

Retail investors shrug off bear market blues: 9 in 10 will invest the same amount or more in the coming months

Despite the economic volatility of 2022, Americans are heading into the new year with confidence

- 71% of retail investors feel positive or ambivalent about the year-long bear market
- Younger investors prove they are thinking long-term about investments
- Confidence rebounded in the last quarter as perceived threat of inflation falls

Wednesday January 18, 2023 - The majority of retail investors are shrugging off the downturn that has gripped financial markets for more than a year, according to the latest 'Retail Investor Beat' survey from social investing network, eToro.

US investors are looking at the last year as a learning experience, citing that the biggest impact the 2022 economy had on them was helping to improve investing approaches. Investors also find peace in knowing that the markets are cyclical (35.2%), that they are investing for the long-term (33.9%), and feeling that the downturn gave them an opportunity to buy quality assets at a lower price (21.2%).

Looking at the year ahead, investors aren't shying away from the markets – 91% will invest the same amount or a larger amount in the next 3 months. Despite recent volatility in the sector, 69% of Americans say they're currently invested in technology. Other popular investment sectors include financial services (63%), energy (55%) and industrials (50%).

2022 will have been the first major bear market for many less experienced retail investors, yet the data shows that it is older investors with shorter retirement time horizons who are feeling the strain the most.

One third of investors ages 55 plus say that the bear market reduced their appetite for investing, compared to only 13% of 18-34 year olds. Across all age groups, the younger the investor, the more upbeat they are about the 2022 bear market - challenging the perception that younger investors are more short-term driven.

Callie Cox, Markets Analyst at eToro: *"Retail investors have been surprisingly resilient during this bear market. They're largely looking for opportunities, while increasingly hedging in case prices fall further. Investors are learning to look ahead of the day-to-day swings and focus on their goals, which is a great sign for the foundation of this market and individuals' financial sophistication."*

When asked about investing in cryptoassets, 45% of Americans say they currently invest (or plan to invest) in crypto because of the opportunity to generate high investment returns; 39% noted that they believe it's a transformative asset class with a strong future.

The perception of risk of the asset class rises with age. When asked the main reasons for not investing (or planning to invest) in crypto, 59% of investors aged 55 plus say it's too volatile and therefore risky, compared to 28% of 18-34 year olds. This youngest age bracket (18-34 year-olds) are the most likely to have crypto in their investment portfolios.

Callie Cox: *“Recent events have fueled some nervousness about crypto, but we didn’t see a significant change in crypto allocations. People see this as a pivotal moment for the crypto industry, but not for the underlying technology and concept of decentralization.”*

The survey revealed an uplift in overall sentiment, with 70% feeling confident about their portfolios. This marks an increase from 61% in the previous quarter, while confidence in other areas of life such as income and job security also improved. Investors' fears have changed since last quarter when they were primarily seeing inflation as a top hindrance for their investment portfolio – now, investors cite the state of the US economy as posing the biggest external risk to investments over the next 3 months.

Callie Cox: *“Investors – especially younger investors – feel confident about their financial futures, even though they’re worried for the state of the economy. That tells me that they feel good enough to spend and invest, even though there’s clearly an economic slowdown afoot. Consumers are the backbone of the economy, so we’re hopeful this means the Fed can cool growth without causing a recession or upending the incredible recovery we’ve seen in the job market.”*

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About this report

This release focuses on the US respondents to a global quarterly survey - eToro’s Retail Investor Beat. [Details of the global findings can be found here.](#)

The Retail Investor Beat is 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 14th - 24th December 2022 and carried out by research company Appinio. Prior to Q2, previous waves of this survey were conducted quarterly in conjunction with 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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About eToro

eToro is a social investing network that empowers people to grow their knowledge and wealth as part of a global community of investors. eToro was founded in 2007 with the vision of opening up the global markets so that everyone can trade and invest in a simple and transparent way. Today, eToro is a global community of more than 30 million registered users who share their investment strategies; and anyone can follow the approaches of those who have been the most successful. Due to the simplicity of the platform users can easily buy, hold and sell assets, monitor their portfolio in real time, and transact whenever they want.

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