

Q4 2023 Trader Client Sentiment Report

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Q4 2023 Executive Summary

Sentiment among traders has turned more bearish vs. the previous quarter with fewer believing it is a good time to invest in equities and fewer feeling their financial standing has improved – though sentiment is still more bullish than this time last year.

Key Q4 Themes

- The political landscape in Washington, D.C. is weighing on traders' minds, with 21% citing it as their primary concern about investing compared to 16% who see Federal Reserve interest rate increases as the primary concern and 11% who are focused on the potential for a recession.
- Two-thirds still believe a U.S. recession in 2024 is at least somewhat likely, but many also expect inflation to come down next year.
- Compared to last year, traders are roughly split as to whether they are more optimistic or pessimistic about the economy in 2024.
- Many traders are dialing back on risk exposure and spending more time researching trades and vetting them with the tools available to them. But they are still more than twice as likely to be planning to move money into their investment portfolio than take money out.
- At the sector level, traders continue to be most bullish on energy, followed by IT and Healthcare, and most bearish on real estate, consumer discretionary, and finance.
 - Traders are relatively bullish on value stocks, AI stocks, and fixed income investments, and relatively bearish on crypto and international stocks.

Q4' 23 Trader Sentiment Snapshot

Good Time to Invest in Equities

41%



Better Off Financially

33%



Confident In Decisions

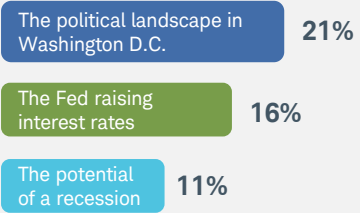
64%



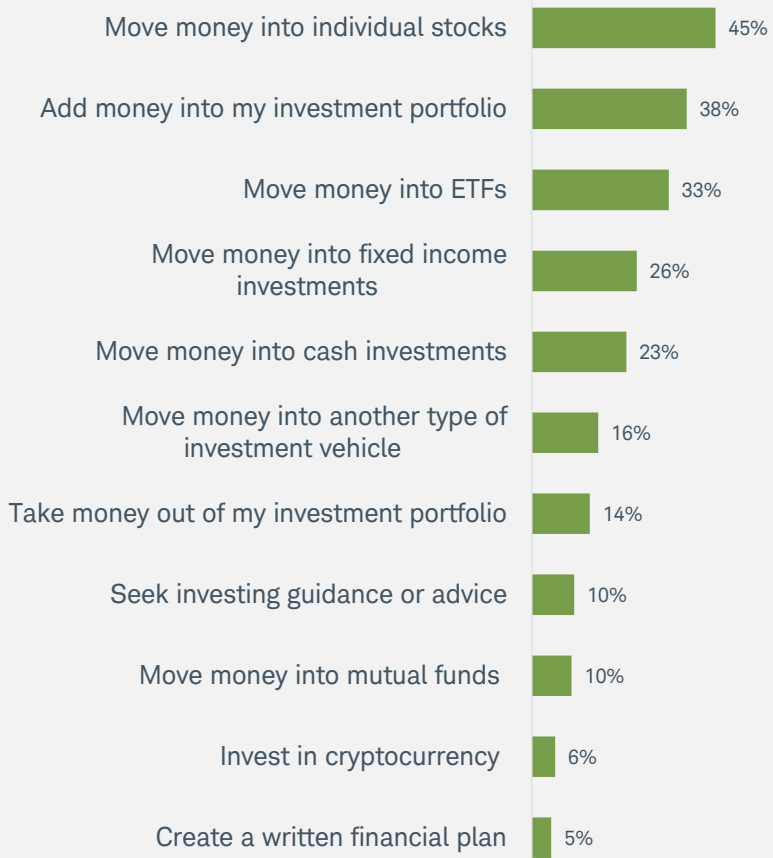
3 Month Outlook



Primary Concern Next 3 Months

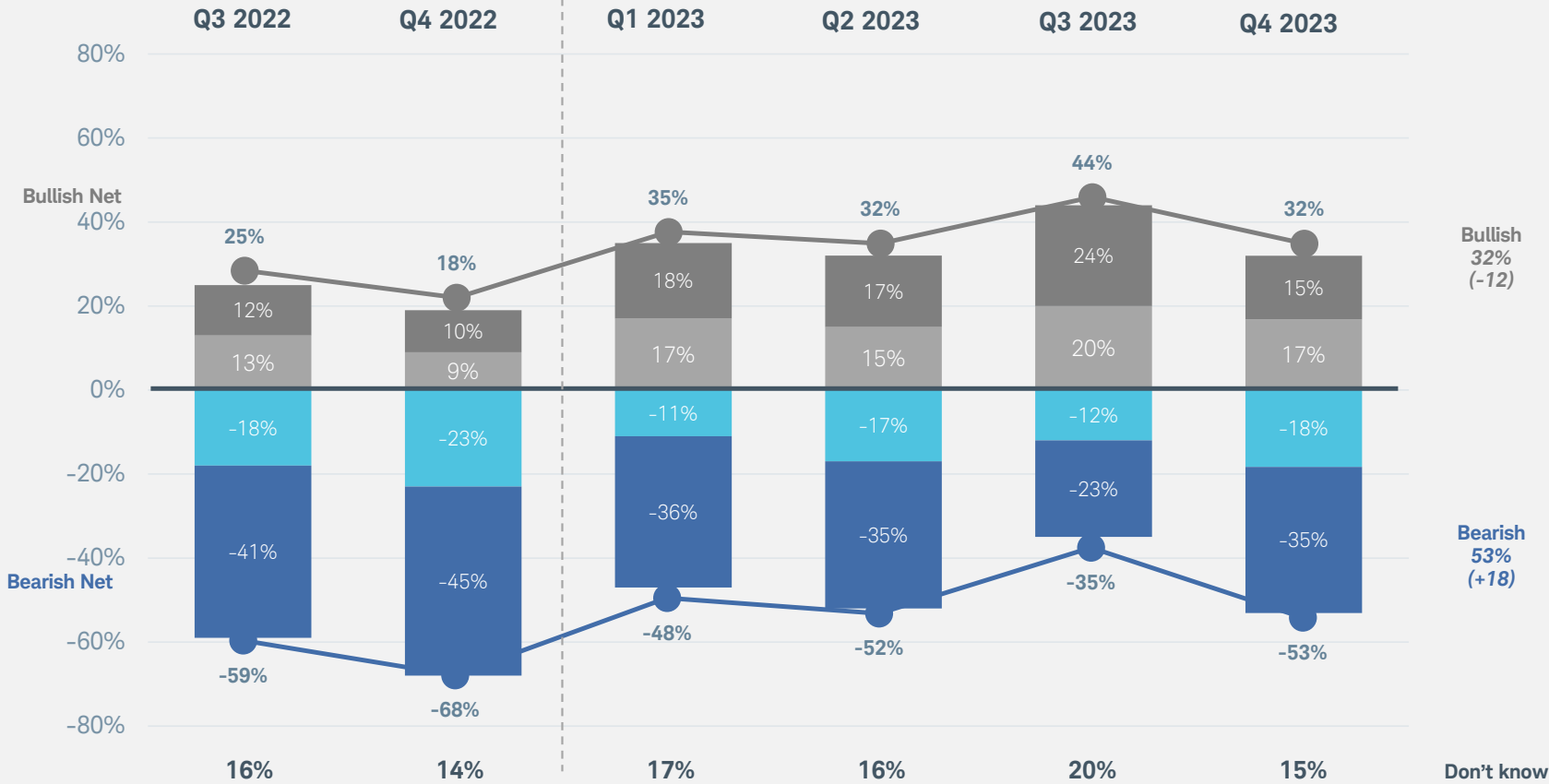


Planned Actions For The Next 3 Months



Sentiment among traders shifted more bearish, with a 12-point decrease in bullishness in Q4

Outlook For U.S. Stock Market
(Single response only)



Bullish 32% (-12)

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 53% (+18)

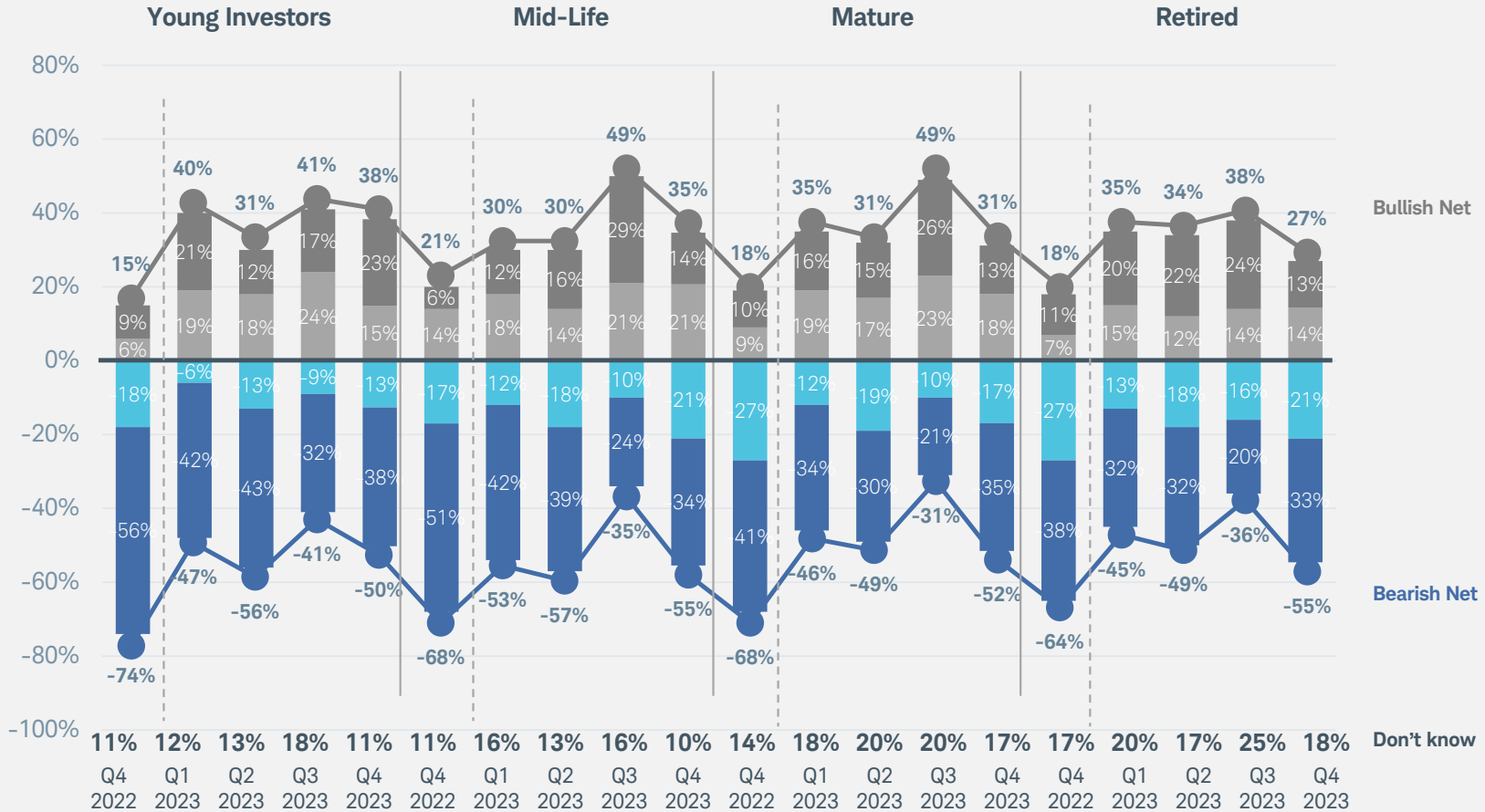
I think the market is due for a significant correction, and I'm concerned about the possible impact on my portfolio.

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=846)
Q6. Thinking about the next 3 months, which statement best describes your outlook for the U.S. stock market?

Young and mid-life investors are most bullish, although sentiment is down among all life stages

Outlook For U.S. Stock Market By Life Stage (Single response only)



Bullish Net
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.

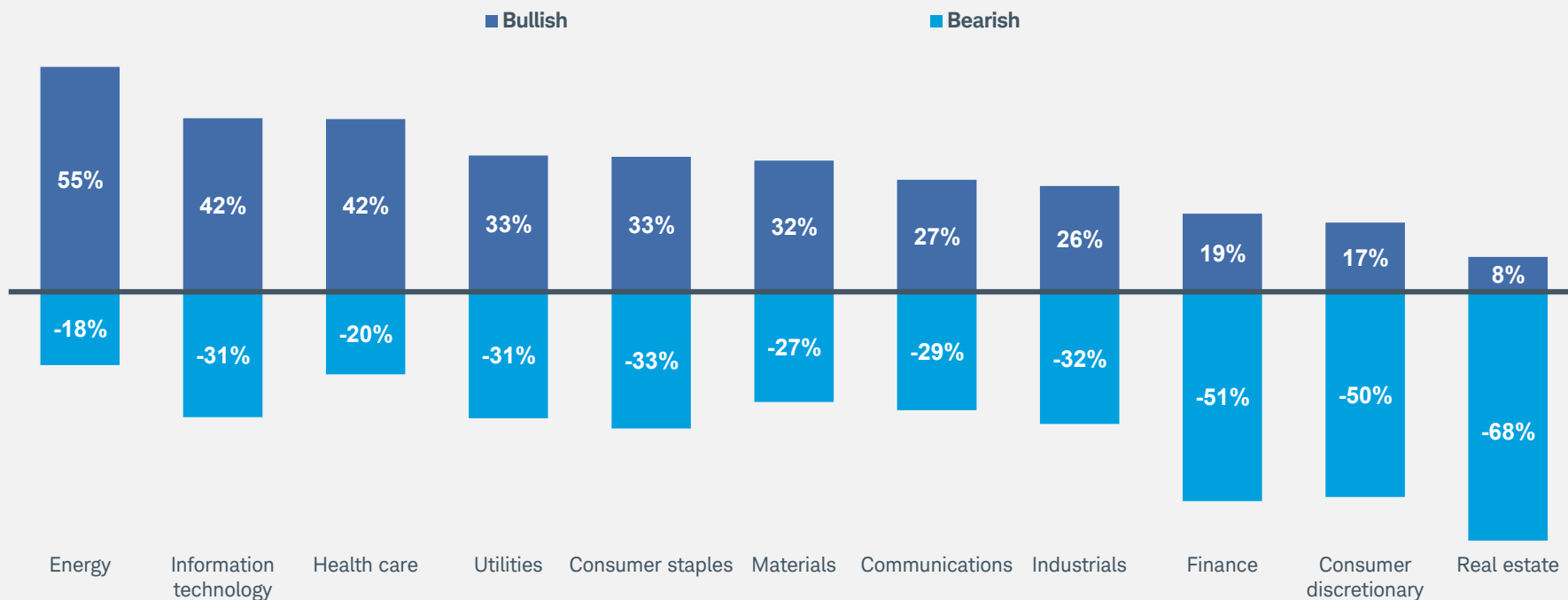
Bearish Net
I think the market is due for a significant correction, and I'm concerned about the possible impact on my portfolio.

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=846)
Q6. Thinking about the next 3 months, which statement best describes your outlook for the U.S. stock market?

Traders continue to be most bullish about the energy, IT and health care sectors; they are increasingly bearish on real estate

Sector Sentiment Over Next 3 Months



Base = Weighted Total (n=846)
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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41% of traders think it's a good time to invest in equities, down 10% from last quarter

Extremely / Very Confident In Investment Decision Making

64%



Total Traders

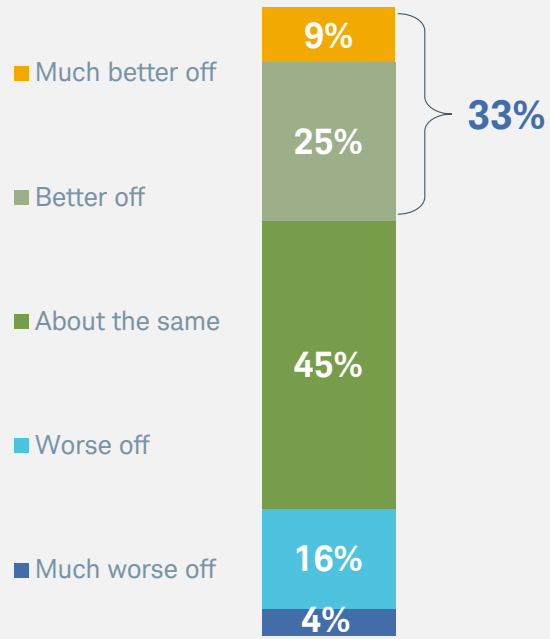
Believe This is a Very Good / Good Time to Invest

41%



Total Traders

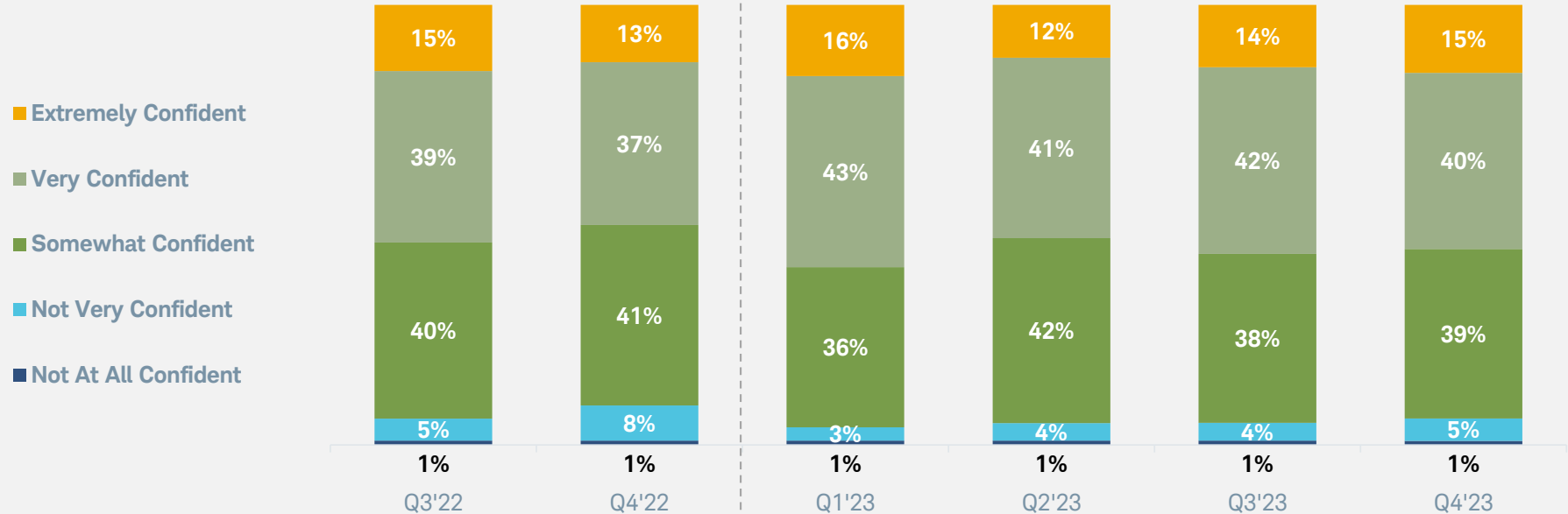
Financial Standing vs. Year Ago



Base = Weighted Total (n=846)
 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 remain overwhelmingly confident in their ability to reach their financial goals

Confidence In Reaching Financial Goals
(Single response only)



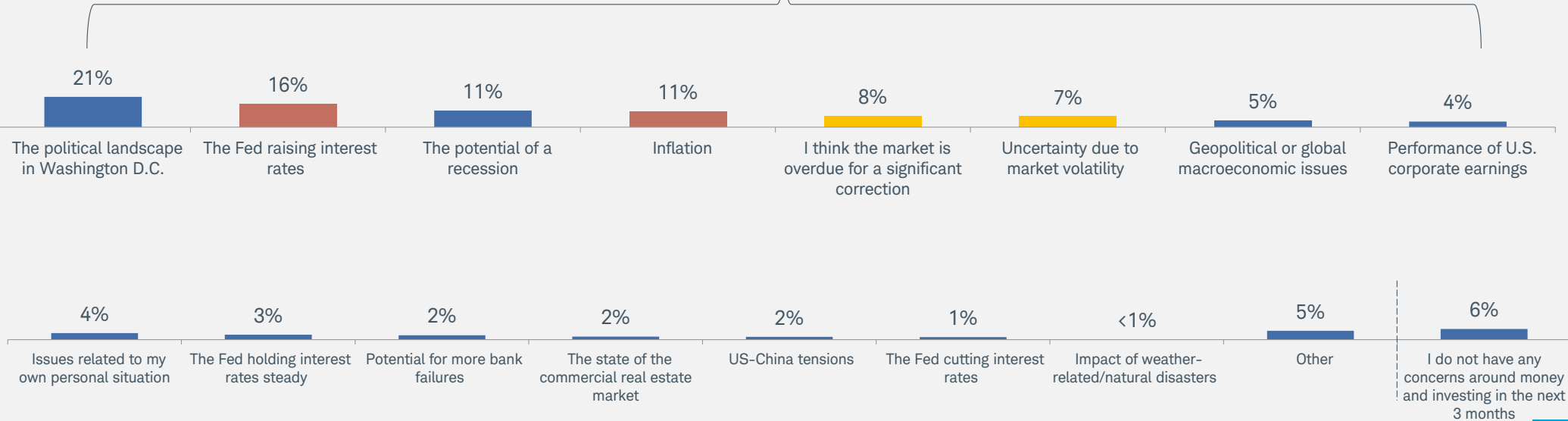
Base = Weighted Total (n=846)
Q10. Which statement best describes your confidence in reaching your financial goals?

The political landscape in Washington, D.C. is the top investing concern for traders followed by interest rate increases, the potential for a recession, and inflation

Primary Concern About Investing (Single response only; Among Those With A Concern)

27% Inflation/Increased Interest Rates Related Concerns

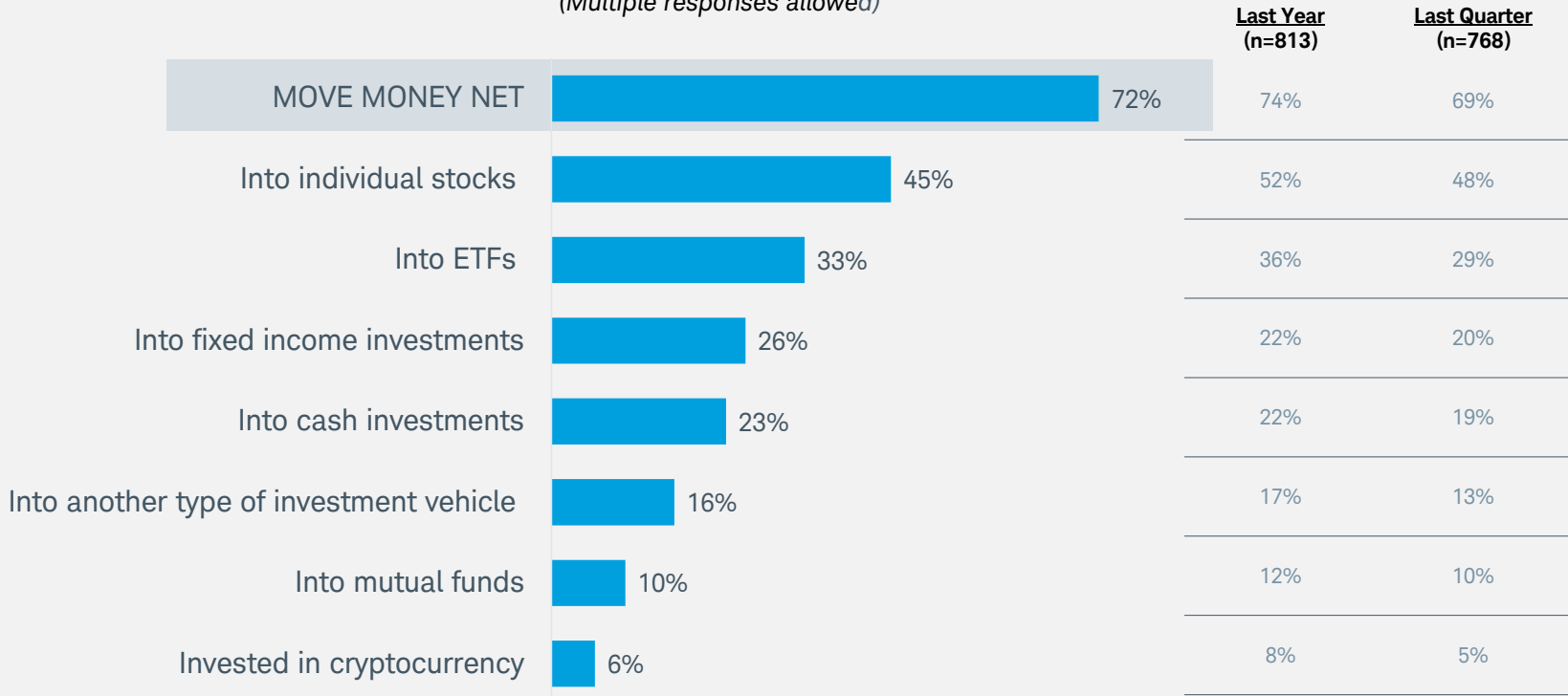
Note: Percentages based among those with a concern



Base = Weighted Total (n=846)
Q7. What is your primary concern around money and investing within the next 3 months?

Despite more than half of traders believing that now is not a good time to invest in equities, nearly half plan to move money into individual stocks

Portfolio Changes Planned In Next Three Months
(Multiple responses allowed)



Base = Weighted Total (n=846)
Q20. Which of the following actions, if any, do you plan to do over the next 3 months?

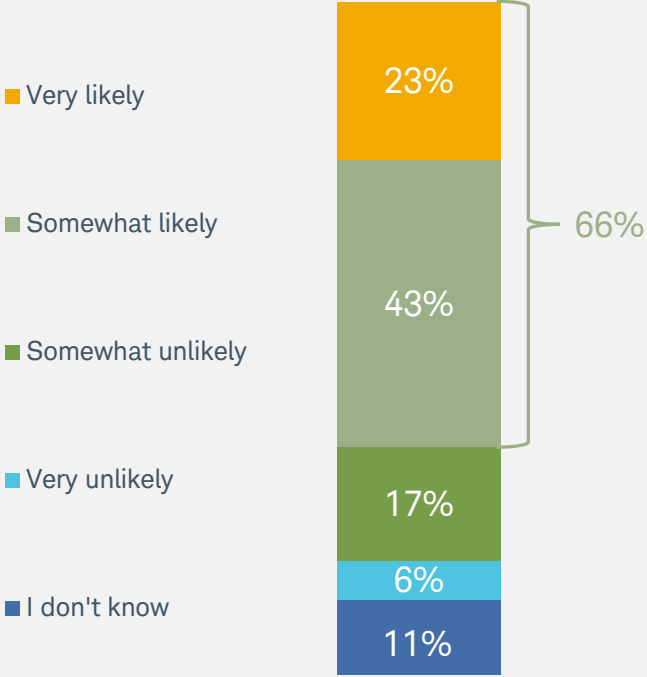


Special Issues

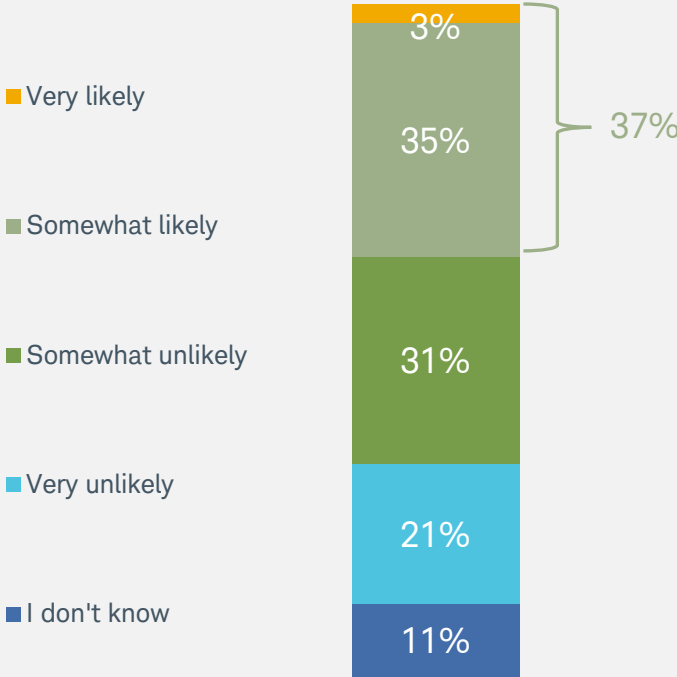
- Economic Outlook
- Trading Trends and Landscape
- Education

Two-thirds of traders still believe a U.S. recession is at least somewhat likely in 2024 and a third believe the Fed will achieve a “soft landing”

Expected Likelihood of US Recession in 2024
(Single response only)



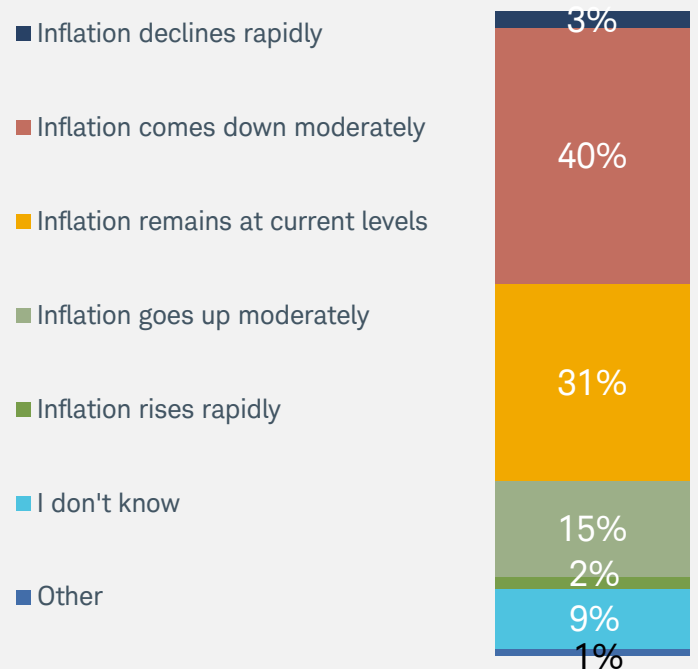
Expected Likelihood That Fed Will Achieve “Soft Landing” in 2024
(Single response only)



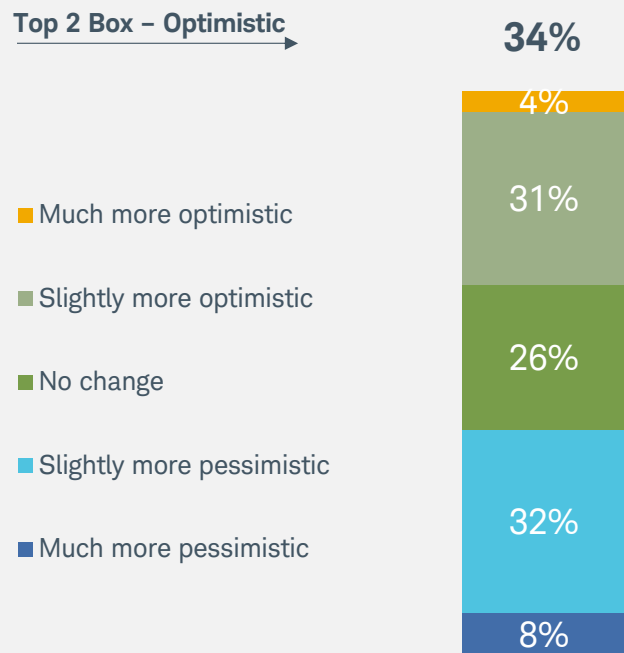
Base = Weighted Total (n=846)
 QAT_Q423_1. What is the likelihood that the US economy will officially enter a recession in 2024?
 QAT_Q423_2. What is the likelihood that the Fed will achieve a “soft landing” for the economy in 2024?

Most traders expect inflation to come down or remain the same next year, while just over one-third are most optimistic about the economy in 2024

Expected Inflation Scenarios In 2024 (Single response only)



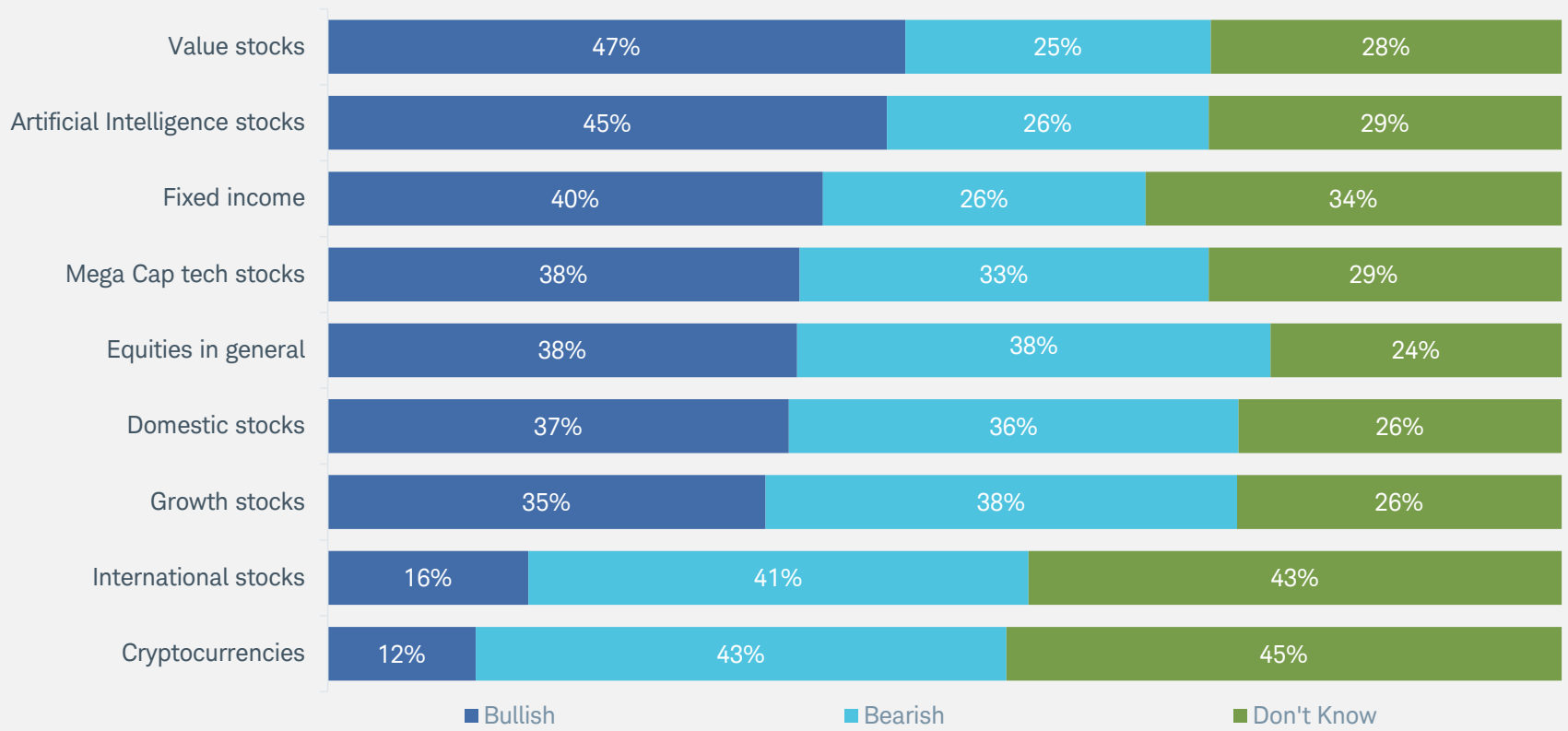
Outlook on US Economy for 2024 (Single response only)



Base = Weighted Total (n=846)
 QAT_Q423_3. Which of the following inflation scenarios aligns with your expectations for 2024?
 QAT_Q423_4. When it comes to the U.S. economy, what is your outlook for 2024 overall compared to this year?

Traders are most bullish on value stocks, AI and fixed income and most bearish on crypto and international stocks

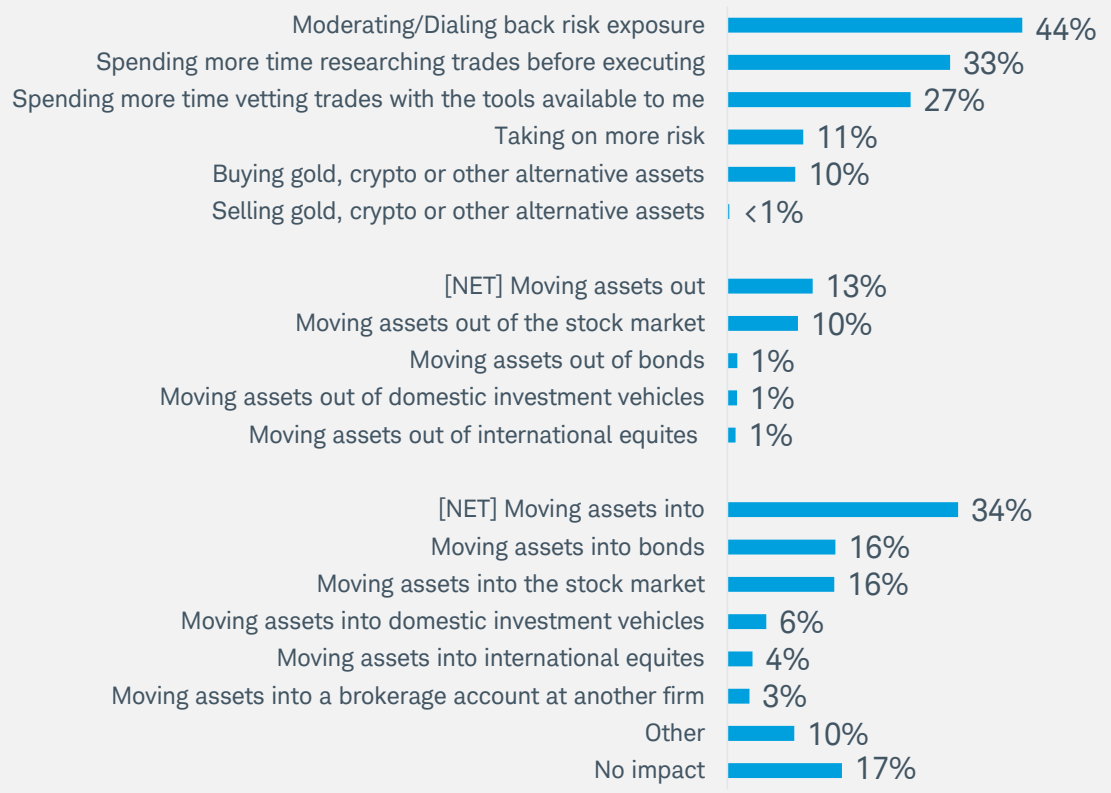
Sentiment Over Next Three Months
(Single response only)



Base = Weighted Total (n=846)
QAT_Q423_5. Are you bullish or bearish on each of the following for the next 3 months?

Almost half (44%) of traders are moderating or dialing back their risk exposure based on their expectations for the economy

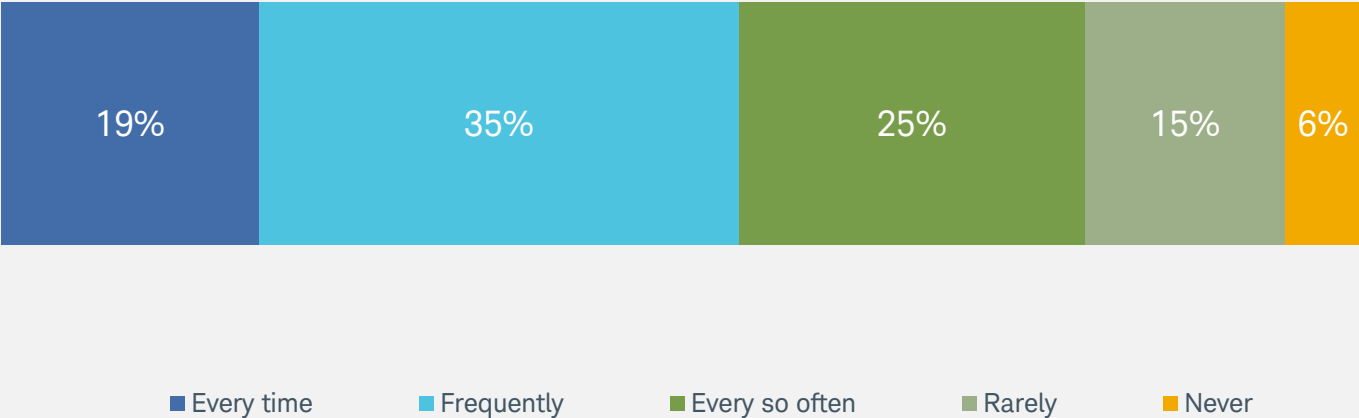
Impact of Expectations for the Economy On Trading Approach
(Multiple responses allowed)



Base = Weighted Total (n=846)
 QAT_Q423_8. How are your expectations for the economy impacting or driving your approach to trading?

More than half of traders frequently use education content or tools before executing trades

Usage of Education Content/Trading Tools
(Single response only)



Base = Weighted Total (n=846)
QAT_Q423_10. How often do you use education content or tools before executing trades?



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.

Starting Q4'21, Schwab is tracking 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
- Q4 study was fielded October 3rd-9th, 2023

Sample:

- 853 Active Traders (clients who actively trade equities or trade options, futures, or forex).
 - Of the 853 Active Traders, 464 traders using TD Ameritrade, 389 traders using Charles Schwab.
- The data was weighted by Life Stage and Investible Assets/Affluence to reflect the Trader segments
- Counts noted below are prior to weighting to show the sample sizes used for the 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	760 (89%)	UHNW (\$10M+)	22 (3%)	Active	853 (100%)
Female	54 (6%)	HNW (\$1M-<\$10M)	376 (44%)	Not Active	
No answer	39 (5%)	Mass Affluent (\$250K-<\$1M)	235 (28%)		
		Core (<\$250K)	213 (25%)		
Life Stage		Financial Consultant Relationship		Employment Status	
Younger Investor (<40)	116 (14%)	Has Financial Consultant	271 (32%)	Employed full-time	294 (35%)
Mid-Life (40-55)	243 (29%)	Does not have Financial Consultant	582 (68%)	Employed part-time	19 (2%)
Mature (55+ not retired)	206 (25%)			Self-employed	130 (15%)
Retired	261 (32%)			Retired/Semi-retired	337 (40%)
				Other	22 (3%)
				No answer	51 (6%)