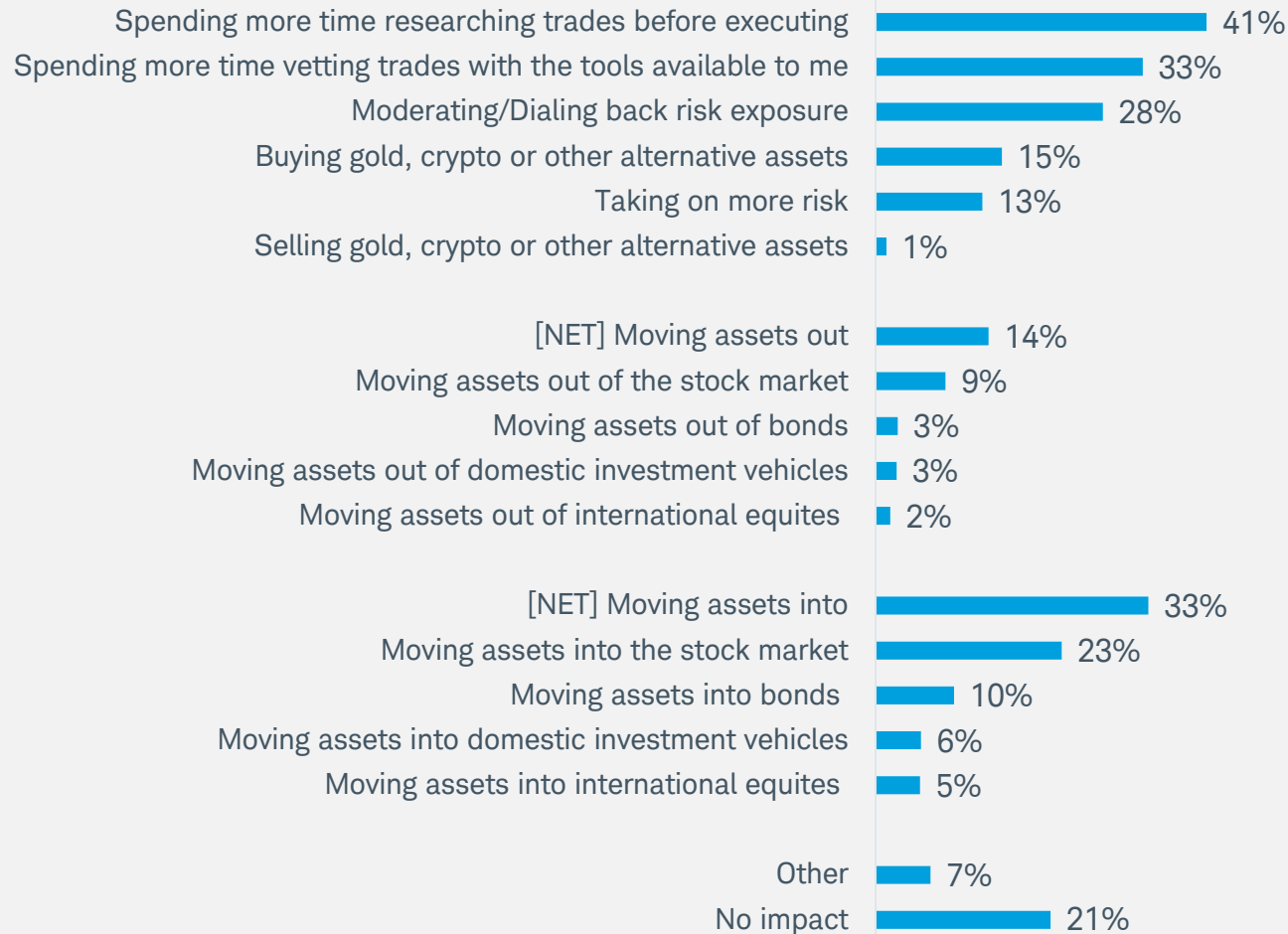


Base = Weighted Total (n=920)
QAT_Q224.5. In your opinion, what is the most crowded trade right now?

Significantly more traders say they are spending more time vetting or researching trades before executing due to their expectations for the economy (up from 28% in Q1).

Impact of Expectations for the Economy On Trading Approach

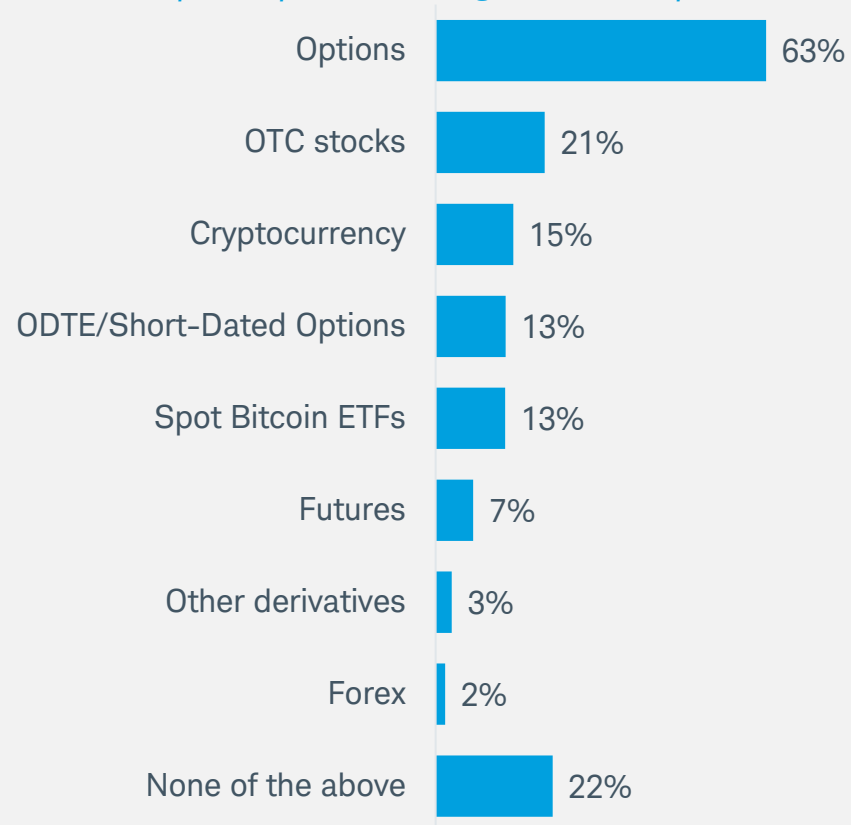
(Multiple responses allowed; Among Trader Sample)



Interest in trading options is high at 63%, but relatively few (13%) are considering short-dated or zero days-to-expiration options

Instruments Considering Trading in Q2'24

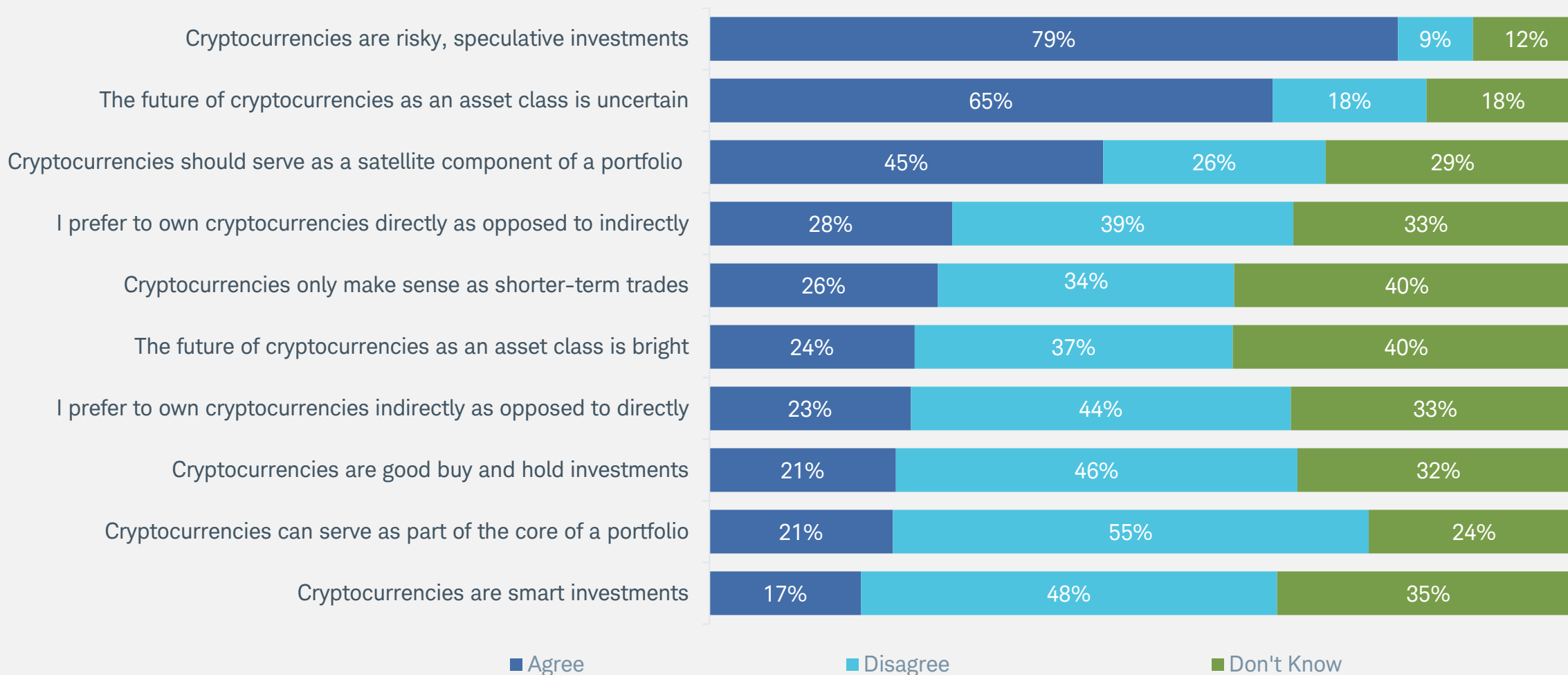
(Multiple response; Among Trader Sample)



The vast majority of traders view cryptocurrencies as risky and speculative with an uncertain future.

Cryptocurrency Agreement Statements

(Single response only; Among Trader Sample)



Base = Weighted Total (n=920)

QAT_Q224_8. Please indicate whether you agree or disagree with each of the following statements about cryptocurrencies.



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
- Q2 study was fielded April 10th – April 19th, 2024

Sample:

- 920 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.

<p>Gender</p> <p>Male 803 (87%)</p> <p>Female 69 (8%)</p> <p>No answer 48 (5%)</p>	<p>Affluence</p> <p>UHNW (\$10M+) 9 (1%)</p> <p>HNW (\$1M-<\$10M) 187 (20%)</p> <p>Mass Affluent (\$250K-<\$1M) 257 (28%)</p> <p>Core (<\$250K) 467 (51%)</p>	<p>Active Trader</p> <p>Active 920 (100%)</p> <p>Not Active 0 (0%)</p>
<p>Life Stage</p> <p>Younger Investor (<40) 118 (13%)</p> <p>Mid-Life (40-55) 183 (21%)</p> <p>Mature (55+ not retired) 302 (34%)</p> <p>Retired 281 (32%)</p>	<p>Financial Consultant Relationship</p> <p>Has Financial Consultant 206 (22%)</p> <p>Does not have Financial Consultant 714 (78%)</p>	<p>Employment Status</p> <p>Employed full-time 326 (35%)</p> <p>Employed part-time 19 (2%)</p> <p>Self-employed 117 (13%)</p> <p>Retired/Semi-retired 381 (41%)</p> <p>Other 28 (3%)</p> <p>No answer 49 (5%)</p>