US EQUITY VIEWS

The rise and reach of retail trading in US equities

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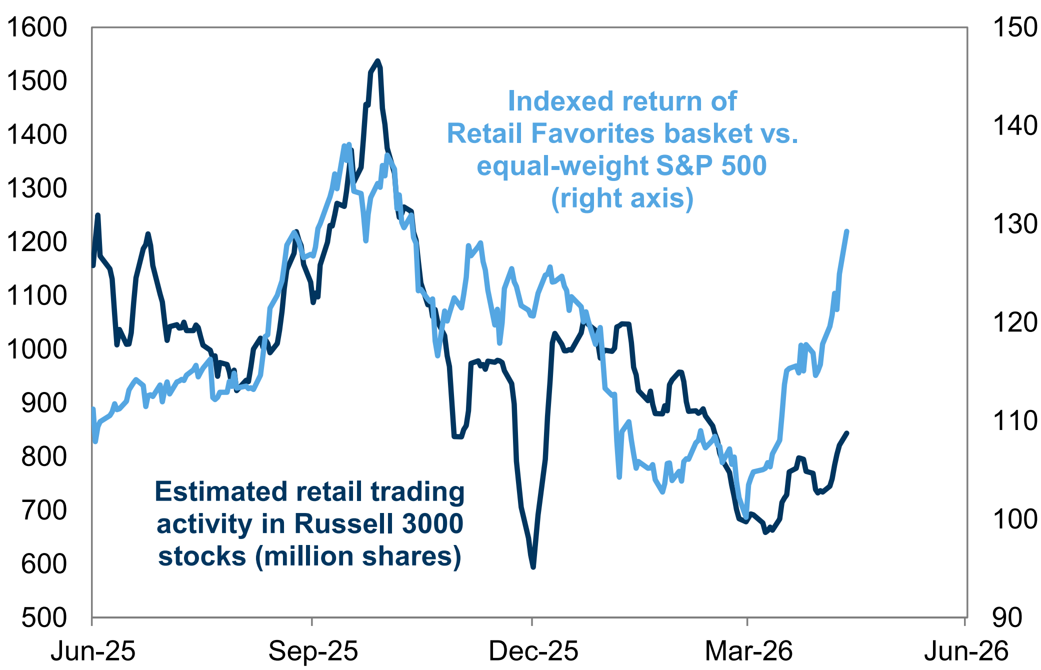
- **Retail trading activity has inflected higher alongside the recent equity market rally.** GS trading desk estimates show that retail trading volumes have risen by 28% since mid-April and a basket of retail favorite stocks (GSXURFAV) has rallied by 29% over the same period. The recent replacement of pattern day trader rules with less stringent margin requirements increases the likelihood that retail trading activity will rise further.
- **We estimate retail traders hold $12 trillion of equity assets in self-directed brokerage accounts, amounting to approximately 10% of total US corporate equity market value.** Retail traders are a subset of US households, which directly and indirectly own the majority of the $111 trillion US corporate equity market.
- **Retail trading activity has recently accounted for roughly 20% of total US equity trading volumes.** This is up from 15% a decade ago but below the peak of 24% in 2021. Specialized market makers known as wholesalers execute the majority of retail order flow. As a result, institutional investors typically interact with only a fraction of retail trading activity.
- **Retail trading activity has increased during recent equity market drawdowns.** Retail volumes in index-linked ETFs rose during the equity market selloffs in 2020, 2022, and 2025. During the most recent selloff, volumes remained light but increased as the market rebounded. In addition to market-wide selloffs, retail trading activity has tended to increase in individual stocks with sharp declines.
- **Retail investors employ both margin and leveraged ETFs to boost their equity market exposures.** Retail margin debt across select brokers currently equates to 1.8% of customer assets, similar to the previous high reached in 2021. The retail share of trading volumes in leveraged S&P 500 and Nasdaq-100 ETFs has been roughly double the share in unleveraged ETFs tracking the same indices.
- **Retail trading activity has recently tilted towards stocks with small market caps, volatile returns, and high valuations.** Retail also tends to trade more actively in stocks with high short interest. The retail share of trading volumes in Russell 3000 stocks with the highest short interest was higher in 2025 than in 2021.
- **Stocks with elevated retail trading activity generally carry elevated**

valuations and exhibit above-average volatility, even controlling for fundamentals like sales growth. Stocks with elevated retail trading activity have also exhibited greater underperformance following earnings misses, suggesting that elevated retail participation may affect how stock prices move to reflect fundamental information.

Retail traders in the equity ownership landscape

Following a decline in early 2026, retail trading activity has inflected higher alongside the recent equity market rally. GS Global Banking & Markets estimates of retail trading volumes show a 28% increase in retail trading activity since mid-April. Mirroring this increase, a basket of stocks popular with retail traders (GSXURFAV) has rallied by 29% over the same period. See Exhibit 25 for the current constituents of GSXURFAV with the largest recent retail share of trading volumes. The recent replacement of pattern day trader rules with less stringent margin requirements increases the likelihood that retail trading activity will rise further.

Exhibit 1: Retail favorite stocks have rallied alongside a rebound in retail trading activity

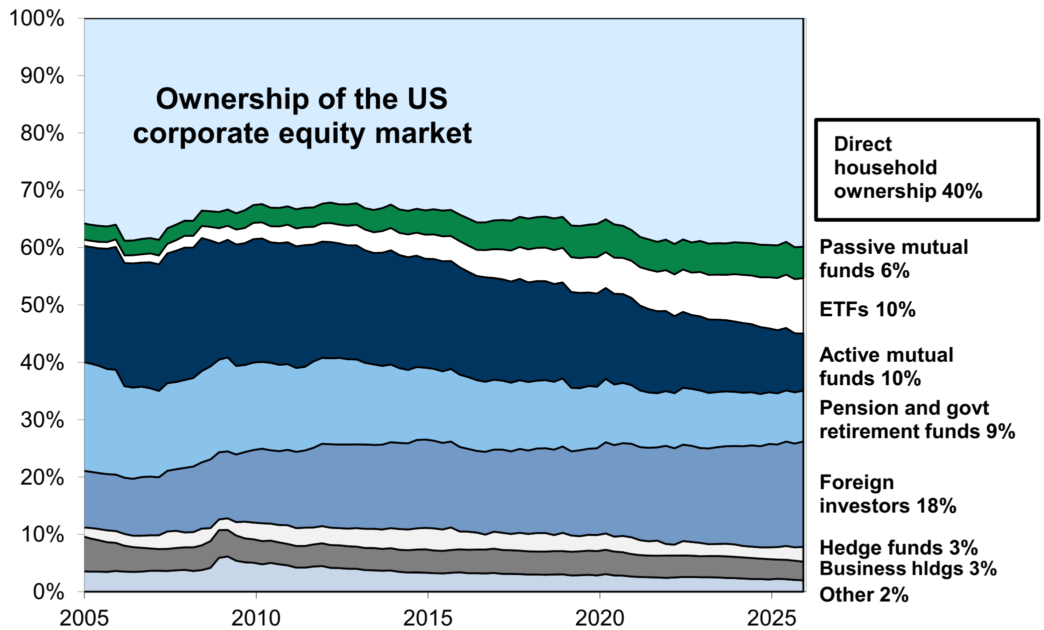


GSXURFAV basket developed by GS Global Banking & Markets. Retail trading activity reflects GS Global Banking & Markets' estimates of total shares executed on behalf of retail investors.

Source: Goldman Sachs Global Investment Research, Goldman Sachs FICC and Equities

Retail traders are a subset of US households, which are the largest owner of the US equity market. We define retail investors as individuals making self-directed trading decisions in brokerage accounts. The Fed's latest Financial Accounts of the United States data (Z.1) show that US households are the largest owner of corporate equities. Of the $111 trillion value of corporate equity assets, 40% is directly held by households. Including indirect ownership via retirement accounts, mutual funds, and ETFs, households own the majority of the US corporate equity market.

Exhibit 2: Ownership of the US equity market



Source: Federal Reserve, Goldman Sachs Global Investment Research

Household equity ownership is concentrated at the top of the wealth distribution. The top 10% of households own 87% of total household equity assets while the bottom 50% of households own just 1% of the total.

However, households in the bottom half of the wealth distribution have historically made larger adjustments to their equity portfolios from quarter to quarter. Across the average quarter since 1990, flows into and out of equities from the bottom 50% of households amounted to 3% of their assets, nearly three times the average for the top 10% of households.