

Nomura Individual Investor Survey

December 2009

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Investment Strategy Department
Financial & Economic Research Center
Nomura Securities Co., Ltd.

1. Survey overview

(1) Nomura I-View Index down m-m for third straight month

The Nomura Individual Investor Market View Index (Nomura I-View Index), based on respondents' three-month outlook for share prices, was 28.6 for December, down 1.8 points on a month earlier, indicating that respondents see less upside for share prices. The index has now fallen for three straight months.

The total proportion of respondents expecting the Nikkei Average to rise over the next three months was 64.3%, down from 65.2% in November. The proportion of investors expecting a "rise of more than 3,000 points" declined compared with last month, while the proportion of responses for a "rise of about 3,000 points" and "rise of about 2,000 points" increased. The proportion of "rise of about 1,000 points" declined, while that for "fall of about 1,000 points" rose,

(2) Apparent decline in individual investors' appetite for investment

For planned trading activity over the next three months, the proportion of "plan to increase" responses declined m-m for all four categories (number of different stocks traded, investment amount, frequency of trading activity, and number of stocks held), bringing all of them to their lowest levels since we began the survey in April 2006. The proportion of "plan to decrease" responses increased for all four categories. We think individual investors are increasingly refraining from stock trades amid a decline in investment appetite.

(3) Largest m-m decline in market/psychological factors DI since September 2007

Respondents were asked to rate the impact of a set of factors on the stock market in the next three months as positive, negative or neutral. The diffusion index declined by more than 10 points m-m for four out of six of them—domestic economy & corporate earnings, market factors & psychological factors, domestic interest rates & forex trends, and domestic politics. The drop in the market factors & psychological factors DI was particularly steep at 29.7 points m-m, the largest such decline since September 2007. In terms of absolute levels, the domestic interest rates & forex trends DI was at its lowest since February 2009 and market factors & psychological factors DI at its lowest since March 2009.

(4) Pharmaceuticals & healthcare sector most appealing for 31.9% of respondents

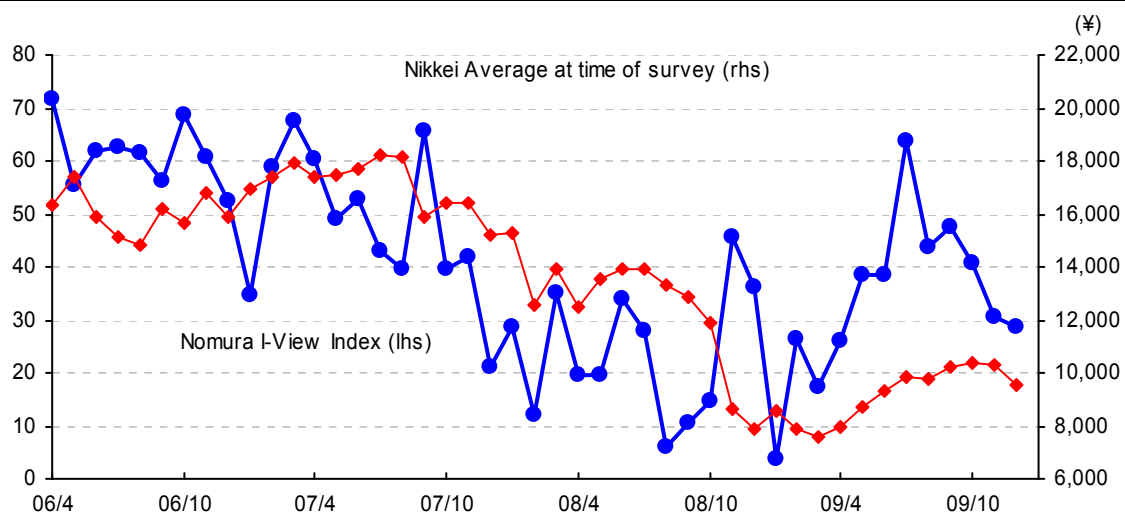
The investment appeal DI for the autos & auto parts sector was -1.6, up 3.5 points from November, while that for information & telecommunications was +4.3, down 2.5 points. Pharmaceuticals & healthcare was the most appealing sector for the 18th consecutive month, with 31.9% of respondents citing it as an appealing sector, marking the fourth straight month that proportion was above 30%.

2. Survey results

(1) Nomura I-View Index down m-m for third straight month

The Nomura Individual Investor Market View Index (Nomura I-View Index), based on respondents' three-month outlook for share prices and calculated by subtracting the percentage of responses for "rise" from that for "fall," was 28.6 for December, down 1.8 points on a month earlier, indicating respondents see less upside for share prices. The index has now fallen for three straight months. Although the majority of respondents, 64.3%, look for share prices to rise, bullishness has receded. The Nikkei Average reference level for this month's survey (19 November close) was 9,549, down 784 from the level last month (Exhibit 1).

1. The Nomura I-View Index and reference level of Nikkei Average at time of survey



Note: The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index. The calculation method is as follows:

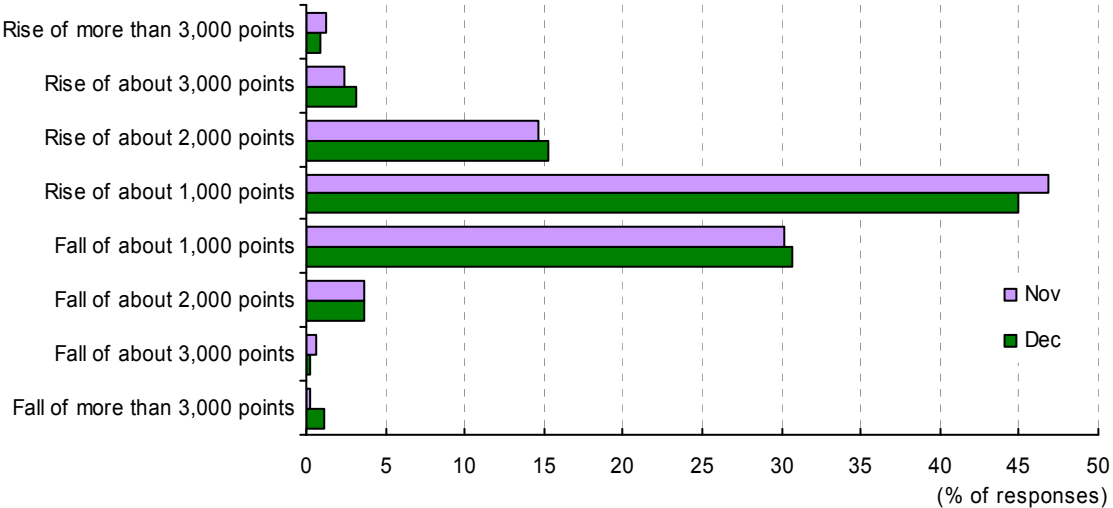
$$\left[\frac{\text{(Number of responses indicating expected rise in share prices in the next three months)} - \text{(number of responses indicating expected fall in share prices in the next three months)}}{\text{number of respondents}} \right] \times 100$$

The Nomura I-View Index ranges from -100 to +100. The closer to +100 the figure is, the more bullish the outlook held by individual investors. The closer to -100 the figure is, the more bearish the outlook held by individual investors.

The total proportion of respondents expecting the Nikkei Average to rise over the next three months was 64.3%, down from 65.2% in November. The proportion of investors expecting a “rise of more than 3,000 points” declined compared with last month, while the proportion of responses for a “rise of about 3,000 points” and “rise of about 2,000 points” increased. The proportion of “rise of about 1,000 points” declined, while that for “fall of about 1,000 points” rose, the latter marking the third consecutive month of increase.

The proportions of respondents expecting falls of “about 2,000 points” and “about 3,000 points” both declined, while the proportion expecting a fall of “more than 3,000 points” rose (Exhibit 2).

2. Outlook for Nikkei Average during the next three months



Note: Respondents were asked to share their outlook for the Nikkei Average during the next three months based on a 19 November closing figure of 9,549. Respondents could choose one answer from a possible eight responses ranging from a rise of more than 3,000 points to a fall of more than 3,000 points with 1,000-point increments in between.

(2) Apparent decline in individual investors' appetite for investment

We asked investors about trading activity over the past three months, with the proportion of "increased" responses declining m-m in all four categories: number of different stocks traded, investment amount, frequency of trading activity, and number of stocks held. The proportion of "decreased" responses increased for all four categories. This is the second straight month that the proportion of "decreased" responses rose for all four categories.

For planned trading activity over the next three months, the proportion of "plan to increase" responses declined for all four categories, bringing all of them to their lowest levels since we began the survey in April 2006. The proportion of "plan to decrease" responses increased for all four categories. We think individual investors are increasingly refraining from stock trades amid a decline in investment appetite (Exhibit 3).

3. Number of different stocks traded, investment amount, frequency of trading activity, and number of stocks held (%)

(1) Past three months	Increased		No change		Decreased	
	Dec	Nov	Dec	Nov	Dec	Nov
No. of different stocks traded	7.8	10.0	70.6	72.9	21.6	17.1
Investment amount	7.4	9.1	70.3	73.3	22.3	17.6
Frequency of trading activity	7.2	9.7	66.4	68.2	26.4	22.1
No. of stocks held	7.5	8.1	74.2	77.4	18.3	14.5

(2) Next three months	Plan to increase		No change		Plan to decrease	
	Dec	Nov	Dec	Nov	Dec	Nov
No. of different stocks traded	16.3	21.6	70.3	68.4	13.4	10.0
Investment amount	17.5	19.4	68.1	69.9	14.4	10.7
Frequency of trading activity	18.0	21.7	68.1	68.2	13.9	10.1
No. of stocks held	15.9	18.1	68.9	69.2	15.2	12.7

Note: Respondents were asked about the number of different stocks traded, the investment amount, the frequency of trading activity, and the number of stocks held for the past three months and desired levels in these categories for three months hence. The possible responses were increased (plan to increase), no change, or decreased (plan to decrease).

(3) Largest m-m decline in market/psychological factors DI since September 2007

Respondents were asked to rate the impact of a set of factors on the stock market in the next three months as positive, negative or neutral. The diffusion index, calculated as the proportion of "positive" and "somewhat positive" responses minus the proportion of "negative" and "somewhat negative" responses, declined m-m for all six categories and fell by more than 10 points each for four of them—domestic economy & corporate earnings, market factors & psychological factors, domestic interest rates & forex trends, and domestic politics. The drop in the market factors & psychological factors DI was particularly steep at 29.7 points m-m, the largest such decline since September 2007. In terms of absolute levels, the domestic interest rates & forex trends DI was its lowest since February 2009 and market factors & psychological factors DI at its lowest since March 2009 (Exhibit 4).

4. Impact of factors on the stock market (%)

	DI		Positive		Somewhat positive		Neutral		Somewhat negative		Negative	
	Dec	Nov	Dec	Nov	Dec	Nov	Dec	Nov	Dec	Nov	Dec	Nov
Domestic economy & corporate earnings	-25.0	-9.3	2.5	2.1	19.4	24.8	31.2	36.9	34.4	29.2	12.5	7.0
Market factors & psychological factors	-44.5	-14.8	1.7	1.8	12.2	22.7	27.7	36.2	44.3	32.7	14.1	6.6
Domestic interest rates & forex trends	-36.8	-20.7	1.4	0.7	9.6	12.9	41.2	52.1	36.7	26.3	11.1	8.0
Domestic politics	-37.2	-12.5	1.6	1.5	11.6	20.3	36.4	43.9	35.8	25.4	14.6	8.9
Overseas securities markets	14.5	20.4	3.8	4.5	33.3	33.4	40.3	44.6	17.8	14.3	4.8	3.2
Overseas political & economic situation	6.6	10.6	3.0	2.0	25.4	26.5	49.8	53.6	17.6	14.7	4.2	3.2

Note: The DI is the proportion of "positive" and "somewhat positive" responses minus the proportion of "negative" and "somewhat negative" responses.

(4) Pharmaceuticals & healthcare sector most appealing for 31.9% of respondents

Respondents were asked to choose one sector as an “appealing” investment target and one as “unappealing.” We calculated a diffusion index for each sector by subtracting the percentage of responses for “unappealing” from that for “appealing.” The DI for the autos & auto parts sector was -1.6, up 3.5 points on November, while information & telecommunications was +4.3, down 2.5 points.

Pharmaceuticals & healthcare was the most appealing sector for the 18th consecutive month, with 31.9% of respondents citing it as an appealing sector, marking the fourth straight month that proportion was above 30%. Construction & real estate was the least appealing sector for the ninth straight month (Exhibit 5).

5. Investment appeal by sector (DI)

Sector	DI	Breakdown of DI (% of responses)		(Ref)
		Appealing	Unappealing	Previous month DI
Pharmaceuticals & healthcare	30.9	31.9	1.0	33.0
Resources	6.4	11.3	4.9	5.8
Electricity & gas	5.6	8.3	2.7	2.8
Materials	4.4	7.5	3.1	2.2
Information & telecommunications	4.3	9.1	4.8	6.8
Electrical machinery & precision equipment	3.9	6.0	2.1	5.2
Machinery, shipbuilding & heavy machinery	-1.6	2.0	3.6	-2.7
Autos & auto parts	-1.6	8.5	10.1	-5.1
Consumer-related	-2.4	6.0	8.4	-0.6
Transportation & warehousing	-7.8	1.6	9.4	-5.9
Financials	-14.2	6.2	20.4	-14.8
Construction & real estate	-27.9	1.6	29.5	-26.7

Note: Respondents were given 12 sectors and asked to choose one viewed as an appealing investment target and one viewed as unappealing. For each sector we calculated a diffusion index by subtracting the percentage of responses for unappealing from that for appealing. The resources sector comprises oil, coal, and mining products. The materials sector comprises textiles, paper & pulp, chemicals, steel, nonferrous metals, metal products, glass, and rubber. The consumer-related sector comprises trading companies, retail, consumer products, food, agriculture & forestry, and marine products. Information & telecommunications comprises software, media, games, and entertainment. Transportation & warehousing comprises railways, land transport, marine transport, air transport, and warehousing.

(5) Most-watched stocks

Respondents were asked to name one stock that they would like to have in their portfolio, irrespective of short or long-term investment horizon (including stocks actually held) or that they find appealing. We show the most popular responses below (Exhibit 6).

6. Name a stock with appeal (1,000 valid responses)

Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	62	9503	Kansai Electric Power	11
9501	Tokyo Electric Power	43	7201	Nissan Motor	11
4502	Takeda Pharmaceutical	32	6764	Sanyo Electric	11
9983	Fast Retailing	20	9202	All Nippon Airways	10
9205	Japan Airlines	20	6753	Sharp	10
6758	Sony	19	6752	Panasonic	10
6502	Toshiba	17	4568	Daiichi Sankyo	10
8306	Mitsubishi UFJ Financial Group	16	4523	Eisai	10
8058	Mitsubishi Corp	14	4519	Chugai Pharmaceutical	10
7974	Nintendo	14	4503	Astellas Pharma	10
4661	Oriental Land	14	9984	Softbank	9
8411	Mizuho Financial Group	13	9861	Yoshinoya Holdings	8
2702	McDonald's Holdings (Japan)	13	8604	Nomura Holdings	8
7267	Honda Motor	12	7751	Canon	8
4755	Rakuten	12			

Note: Not included in valid responses were answers of "none" or clearly mistaken entries.

3. Overview of Nomura Individual Investor Survey

With the aim of better understanding investing activity by individuals and providing information on those trends, the Financial & Economic Research Center of Nomura Securities conducts a monthly survey—the Nomura Individual Investor Survey. The results of the survey have been published monthly since April 2006.

Survey method: Questionnaire conducted electronically using the internet monitor questionnaire service administered by Nomura Investor Relations Co., Ltd.

Survey target: Survey sent to e-mail addresses of record for the approximately 11,800 individual investors participating in Nomura Investor Relations' internet monitor questionnaire service.

Number of responses: 1,000 (survey closed when 1,000 responses received)

Survey period: Survey distributed on 19 November with deadline for responses on 24 November

Survey content: Questions included in every survey plus spot questions focusing on various topics that change from month to month. Questions included each month are (1) share price outlook (Nikkei Average), (2) stock trading activity (present and future), (3) factors expected to impact the stock market (domestic economy, corporate earnings, foreign political and economic trends, etc), (4) attractive sectors, and (5) attractive stocks.

4. Nomura Individual Investor Survey (December 2009) respondents

Gender: Male (72.9%), Female (27.1%)

Age: Under 30 (2.3%), 30–39 (19.3%), 40–49 (33.2%), 50–59 (23.9%), 60 and above (21.3%)

Financial assets held: Less than ¥2,000,000 (19.6%), ¥2,000,000–¥4,999,999 (18.9%), ¥5,000,000–¥9,999,999 (19.8%), ¥10,000,000–¥29,999,999 (25.1%), ¥30,000,000 or more (16.6%)

Number of different stocks held: One–two stocks (24.9%), Three–five stocks (37.3%), Six–10 stocks (21.6%), 11–20 stocks (10.3%), 21 or more stocks (5.9%), None (0.0%)

Average duration stocks are held: Less than one month (1.8%), One month to less than three months (4.4%), Three months to less than six months (8.2%), Six months to less than one year (10.3%), One year to less than two years (17.4%), Two years to less than five years (32.6%), Five years or more (25.3%)

Frequency of trading activity: Once or more per day (1.6%), Once or more per week (10.6%), About once a month (17.1%), About once every two to three months (16.4%), About once every six months (12.8%), About once a year (10.1%), Once every few years or so (10.8%), Not active at present (20.6%)

Investment experience: Less than one year (0.4%), One year to less than three years (4.2%), Three years to less than five years (18.6%), Five years to less than 10 years (33.1%), 10 years to less than 20 years (24.5%), 20 years or more (19.2%)

Area of investment focus: Stock price movements and technical factors (9.3%), Strong earnings growth (11.9%), Stable earnings growth (49.7%), Dividends and shareholder returns (29.1%)

Notice

The next Nomura Individual Investor Survey (January 2010) is scheduled for release on Tuesday, 5 January 2010.

Any Authors named on this report are Research Analysts unless otherwise indicated

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As at 30 September 2009.

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Transactions involving foreign equities are subject to a domestic sales commission of up to 0.9975% (tax included) of the transaction amount (which equals the local transaction amount plus local fees and taxes in the case of a purchase or the local transaction amount minus local fees and taxes in the case of a sale). Local fees and taxes in foreign financial markets vary by country/territory. When foreign equities are purchased via OTC transactions (including offerings), only the purchase price shall be paid, with no sales commission charged. However, Nomura Securities may charge a separate fee for OTC transactions, as agreed with the customer. Foreign equities carry the risk of losses owing to factors such as price fluctuations and foreign exchange rate fluctuations.

Transactions involving convertible bonds are subject to a sales commission of up to 1.05% (tax included) of the transaction amount (or a commission of ¥4,200 (tax included) if this would be less than ¥4,200). When convertible bonds are purchased via offerings, only the purchase price shall be paid, with no sales commission charged. However, Nomura Securities may charge a separate fee for OTC transactions, as agreed with the customer. Convertible bonds carry the risk of losses owing to factors such as interest rate fluctuations and price fluctuations in the underlying stock. In addition, convertible bonds denominated in foreign currencies also carry the risk of losses owing to factors such as foreign exchange rate fluctuations.

When bonds are purchased via offerings, distributions, or other OTC transactions with Nomura Securities, only the purchase price shall be paid, with no sales commission charged. Bonds carry the risk of losses, as prices fluctuate in line with changes in market interest rates. In addition, foreign currency-denominated bonds also carry the risk of losses owing to factors such as foreign exchange rate fluctuations.

When Japanese government bonds (JGBs) for individual investors are purchased via offerings, only the purchase price shall be paid, with no sales commission charged. When JGBs for individual investors are sold before maturity, an amount calculated via the following formula will be subtracted from the par value of the bond plus accrued interest: for 10-year variable rate bonds, an amount equal to the two preceding coupon payments (before tax) x 0.8; for 5-year fixed rate bonds, an amount equal to the four preceding coupon payments (before tax) x 0.8.

Purchases of investment trusts (and sales of some investment trusts) are subject to a fee of up to 5.25% (tax included). Also, a direct cost that may be incurred when selling investment trusts is a redemption fee of up to 2.0% of the unit price at the time of redemption. Indirect costs that may be incurred during the course of holding investment trusts include, for domestic investment trusts, a trust fee of up to 5.25% (tax included, annualized basis) of the net assets in trust, as well as fees based on investment performance. Other indirect costs may also be incurred. For foreign investment trusts, indirect fees may be incurred during the course of holding such as investment company compensation.

Investment trusts invest mainly in securities such as Japanese and foreign equities and bonds, whose prices fluctuate. Investment trust unit prices fluctuate owing to price fluctuations in the underlying assets and to foreign exchange rate fluctuations. As such, investment trusts carry the risk of losses. Fees and risks vary by investment trust. Maximum applicable fees are subject to change; please thoroughly read the written materials provided, such as prospectuses or documents delivered before making a contract (as of 25 March 2008.)

An annual account maintenance fee of ¥1,575 (tax included) is charged for any account held with Nomura Securities containing equities or other securities. An additional annual account maintenance fee of ¥3,150 (tax included) is charged for any account containing foreign securities. Some discounts may apply depending on the details of your agreement with Nomura Securities.

No account fee will be charged for other marketable securities or monies deposited.

Transfers of equities to another securities company via the Japan Securities Depository Center are subject to a transfer fee of up to ¥10,500 (tax included) depending on the volume of securities transferred.

Margin transactions are subject to a sales commission of up to 1.365% (tax included) of the transaction amount (or a commission of ¥2,730 (tax included) for transactions of ¥200,000 or less), as well as management fees and rights handling fees. In addition, long margin transactions are subject to interest on the purchase amount, while short margin transactions are subject to fees for the lending of the shares borrowed. A margin equal to at least 30% of the transaction amount and at least ¥300,000 is required. With margin transactions, an amount up to roughly 3.3x the margin may be traded. Margin transactions therefore carry the risk of losses in excess of the margin owing to share price fluctuations. For details, please thoroughly read the written materials provided, such as listed securities documents or documents delivered before making a contract.

Nomura Securities Co., Ltd.

Financial instruments firm registered with the Kanto Local Finance Bureau (registration No. 142)

Member associations: Japan Securities Dealers Association; Japan Securities Investment Advisers Association; and The Financial Futures Association of Japan.

Additional information available upon request.

NIPIC and other Nomura Group entities manage conflicts identified through the following: their Chinese Wall, confidentiality and independence policies, maintenance of a Stop List and a Watch List, personal account dealing rules, policies and procedures for managing conflicts of interest arising from the allocation and pricing of securities and impartial investment research and disclosure to clients via client documentation.

Disclosure information is available at the Nomura Disclosure web page:

<http://www.nomura.com/research>