Retail investors see rally as false dawn: Just one in ten think we're in a new bull market

June 28, 2023

- **Retail investors most likely to think sustained bull market will begin in the first half of 2024**
- **Looming recession fear impacting sentiment with all five confidence metrics down versus Q1**
- **Retail investors to prioritise tech and energy sectors for remainder of 2023, with discretionary consumer goods least appealing sector.**

Wednesday June 28 – Most retail investors see the recent surge in equity markets as a false dawn with just one in ten (11%) believing we have entered a new bull market, according to data from the latest Retail Investor Beat from trading and investment platform eToro.

In the quarterly study of 10,000 retail investors from 13 countries, the most common prediction for when the next sustained bull market will begin was the first half of 2024, with 20% selecting this option.

The findings follow recent momentum in equity markets, driven largely by AI interest and the recovery of the wider tech sector. Despite the rally though, retail investors are feeling more cautious and less optimistic than they were three months ago, potentially a result of growing recession fears.

All five Retail Investor Beat confidence metrics fell quarter-on-quarter, with the number of investors feeling confident about their portfolio, the global economy and their domestic economy all down by five percentage points (to 71%, 40% and 45% respectively). Meanwhile, the threat of a home market recession surged to become the biggest received risk amongst global retail investors (24%), while far fewer saw inflation as the top risk (14%)

Commenting on the data, eToro Global Markets Strategist Ben Laidler, said: *"Global retail investors were early back into stock markets after the October 2022 trough and are being contrarian again now by taking a more grounded view than the broadening bull market narrative, despite the S&P 500 being up over 20% since its October low. Economic reality increasingly seems to be biting with recession fears surging and job security falling."*

While sentiment has dropped, many retail investors are still backing the markets. Over the last three months, 31% increased the amount of money they regularly contribute to their portfolio while just 12% scaled back their contributions. The picture is similar over the next three months, with 31% planning to up contributions while 11% say they will reduce them.

Retail investors are also feeling bullish about certain sectors, with technology leading the way. When asked which sector they are most likely to increase their investment in for the remainder of 2023, 30% said technology, with 15% opting for both energy and financial services, and 12% opting for real estate. The least appealing sectors to investors are discretionary consumer goods (2%) and materials (3%).

Laidler adds: "*Tech stocks have been the place to be this year and retail investors are sticking with their long-standing bullishness, reflecting their younger and digital native roots. But the contrarian streak is clearly on display with the focus on energy, financials, and real estate stocks that have been the worst performers this year. If economies stay resilient and interest rate cuts appear soon, this could be prescient.*"

ENDS

Notes to editors

About this report
The latest Retail Investor Beat was based on a survey of 10,000 retail investors across 13 countries and 3 continents. The following countries had 1,000 respondents: UK, US, Germany, France, Australia, Italy and Spain. The following countries had 500 respondents: Netherlands, Denmark, Norway, Poland, Romania, and the Czech Republic.

The survey was conducted from 2nd June – 14th June 2023 and carried out by research company Opinium. Retail investors were defined as self-directed or advised and had to hold at least one investment product including shares, bonds, funds, investment ISAs or equivalent. They did not need to be eToro users.

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