

# Q2 2025 Trader Client Sentiment Report

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# Important Information

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- Past performance is no guarantee of future results.
- Investing involves risk, including, for some products, more than your initial investment.

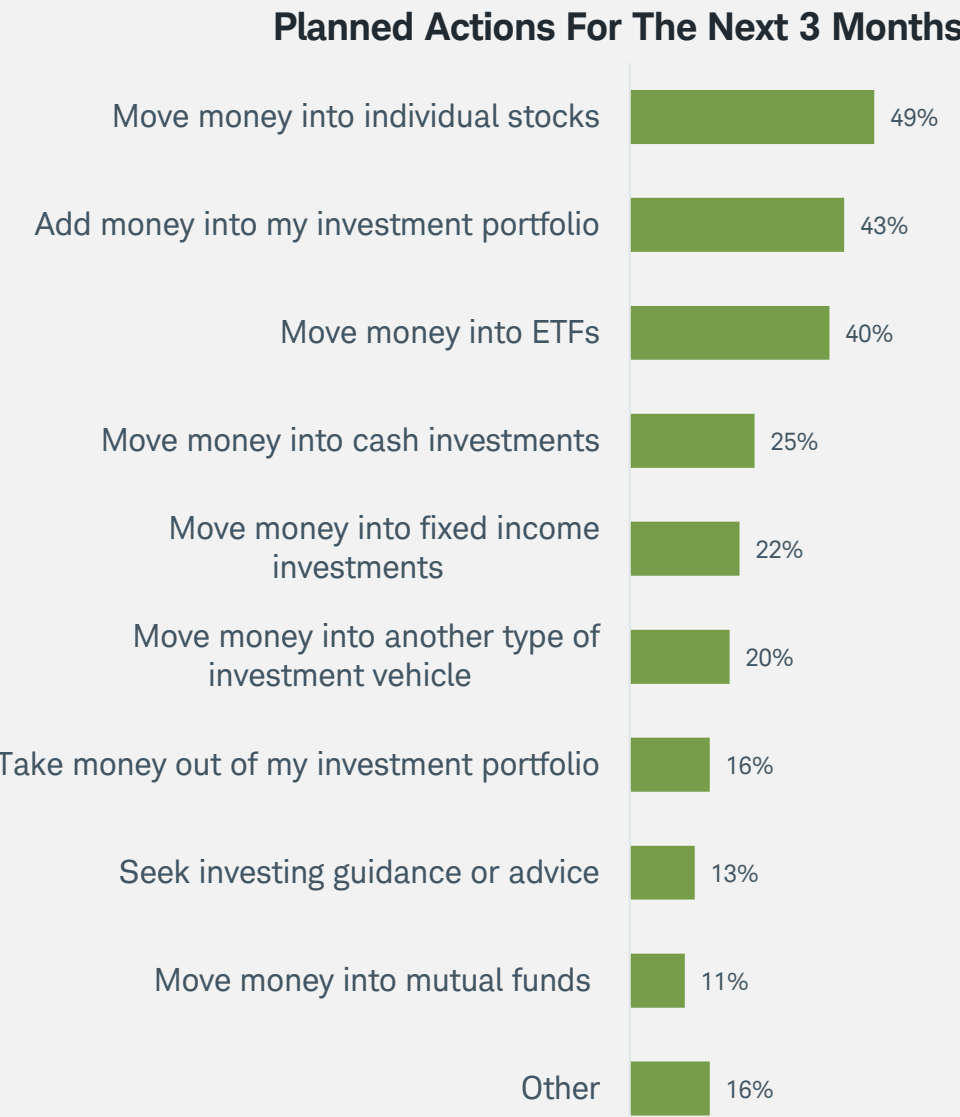
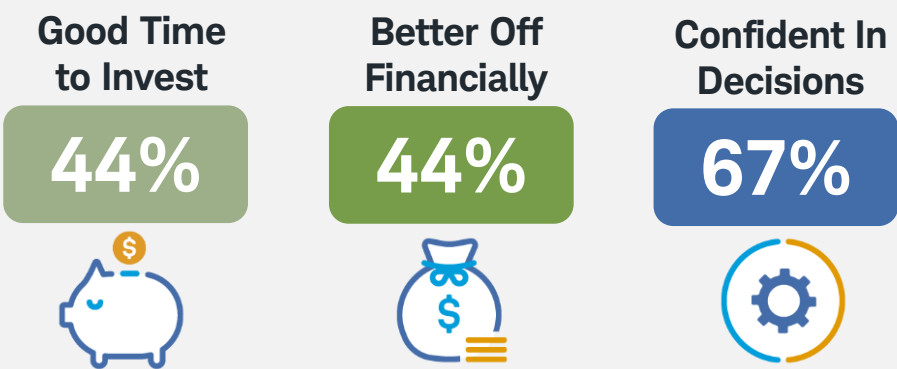
## Q2 2025 Trader Sentiment Executive Summary

Nearly 60 percent of traders say they are bearish about the U.S. stock market in Q2 – a sharp increase in bearish sentiment – but traders also see opportunity amidst the volatility with nearly two-thirds looking to “buy the dip.”

### Key Q2 Themes

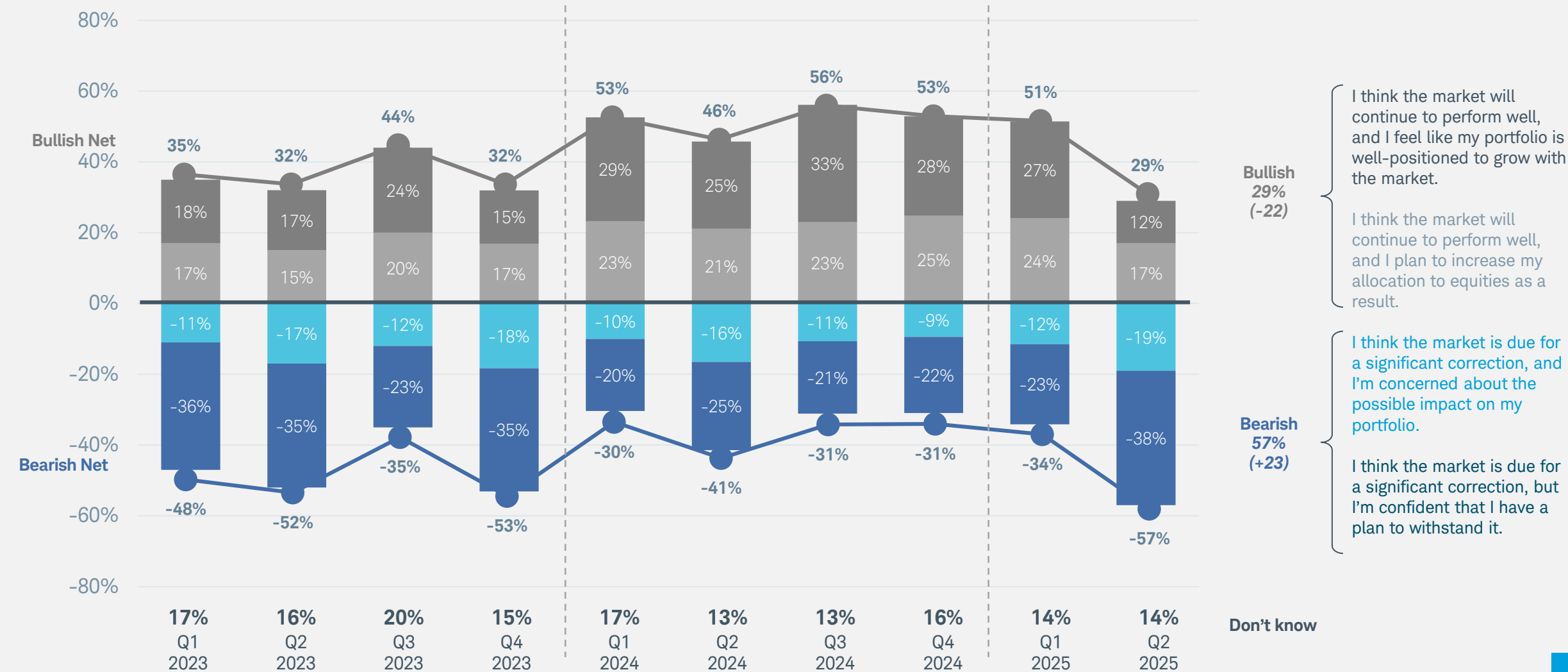
- **Political concerns are on the rise:** The political landscape in Washington is traders’ greatest investing concern in Q2 – up 9 points from Q1 2025 to 23% – followed closely by concerns about market volatility and a possible market correction.
- **Recession concerns are up:** The number of traders predicting a recession in 2025 nearly doubled quarter-over-quarter (33% in Q1 2025 vs. 63% in Q2).
- **Stagflation is also a concern:** Nearly two-thirds (62%) of traders anticipate “stagflation” will hit in 2025.
- **Volatility may represent opportunity:** Nearly two-thirds (61%) of traders report they will ‘buy the dip’ should market volatility continue in Q2. More traders (35%) anticipate moving assets into the stock market than anticipate moving them out (18%) given their expectations for the economy.
- **Tariffs are a cause for concern:** Nearly two-thirds (61%) of traders are concerned that tariffs may stunt economic growth, but just over half report they are not adjusting their trading strategy as a result of tariff policy changes.

# Q2 2025 Trader Sentiment Snapshot



# Sentiment dipped considerably in Q2 2025, with bullishness hitting a two-year low.

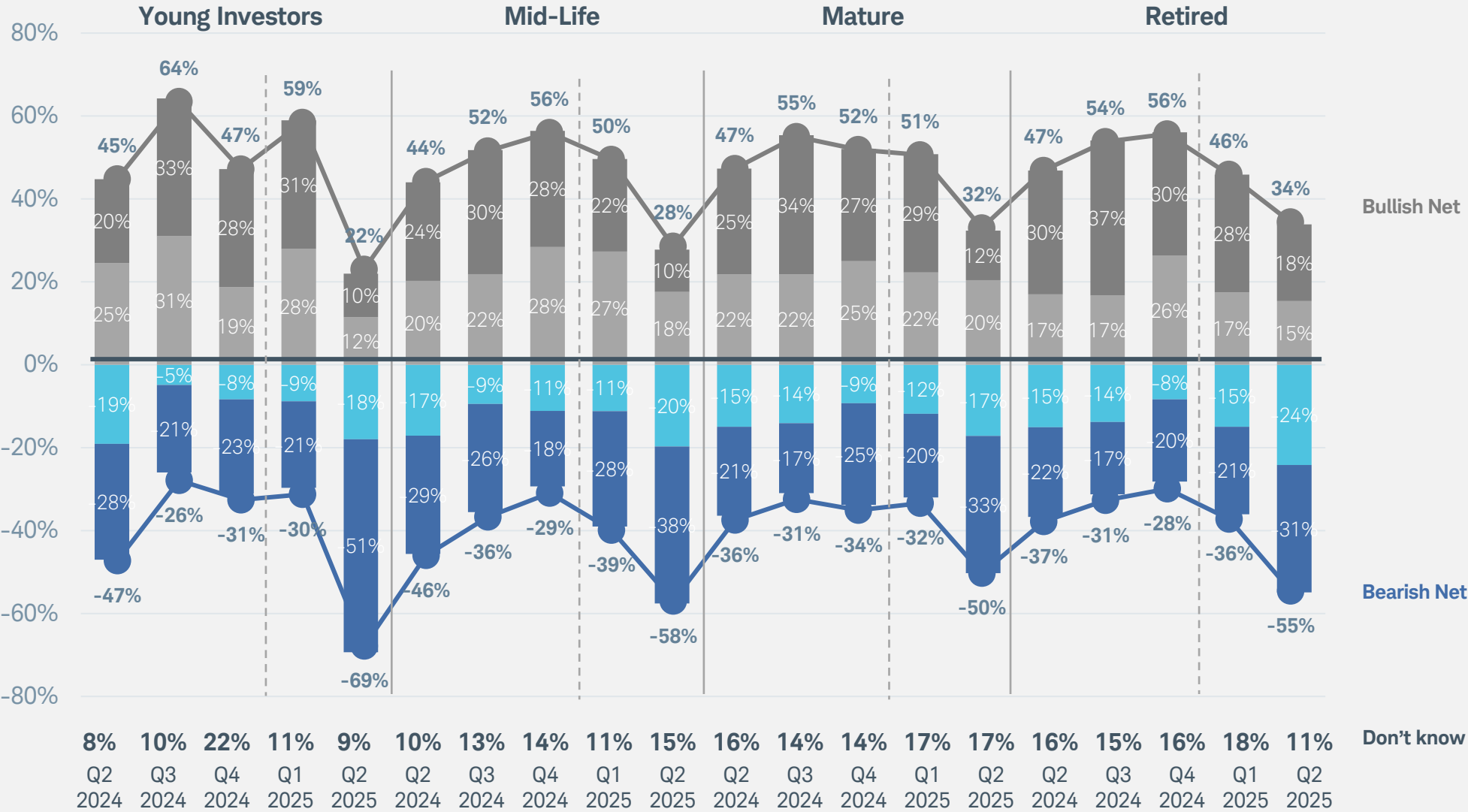
Outlook For U.S. Stock Market  
(Single response only; Among Trader Sample)



Base = Weighted Total (n=981)  
Q6. Thinking about the next 3 months, which statement best describes your outlook for the U.S. stock market?  
Classification: Public

# The youngest retail traders are the most bearish and bullishness appears to increase by life stage.

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.

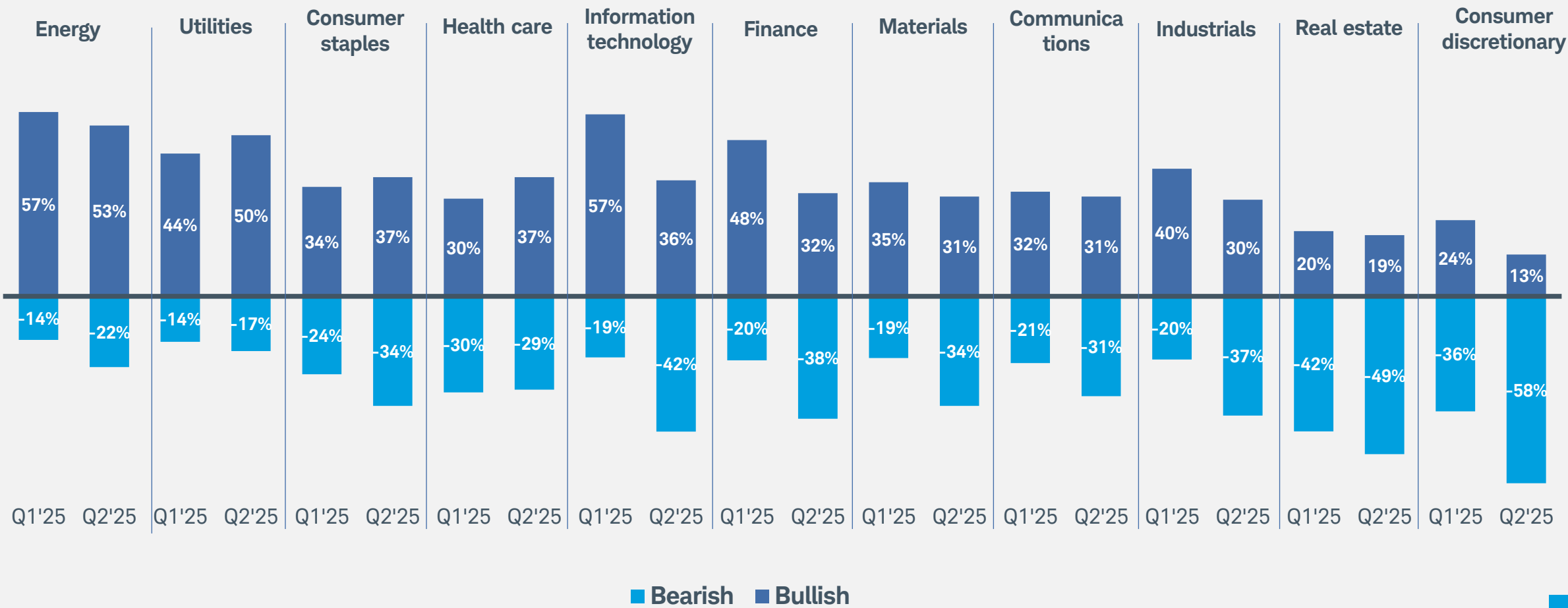
I think the market is due for a significant correction, and I'm concerned about the possible impact on my portfolio.

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=981)  
Q6. Thinking about the next 3 months, which statement best describes your outlook for the U.S. stock market?  
Classification: Public

At the sector level, traders are more bullish on Utilities, Consumer Staples, and Health Care. Information Technology and Finance have seen the most significant drops toward bearishness.

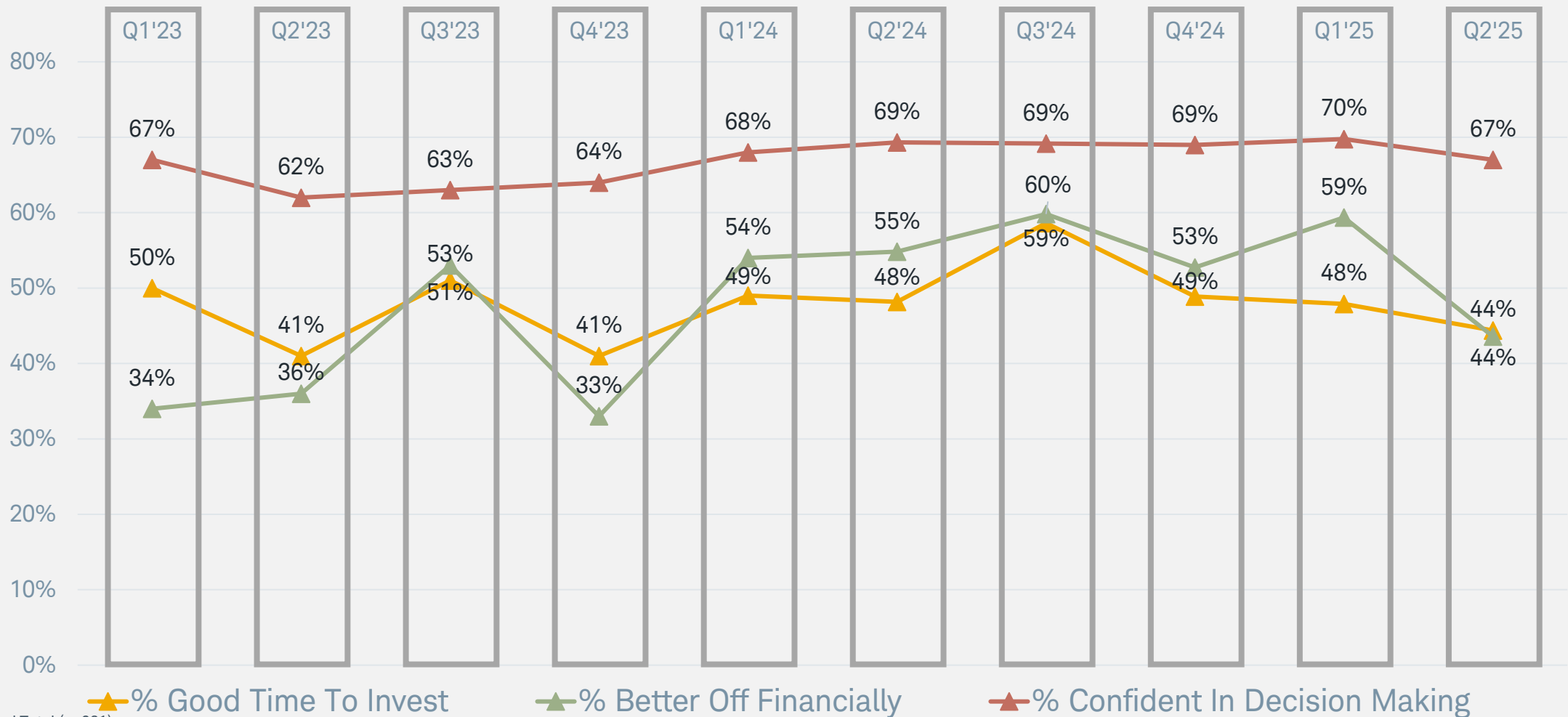
Sector Sentiment Q1'25 vs Q2'25  
*(Among Trader Sample)*



Base = Weighted Total (n=981)  
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, however the number of traders who feel better off financially compared to a year ago has dropped.

Trader Confidence Trends  
(Among Trader Sample)



Base = Weighted Total (n=981)  
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?



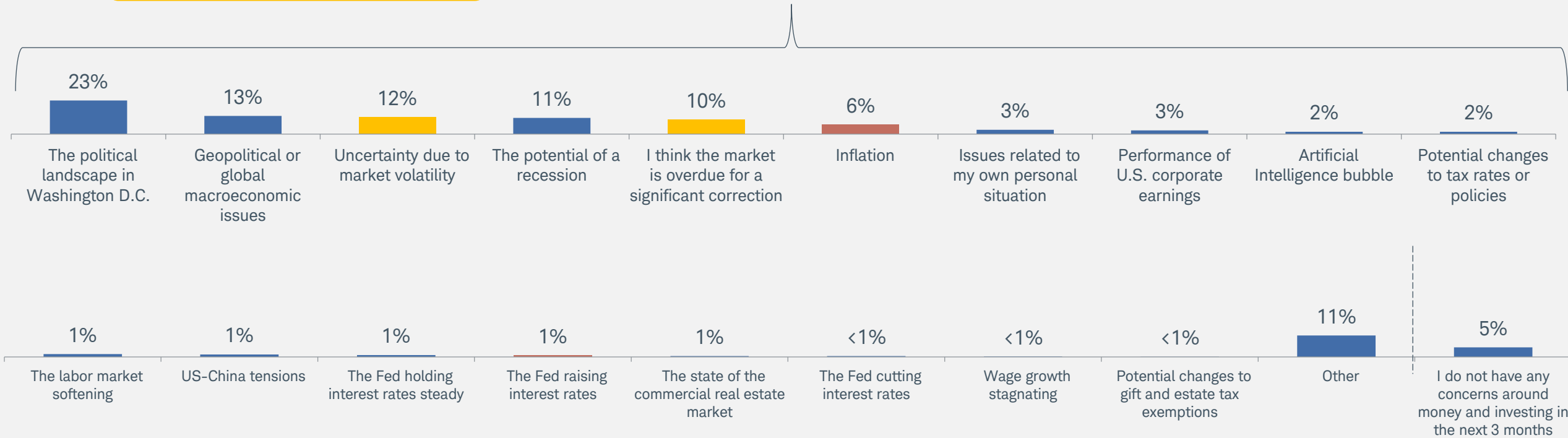
# The political landscape in Washington is traders' greatest investing concern in Q2, followed by global concerns, market volatility, and recession and market correction concerns.

## Primary Concern About Investing

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

 **21% Correction / Market Volatility**

Note: Percentages based among those with a concern



Base = Weighted Total (n=981)  
Q7. What is your primary concern around money and investing within the next 3 months?

**Q2**

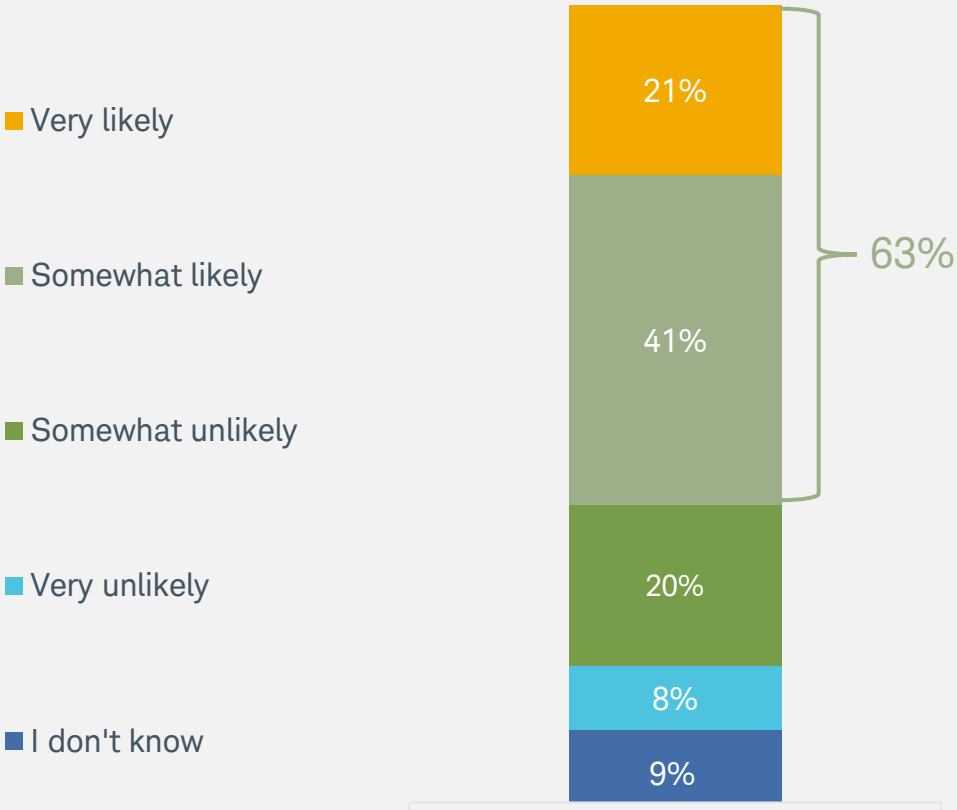
## **Trader Ad Hoc Topics**

- Economic/Market Outlook
  - Likelihood of Recession and “Stagflation”
  - Expectations for Inflation
  - Fed Rate Cuts
  - Expectations for Stock Market, Overvalued Markets, and Crowded Trades
- Trading Trends and Landscape
  - Bullish & Bearish Views
  - Trading Strategy
  - Market Volatility and Pullback
  - Cryptocurrency
- Trade Policy
  - Impact of Tariffs on Trading and Economic Growth

The number of traders predicting a recession in 2025 nearly doubled quarter-over-quarter (33% in Q1 2025 vs. 63% in Q2). More than one-third of traders anticipate inflation will reignite by the end of Q2.

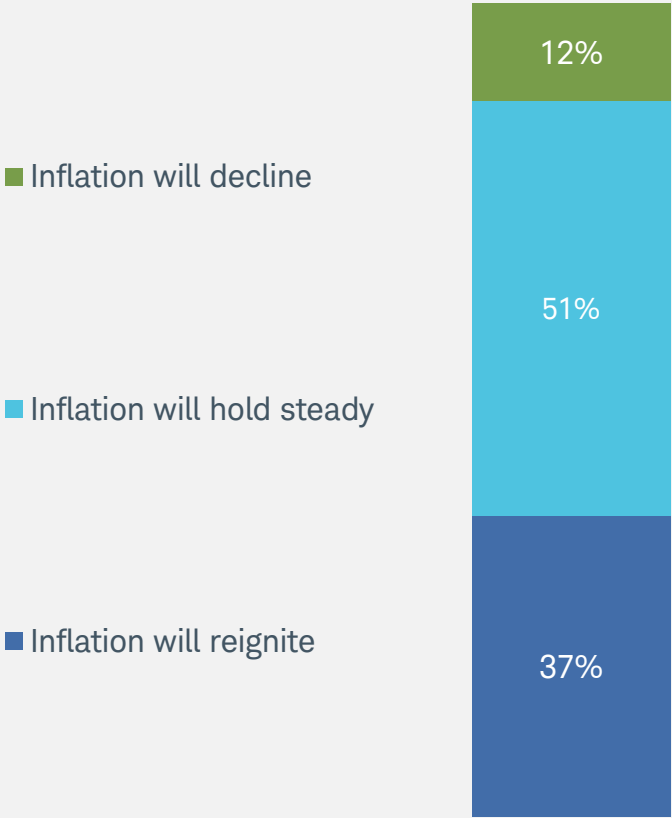
### Expected Likelihood of U.S. Recession in 2025

(Single response only; Among Trader Sample)



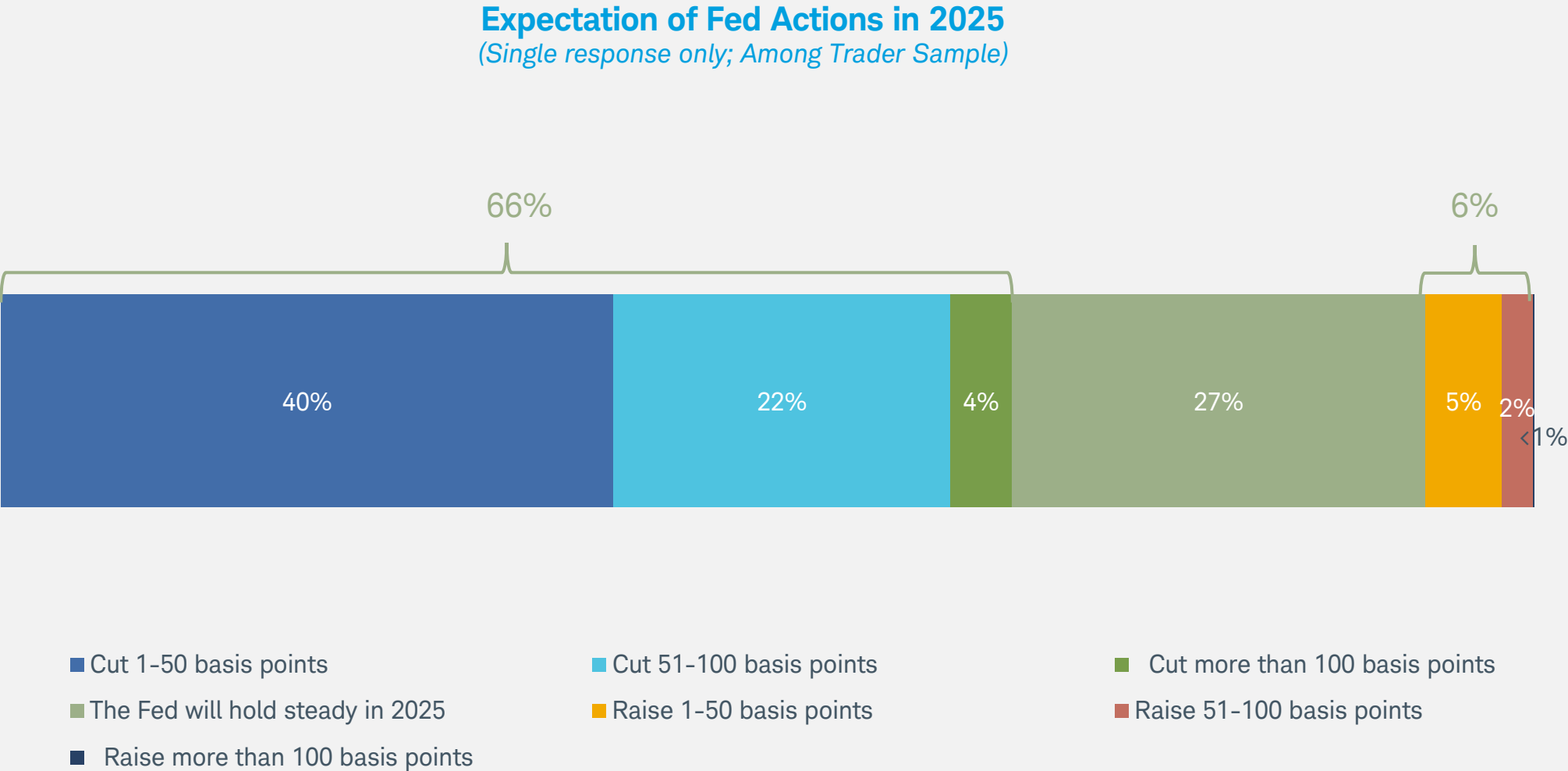
### Expectations for Inflation in First Half of 2025

(Single response only; Among Trader Sample)



Base = Weighted Total (n=981)  
QAT\_Q225\_1. What is the likelihood that the US economy will officially enter a recession in 2025?  
QAT\_Q225\_2. What are your expectations for inflation in the first half of 2025?  
Classification: Public

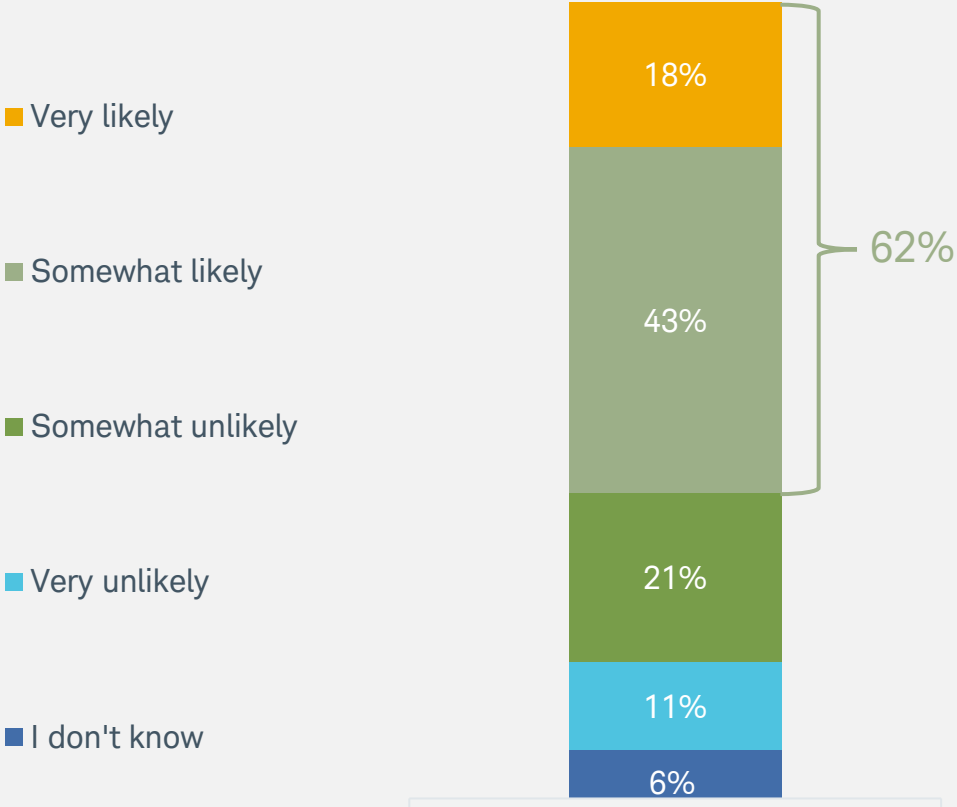
Two-thirds of traders expect the Fed to announce rate cuts in the remainder of 2025, though many expect them to be modest in size.



Nearly two-thirds (62%) of traders anticipate “stagflation” in 2025, and more than 40% anticipate using options hedging strategies based on expectations for the market and economy.

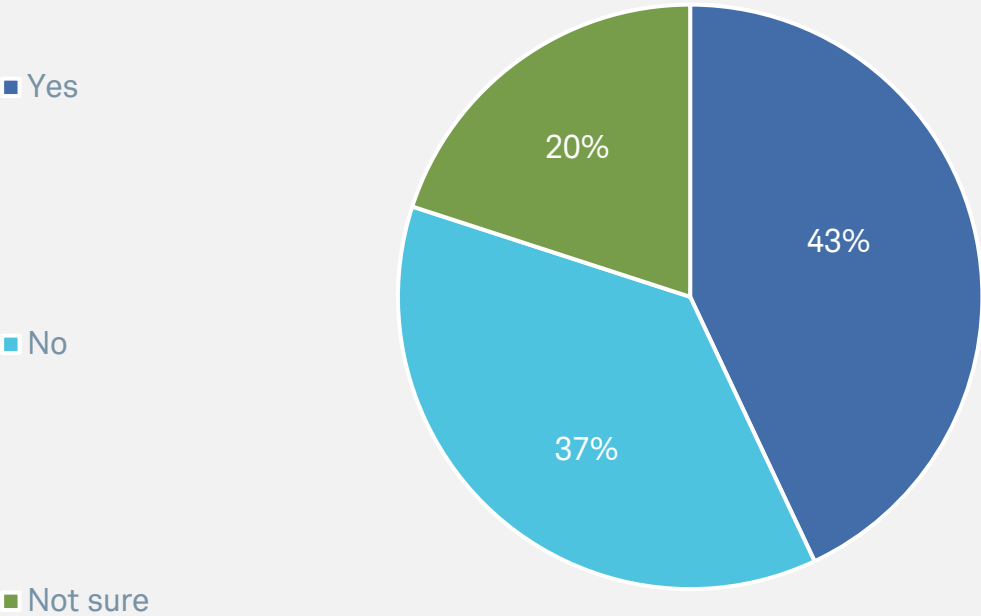
Expected Likelihood of “Stagflation”

(Single response only; Among Trader Sample)



Planning on Options Hedging

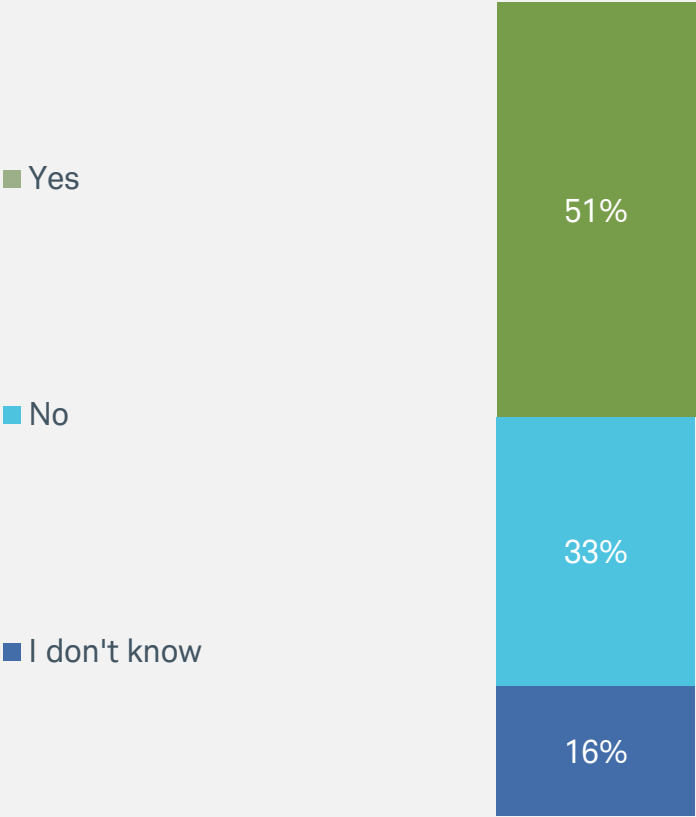
(Single response only; Among Trader Sample)



# Roughly half of traders believe the market is overvalued in Q2 2025. Many (26%) cite the “most crowded” trade as Artificial Intelligence (AI) stocks.

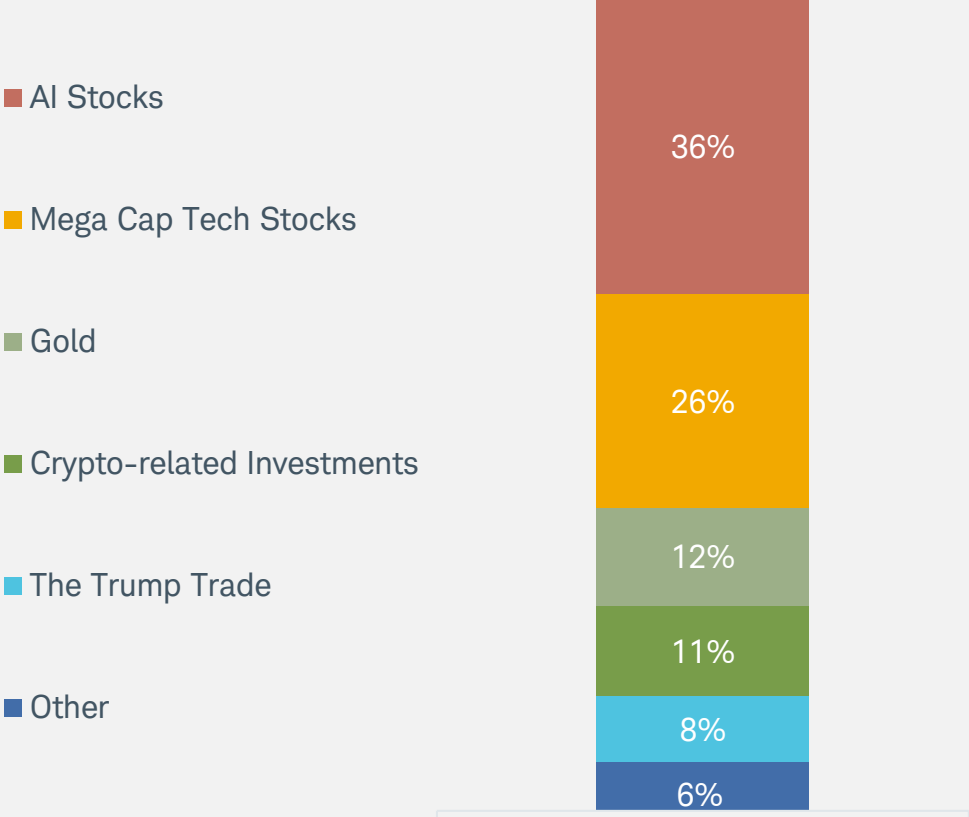
## Overvalued Stock Market

(Single response only; Among Trader Sample)



## Most Crowded Trade

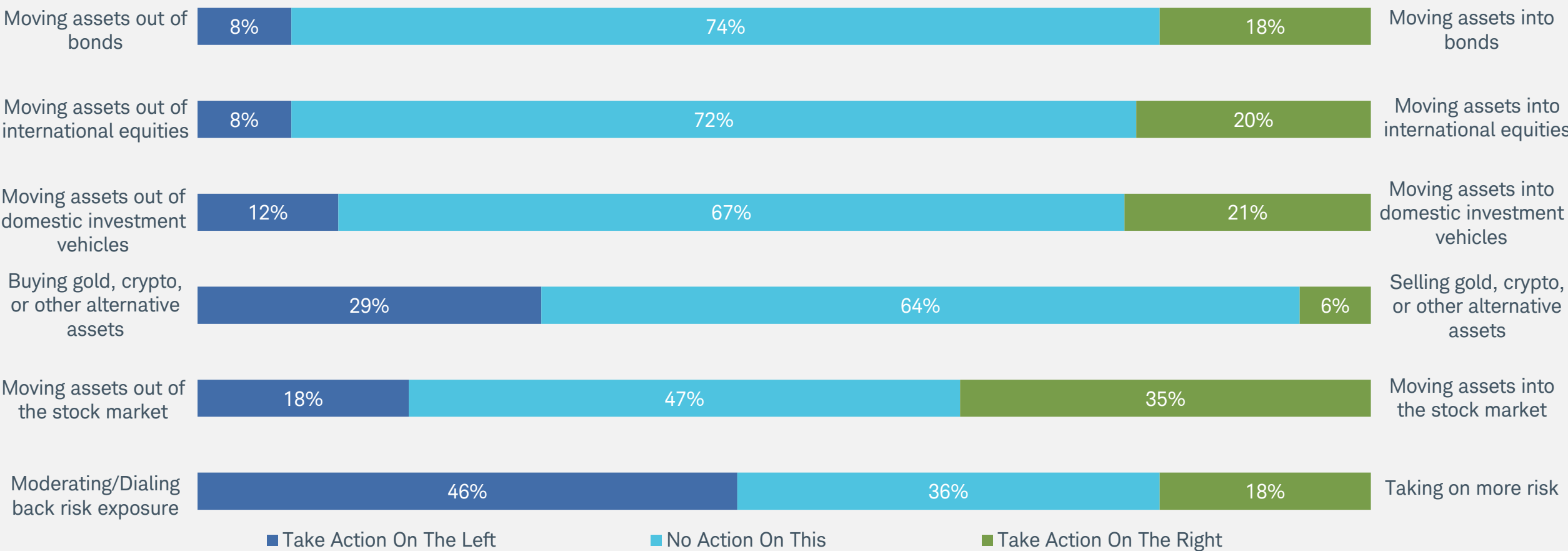
(Single response only; Among Trader Sample)



Base = Weighted Total (n=981)  
QAT\_Q225\_5. In your opinion, is the stock market currently overvalued?  
QAT\_Q225\_6. In your opinion, what is the most crowded trade right now?

Despite market and economy expectations driving many (46%) traders to moderate their risk or market exposure, more traders (35%) anticipate moving assets into the stock market than anticipate moving them out (18%).

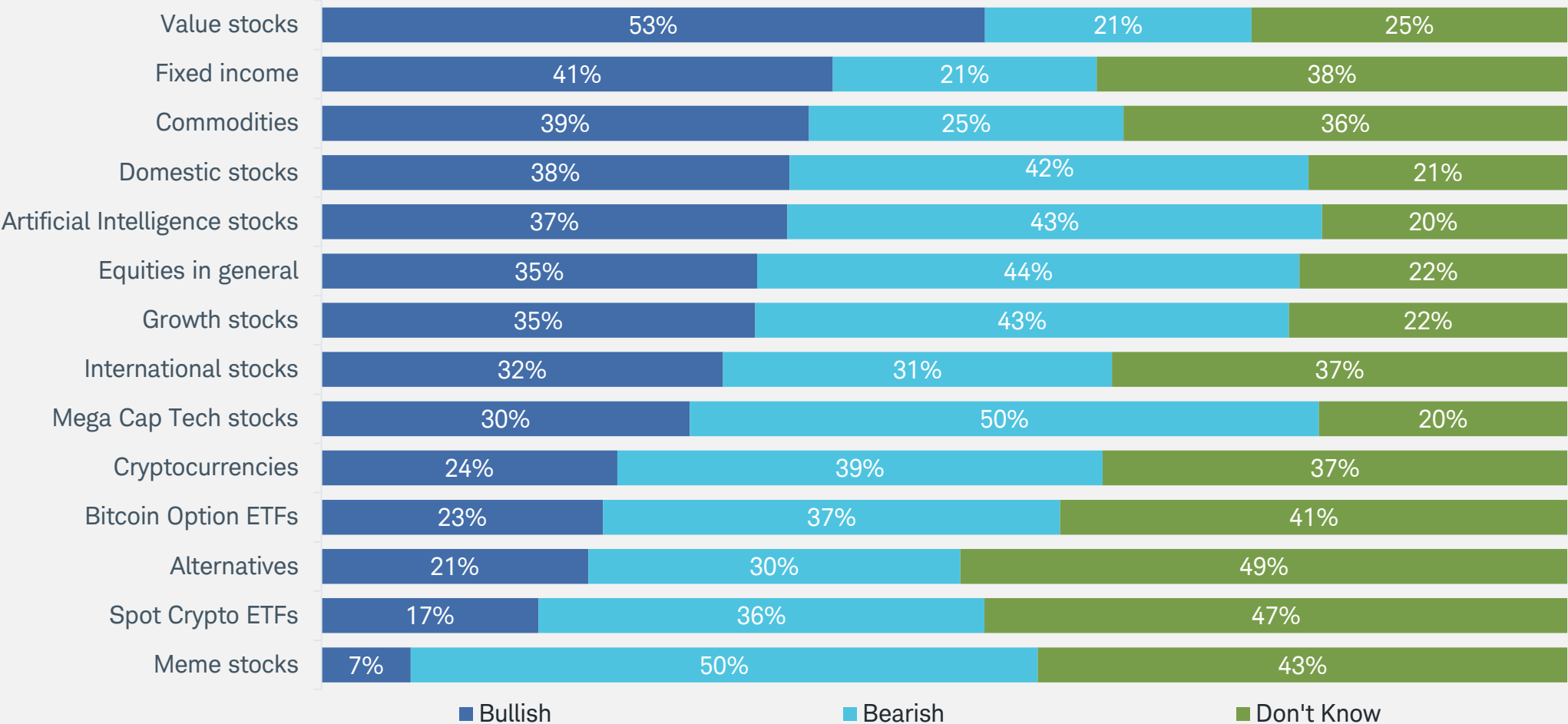
Expectations of Stock Market and Economy on Trading Approach  
*(Single response only; Among Trader Sample)*



Base = Weighted Total (n=981)  
QAT\_Q225\_7. How are your expectations for the stock market and economy impacting your approach to trading?

# Traders are most bullish on value stocks in Q2 2025, followed by fixed income and commodities.

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

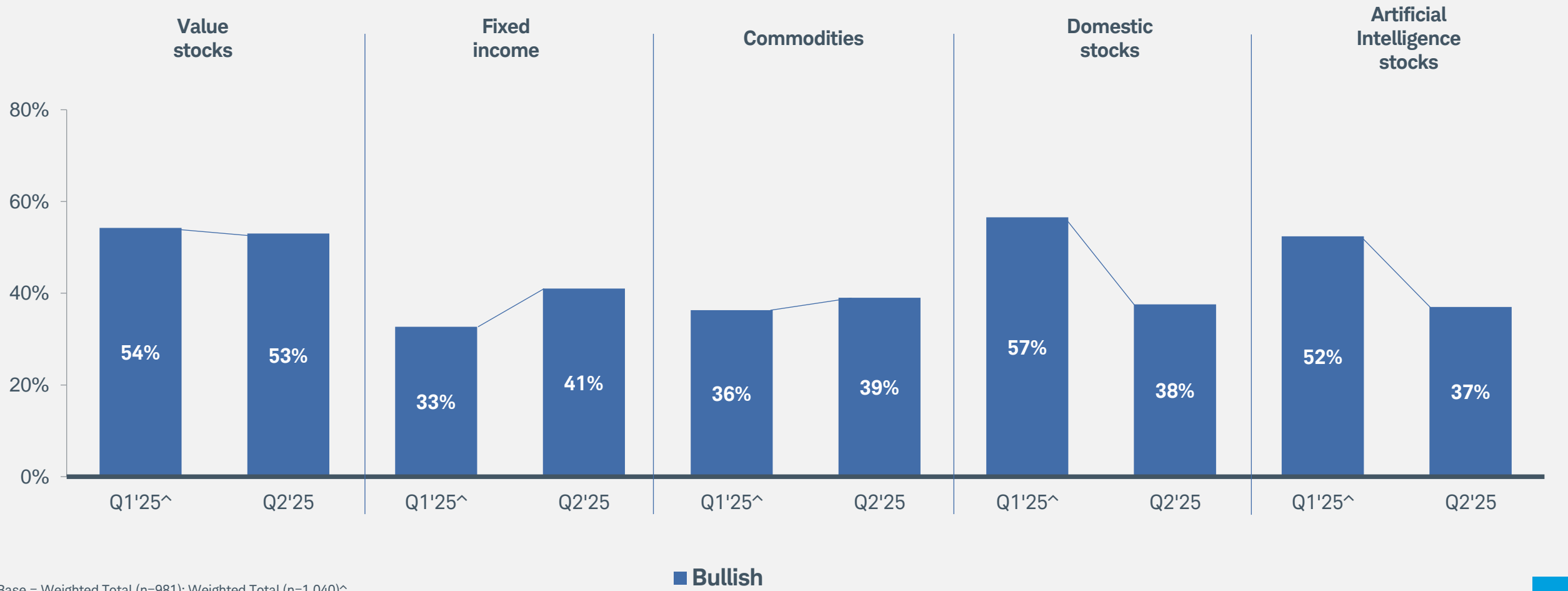


Base = Weighted Total (n=981)  
QAT\_Q225\_9. Are you bullish or bearish on each of the following for the next 3 months?  
Classification: Public



Quarter-over-quarter, traders have grown significantly less bullish on domestic stocks and AI stocks with a shift in bullishness to fixed income.

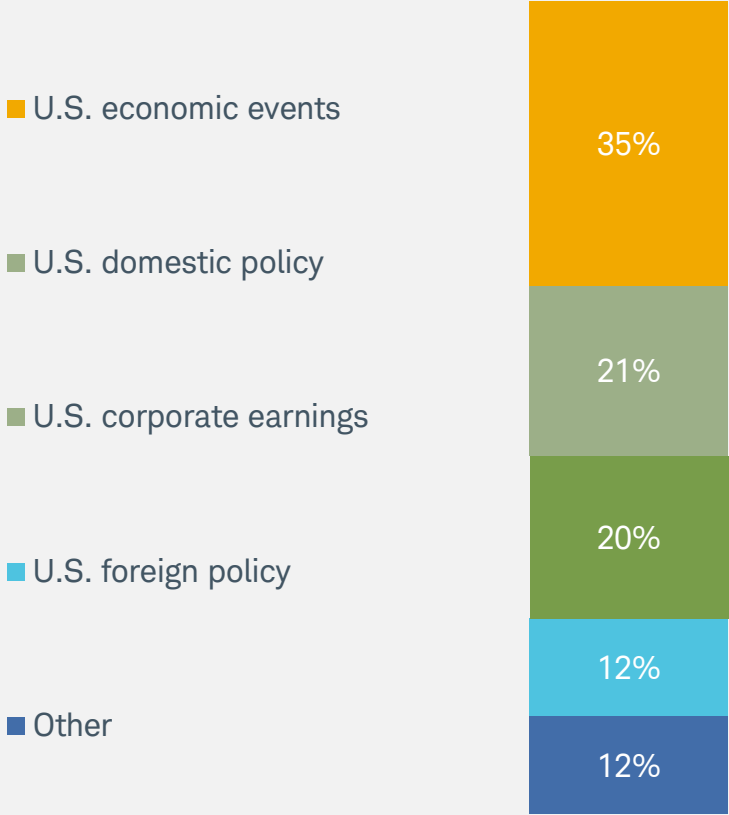
Sentiment Toward Five Most Bullish Investment Vehicles – Q1 vs Q2  
(Among Trader Sample)



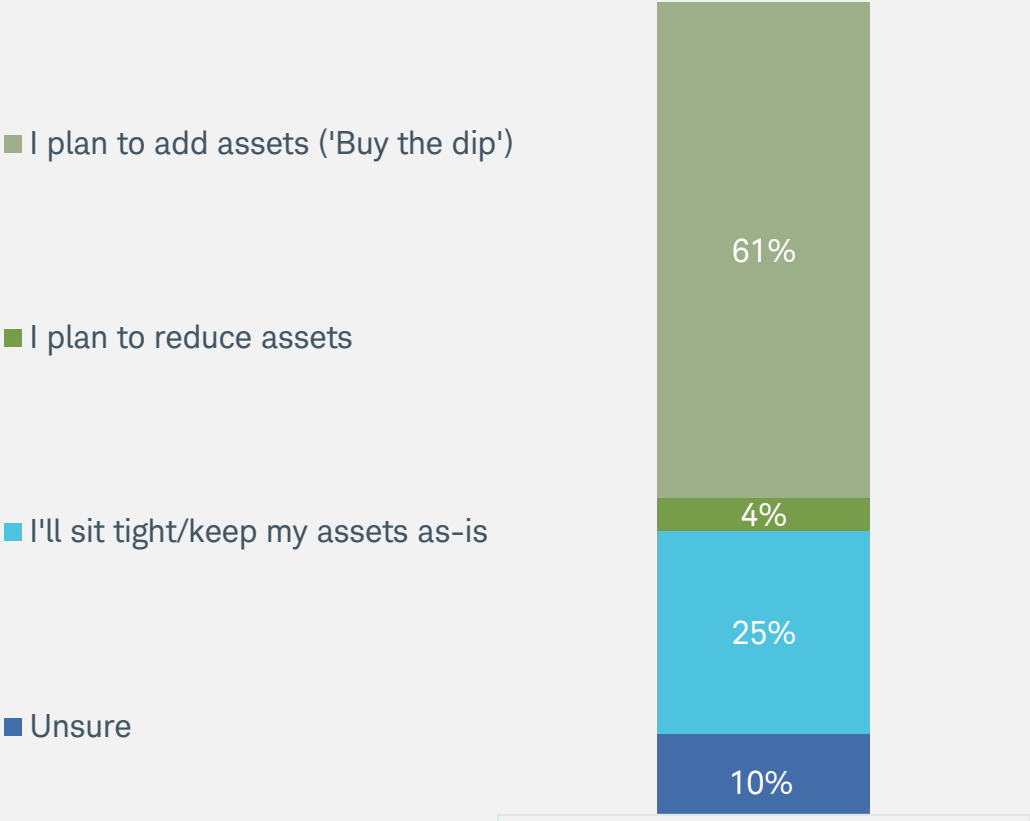
Base = Weighted Total (n=981); Weighted Total (n=1,040)^  
QAT\_Q225\_9. Are you bullish or bearish on each of the following for the next 3 months?

U.S. economic events will be the primary driver of traders' strategy in Q2 2025. Nearly two-thirds (61%) of traders report they will 'buy the dip' should volatility continue.

Indicator to Drive Trading Strategy  
(Single response only; Among Trader Sample)



Market Volatility or Pullback  
(Single response only; Among Trader Sample)

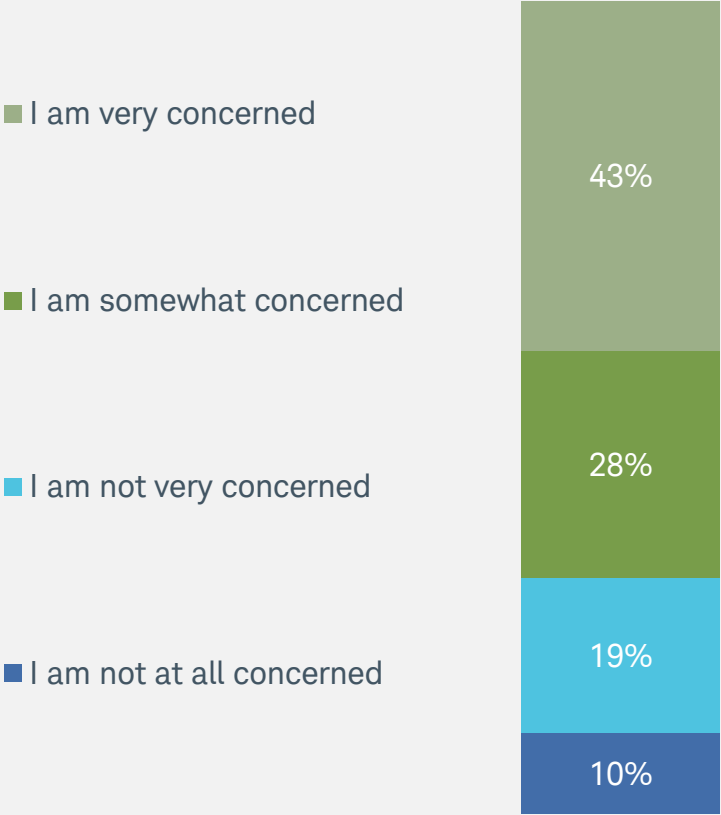


Base = Weighted Total (n=981)  
QAT\_Q225\_10. Which indicator will drive your trading strategy the most in Q2'25?  
QAT\_Q225\_11. Should market volatility or pullback continue, do you plan to engage in the following in Q2'25?  
Classification: Public

Nearly two-thirds (61%) of traders are concerned that tariffs may stunt economic growth, yet just over half (54%) of traders are not adjusting their trading strategy as a result of tariff policy changes.

Concern With Tariffs

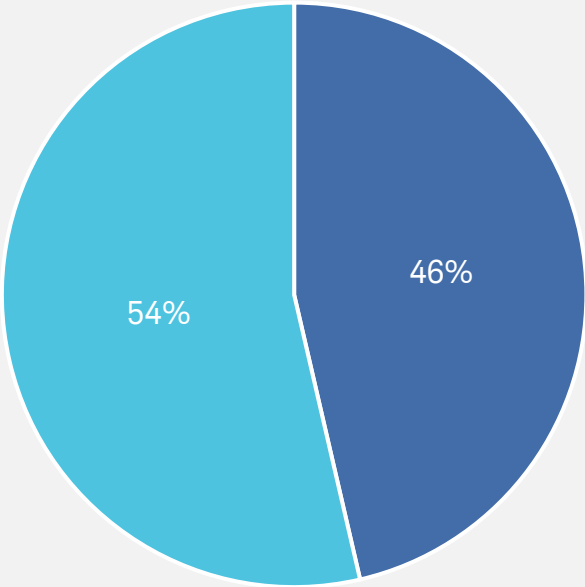
(Single response only; Among Trader Sample)



Adjusting Trading Based on Tariffs

(Single response only; Among Trader Sample)

- Yes, I am rotating more toward domestically focused companies overall and away from international stocks and/or companies that rely heavily on international trade
- No, I don't believe new tariffs will have a lasting impact on the markets and therefore I am not adjusting my trading strategy



Base = Weighted Total (n=981)  
QAT\_Q225\_12. Are you concerned that tariffs instituted on foreign goods entering the United States may stunt economic growth?  
QAT\_Q225\_13. Are you adjusting your trading at all based on recent changes to tariff policy?



# 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 1<sup>st</sup> – April 14<sup>th</sup>, 2025

## Sample:

- 981 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.

<b>Gender</b>		<b>Affluence</b>		<b>Active Trader</b>	
Male	870 (89%)	UHNW (\$10M+)	10 (1%)	Active	981 (100%)
Female	72 (7%)	HNW (\$1M-<\$10M)	201 (20%)	Not Active	0 (0%)
No answer	39 (4%)	Mass Affluent (\$250K-<\$1M)	226 (23%)		
		Core (<\$250K)	544 (55%)		
<b>Life Stage</b>		<b>Financial Consultant Relationship</b>		<b>Employment Status</b>	
Younger Investor (<40)	115 (12%)	Has Financial Consultant	214 (22%)	Employed full-time	334 (34%)
Mid-Life (40-55)	232 (24%)	Does not have Financial Consultant	767 (78%)	Employed part-time	26 (3%)
Mature (55+ not retired)	306 (32%)			Self-employed	161 (16%)
Retired	305 (32%)			Retired/Semi-retired	383 (39%)
				Other	26 (3%)
				No answer	51 (5%)