Q3 2024
Trader Client Sentiment Report

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Q3 2024 Trader Sentiment Executive Summary

Bullish sentiment among traders has increased in Q3 to the highest level seen in the past two years.

Key Q3 Themes

- **Confidence is high:** With bullishness on the rise, traders see this as a good time to invest in equities (59%) and remain confident in their decision making (69%). Most (60%) report feeling better off financially compared to a year ago.
- **Inflation concerns are abating:** As the U.S. Presidential election approaches, traders' primary concern about investing has shifted to the political landscape in Washington, D.C.
- **Recession is no longer seen as likely:** A majority (57%) of traders feel a recession is unlikely in 2024. Half expect the Fed to make rate cuts of less than 50 basis points.
- **Artificial Intelligence (AI)'s biggest impact will be on tech:** Most (62%) traders are bullish about AI stocks and half of traders predict the biggest impact will be on Information Technology (49%), followed by Health Care (15%).
- **Meme stocks are de-prioritized:** One-fifth of traders are currently invested in meme stocks, and fewer (7%) plan to invest in them between now and the end of the year.

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Q3 2024 Trader Sentiment Snapshot

Good Time to Invest

59%

Better Off Financially

60%

Confident In Decisions

69%

3 Month Outlook

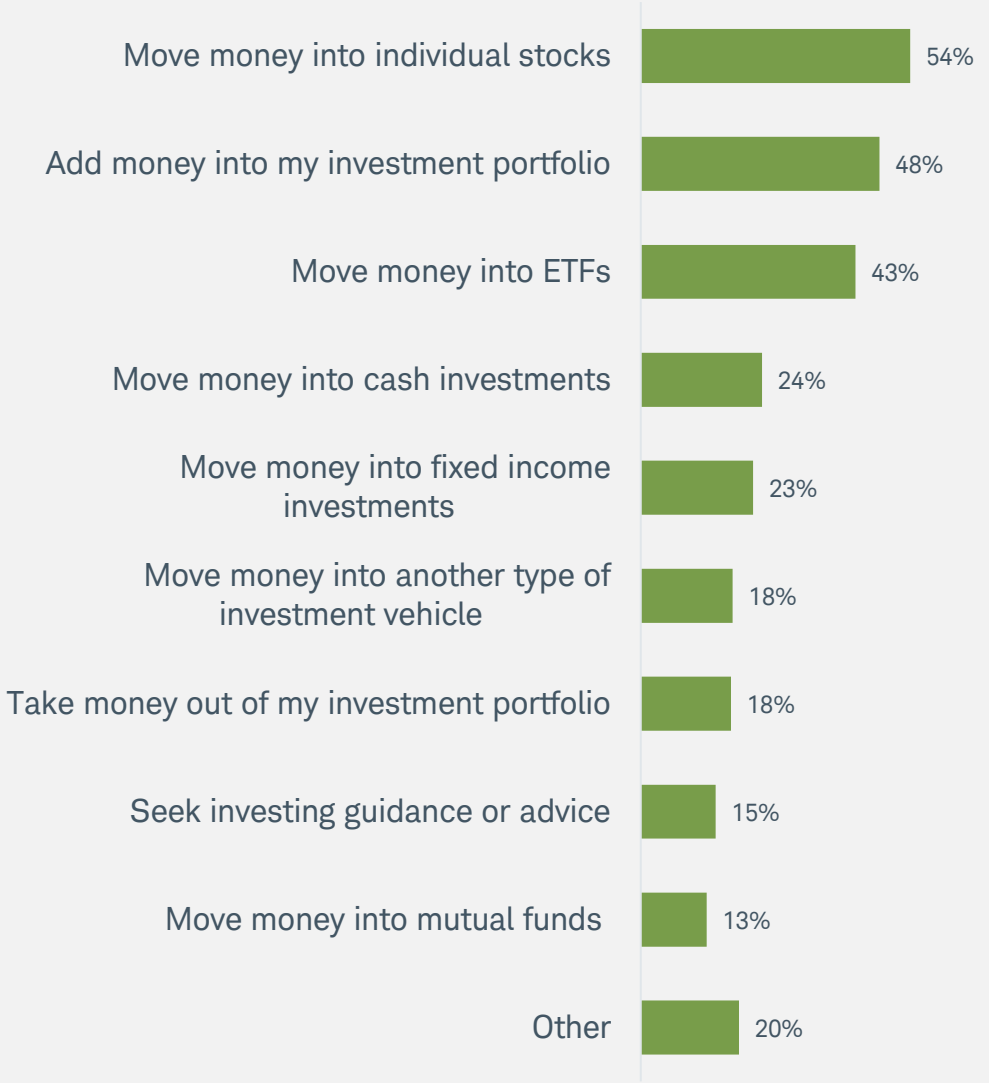
56% Bullish

Bearish 31%

Primary Concern Next 3 Months

The political landscape in Washington D.C.	20%
Market is overdue for a significant correction	13%
Inflation	10%

Planned Actions For The Next 3 Months



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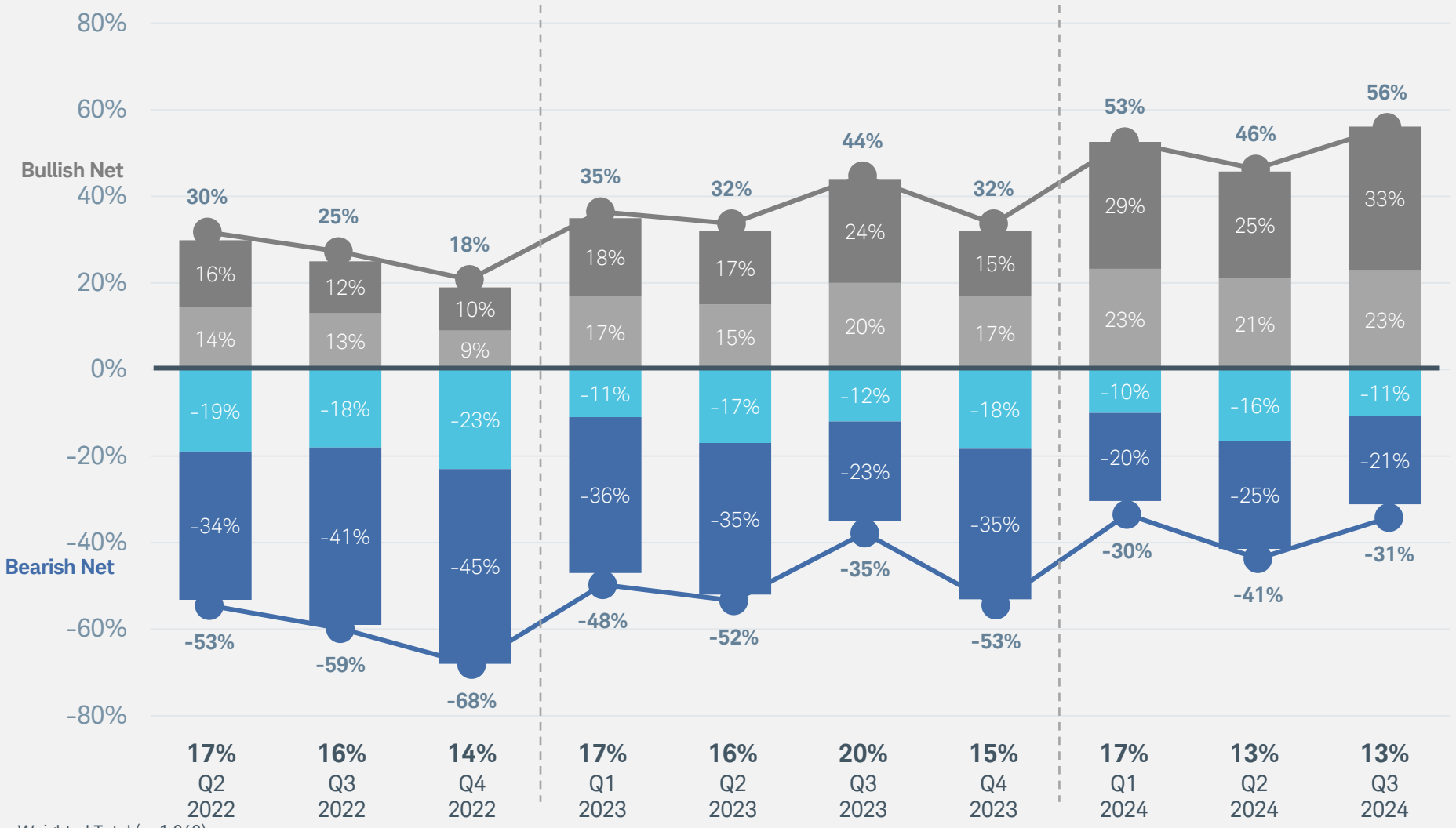
Trader sentiment rebounded in Q3, hitting a two-year high.

Outlook For U.S. Stock Market

(Single response only; Among Trader Sample)



Bullish
56%
(+10)

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.

Bearish
31%
(-10)

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?

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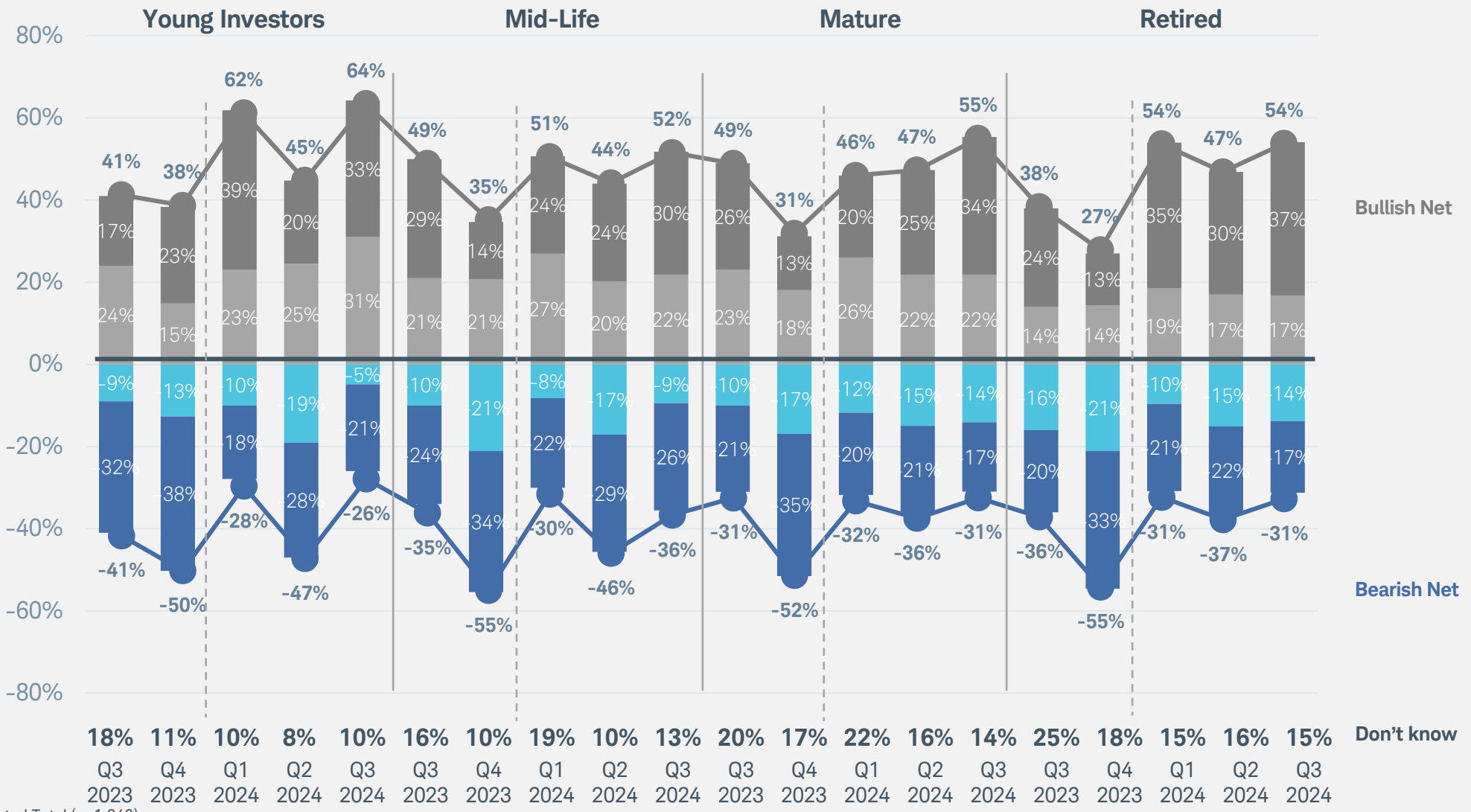
Bullishness is especially high among younger traders, a significant upward swing from Q2 2024.

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?

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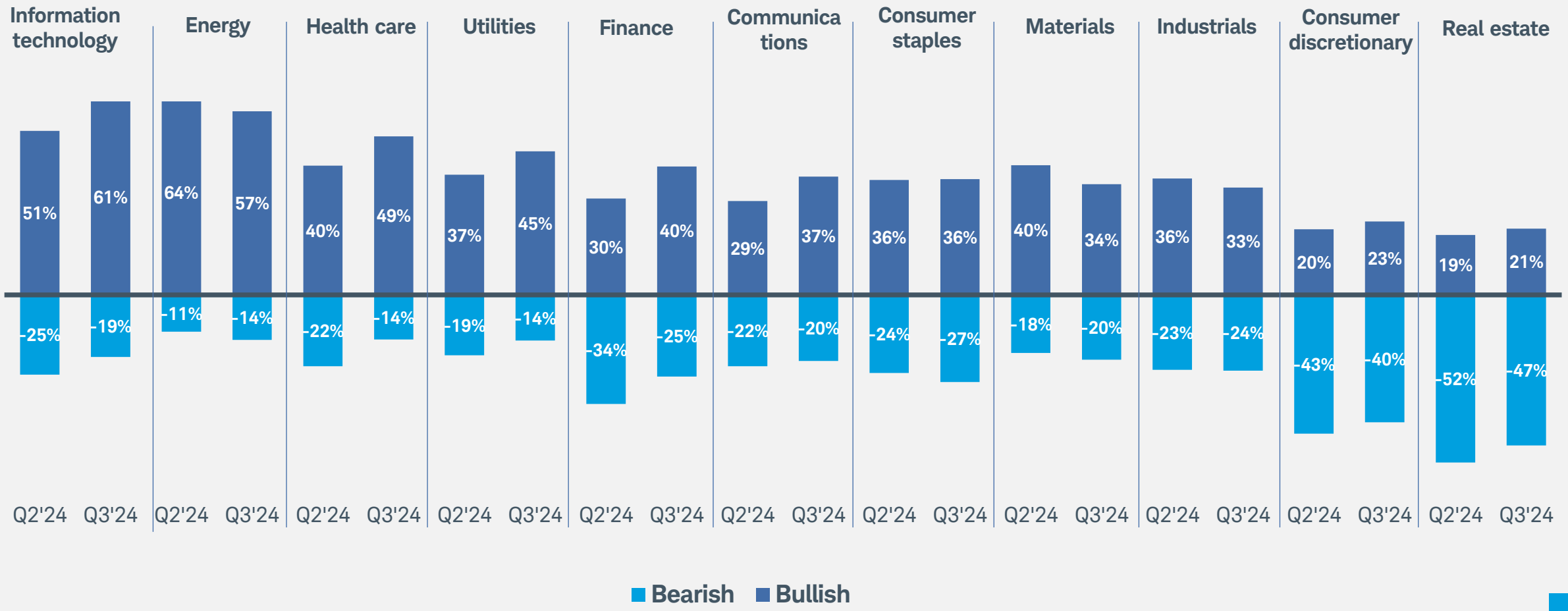
Traders' bullishness increased across most sectors, though Energy, Materials and Industrials saw bullishness dip while Consumer Staples stayed flat.

Sector Sentiment Q2 vs Q3

(Among Trader Sample)



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?

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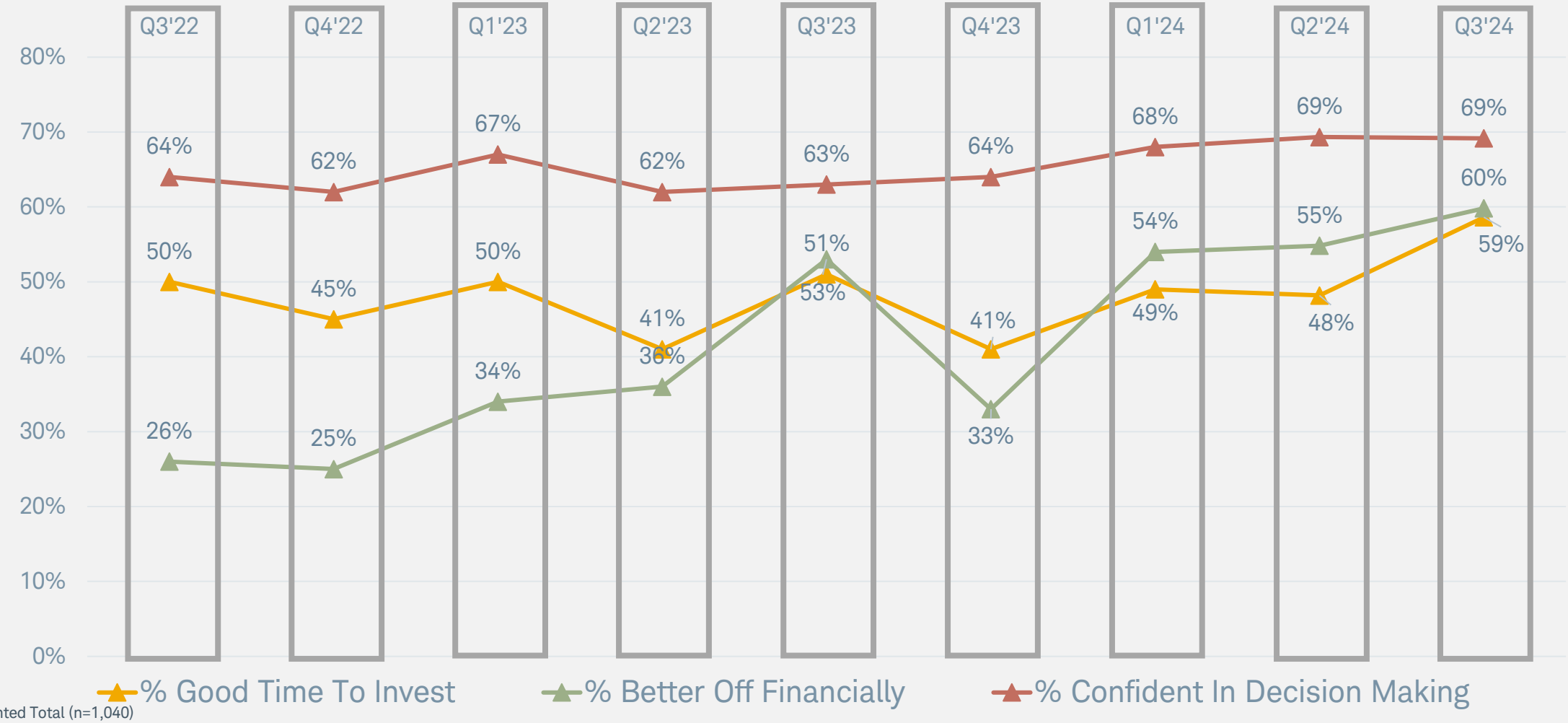
Traders remain confident in their decision making. Most report feeling better off financially and see this as a good time to invest in equities.

Trader Confidence Trends

July 2022 – July 2024



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?

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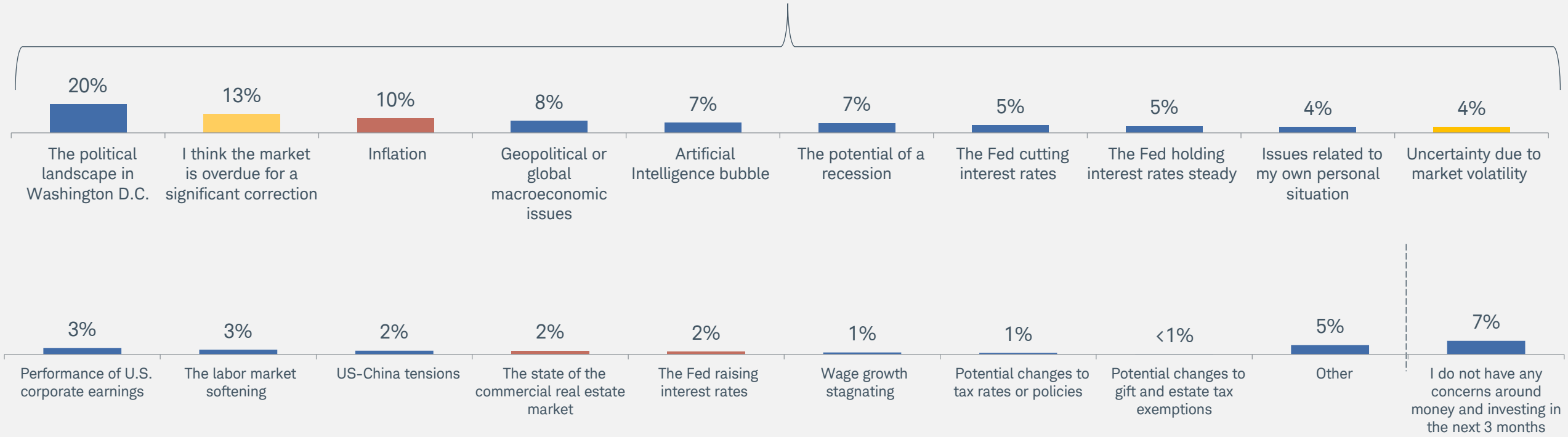
The political landscape in Washington, D.C. has overtaken inflation-related concerns when it comes to investing.

Primary Concern About Investing

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

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?

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Special Issues

- Economic Outlook
  - Likelihood of Recession
  - Fed Rate Cuts
- Trading Trends and Landscape
  - Bullish & Bearish Views
  - Trading of Instruments in 2024 (Consideration)
- Artificial Intelligence
  - Most Impacted Sector
- U.S. Election
  - Impact on Financial Markets & Trading Strategy
- Meme Stocks
  - Have Invested and/or Plan to Invest

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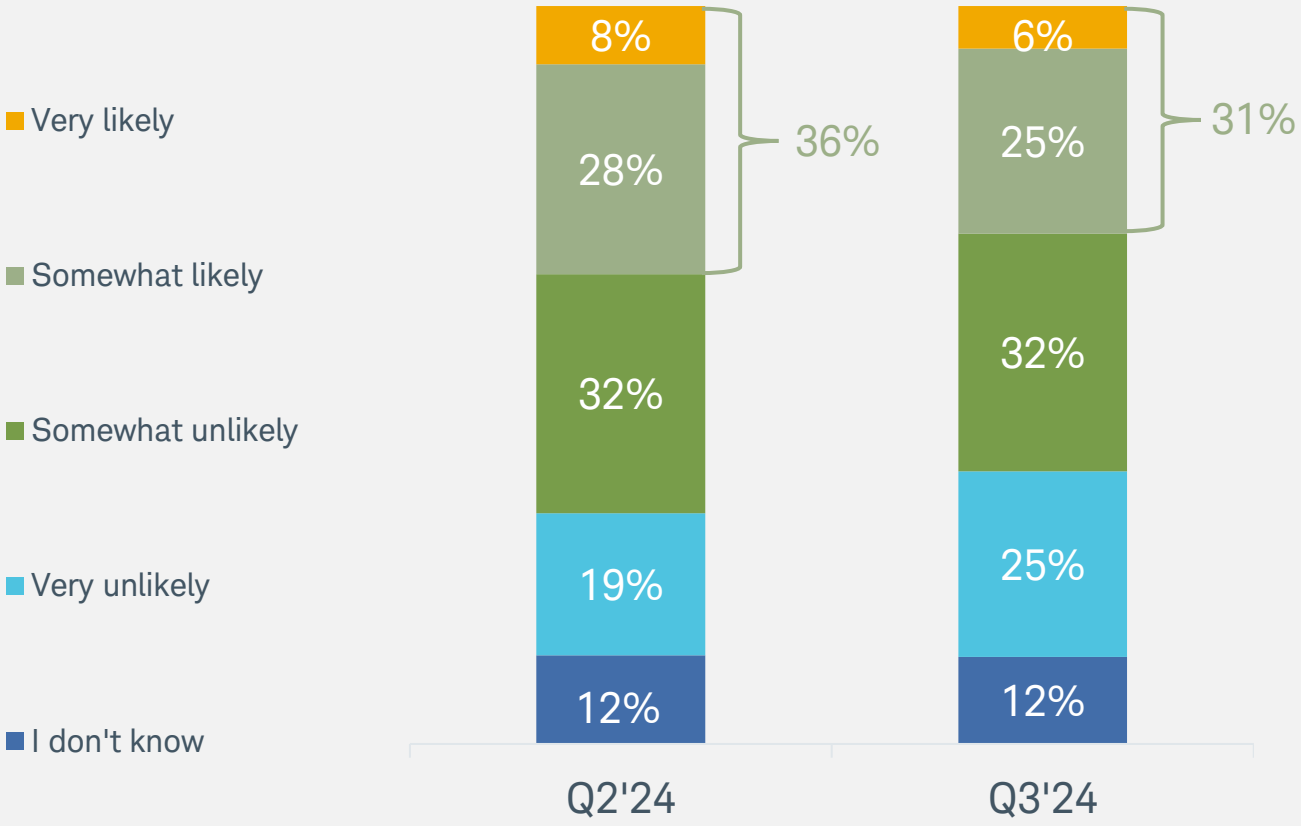
Recession concerns are abating, with a majority of traders (57%) feeling a recession is unlikely in 2024.

Expected Likelihood of U.S. Recession in 2024

(Single response only; Among Trader Sample)



Base = Weighted Total (n=1,040)
QAT_Q324_1. What is the likelihood that the US economy will officially enter a recession in 2024?

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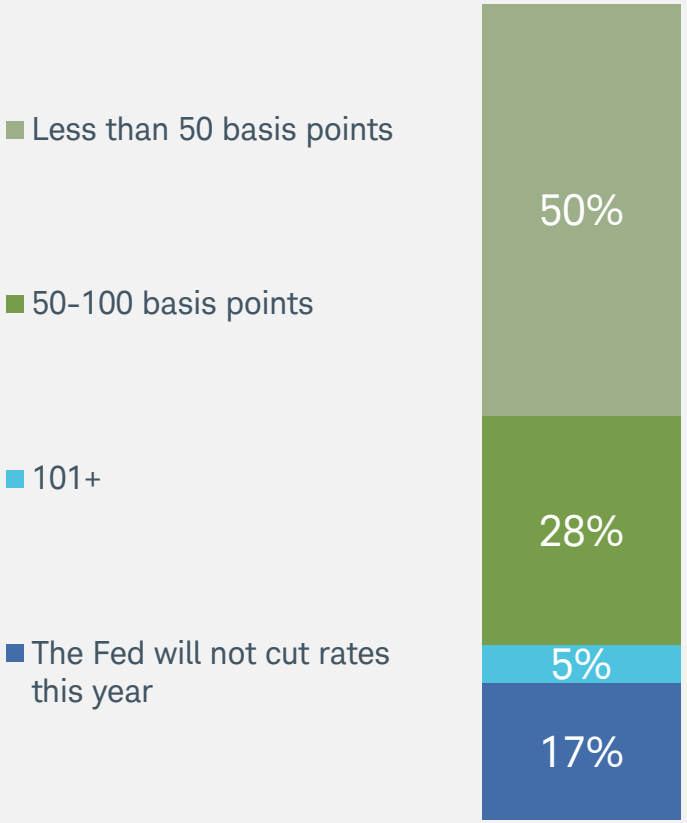
More than four-in-five traders expect Fed rate cuts in the remainder of 2024.

Magnitude of Fed Rate Cuts for the Remainder of the Year

(Single response only; Among Trader Sample)



Base = Weighted Total (n=1,040)
QAT_Q324_2. What are your expectations for Fed rate cuts in the remainder of the year?

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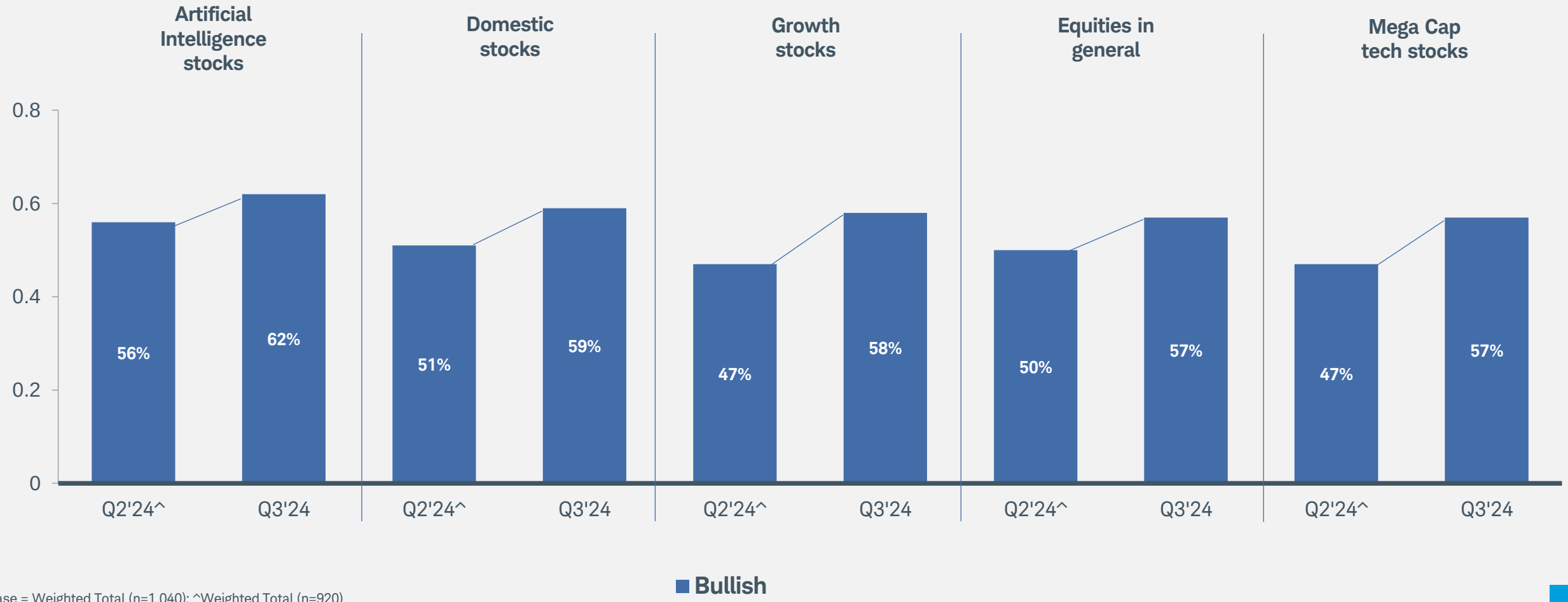
Nearly two-thirds (62%) of traders are bullish on AI stocks, an increase from Q2 2024 (56%). Bullishness toward equities in general is also up (57% in Q3 vs. 50% in Q2).

Sentiment Toward Five Most Bullish Investment Vehicles - Q2 vs Q3

(Among Trader Sample)



Base = Weighted Total (n=1,040); ^Weighted Total (n=920)
QAT_Q324_3. Are you bullish or bearish on each of the following for the next 3 months?

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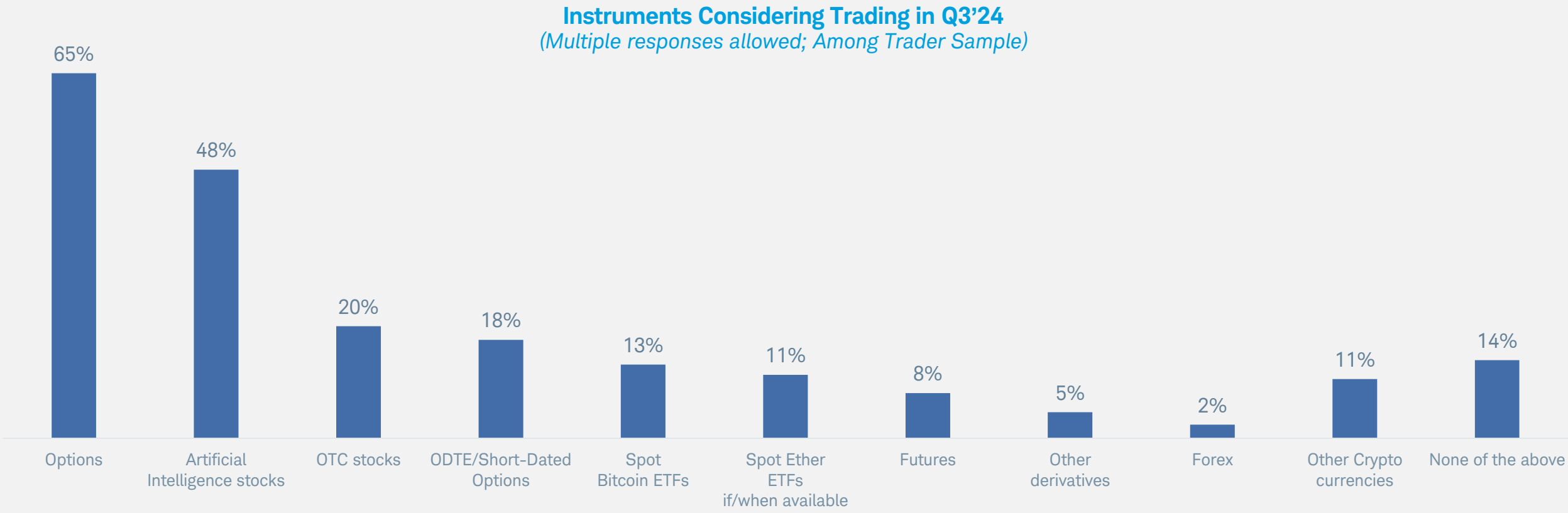
Two-thirds of traders (65%) are considering trading options in Q3; nearly half are considering trading AI stocks.



Base = Weighted Total (n=1,040)
QAT_Q324_4. Which, if any, of the following instruments are you considering trading in Q3 2024?

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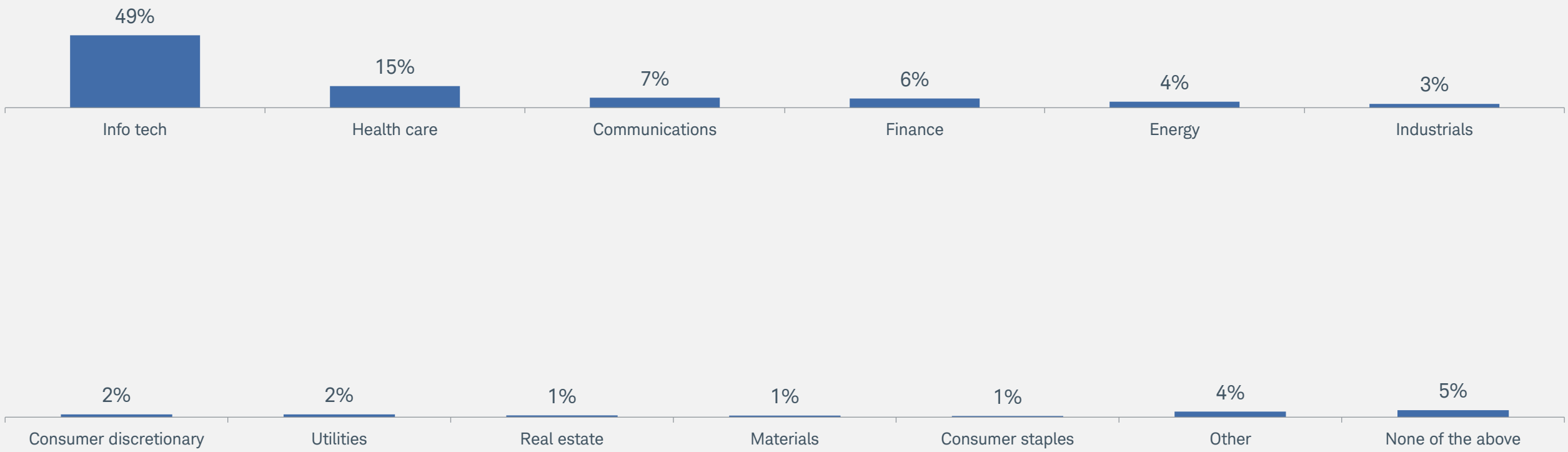
Information Technology is the sector traders most expect to be impacted by the rise of AI, followed by Health Care and Communications.

Sector Most Impacted by Artificial Intelligence

(Single response only; Among Trader Sample)



Base = Weighted Total (n=1,040)
QAT_Q324_5. Which sector will be the most impacted by the continued rise in prominence of Artificial Intelligence?

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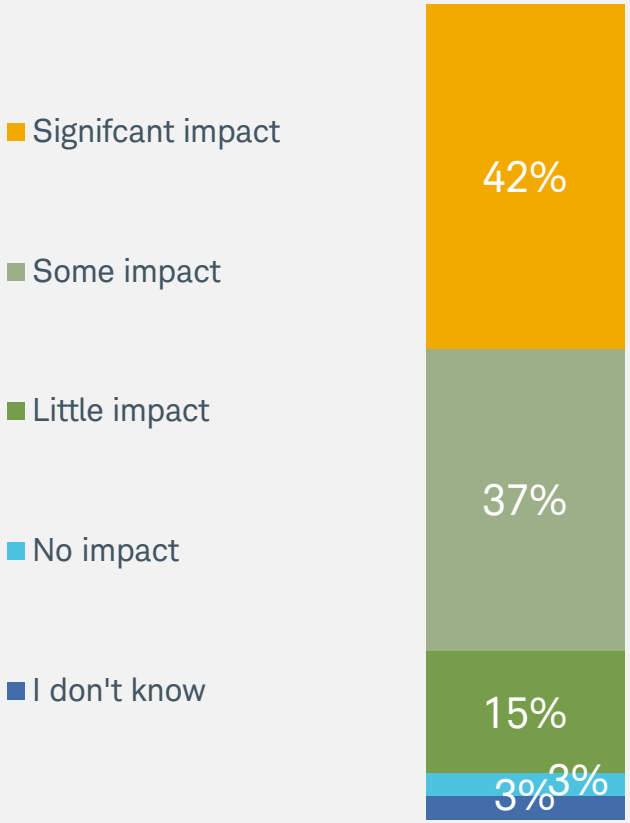
The vast majority (94%) of traders expect the U.S. Presidential election will impact the financial markets. One-third are already making changes to their trading strategy such as reducing risk and engaging in options hedging.

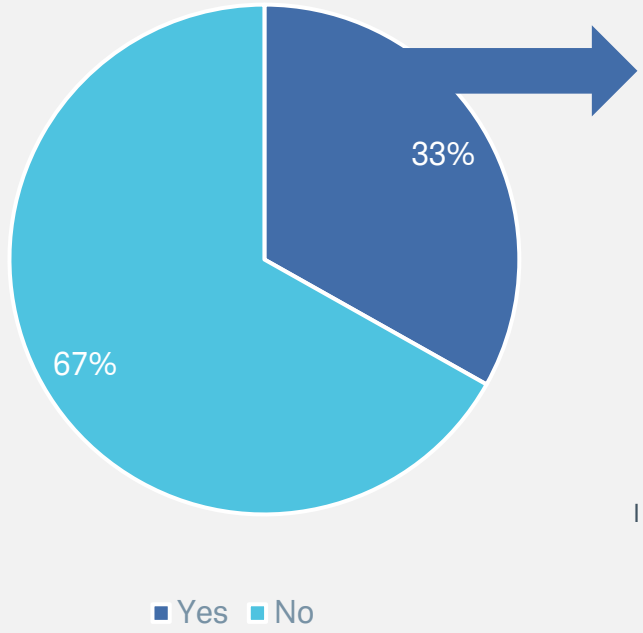
Impact of U.S. Presidential Election on Financial Markets

(Single response only; Among Trader Sample)



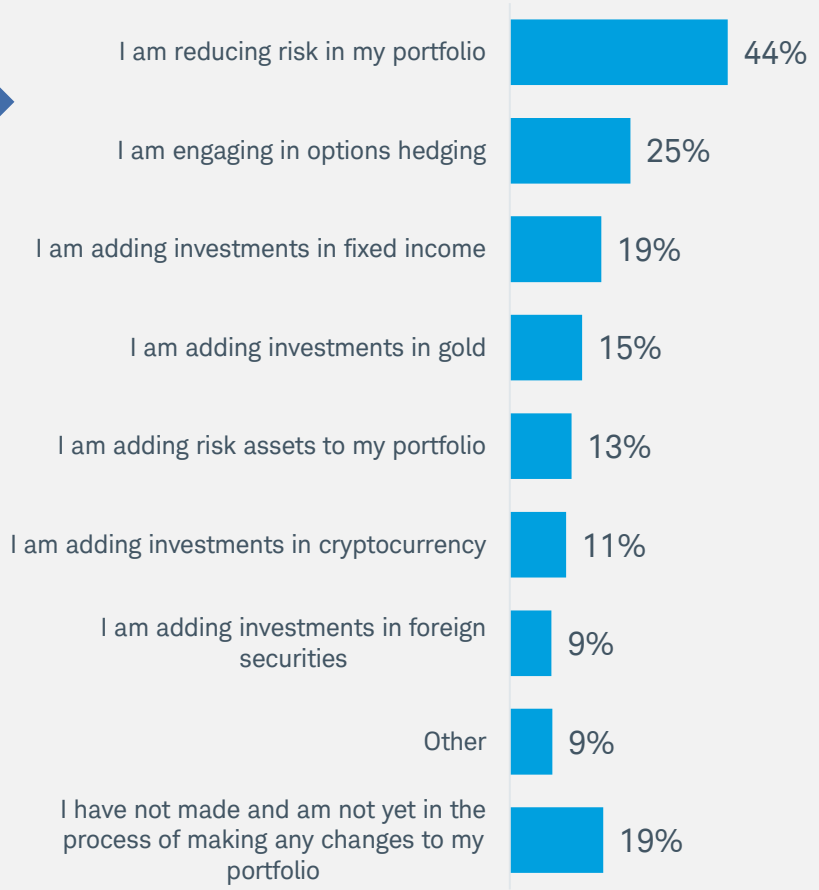
Impact of U.S. Presidential Election on Trading Strategy

(Single response only; Among Trader Sample)



Changes to Trading Strategy Among Elections^

(Multiple response allowed; Among Trader Sample)



Base = Weighted Total (n=1,040); Base: Election Having Impact On Trading Strategy (n=345)^
QAT_Q324_6. What level of impact do you expect the upcoming U.S. presidential election will have on the U.S. financial markets?
QAT_Q324_7. Are the upcoming U.S. presidential and congressional elections already having an impact on your trading strategy?
QAT_Q324_8. As the U.S. presidential and congressional elections approach, are you making any of the following changes to your trading strategy ahead of time?

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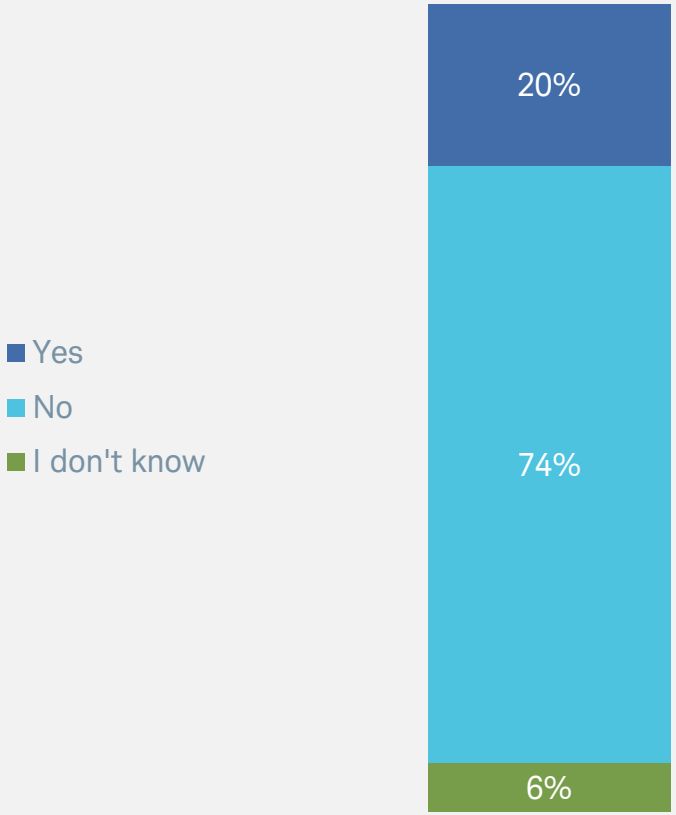
One-fifth of traders are currently invested in meme stocks, but only 7% plan to invest in them later this year.

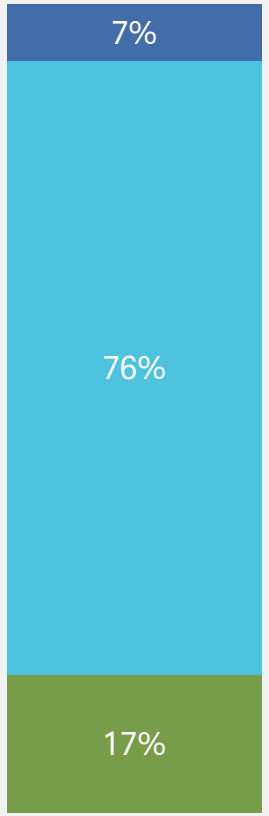
Currently Invested in Meme Stocks in 2024

(Single response only; Among Trader Sample)



Plan to Invest in Meme Stocks in 2024

(Single response only; Among Trader Sample)



Base = Weighted Total (n=1,040)
QAT_Q324_9. Have you invested in any of the so-called “Meme Stocks” in 2024?
QAT_Q324_10. Do you plan to invest in any of the so-called “Meme Stocks” later this year?

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Methodology & Sample Information

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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
- Q3 study was fielded July 9th – July 19th , 2024

Sample:
- 1,040 active traders (clients who actively trade equities or trade options, futures, or forex).
  - Of the 1,040 Active Traders, 666 traders were transitioned from Ameritrade and 374 traders were legacy Schwab clients.
- 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		**Affluence**		**Active Trader**	
Male	915 (88%)	UHNW ($10M+)	7 (1%)	Active	1,040 (100%)
Female	77 (7%)	HNW ($1M-<$10M)	63 (6%)	Not Active	0 (0%)
No answer	48 (5%)	Mass Affluent ($250K-<$1M)	312 (30%)		
		Core (<$250K)	658 (63%)		
Life Stage		**Financial Consultant Relationship**		**Employment Status**	
Younger Investor (<40)	113 (11%)	Has Financial Consultant	81 (8%)	Employed full-time	356 (34%)
Mid-Life (40-55)	204 (20%)	Does not have Financial Consultant	959 (92%)	Employed part-time	24 (2%)
Mature (55+ not retired)	339 (34%)			Self-employed	136 (13%)
Retired	354 (35%)			Retired/Semi-retired	449 (43%)
				Other	26 (3%)
				No answer	49 (5%)

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