

Nomura Individual Investor Survey

November 2012

November 16, 2012

Equity Research Department
Nomura Securities Co., Ltd.

The Nomura Individual Investor Survey is a monthly survey conducted with the aim of better understanding investing activity by individuals and providing information on related trends.

1. Survey overview

(1) Nomura I-View Index down 4.2pt m-m at 34.6

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 "fall" from that for "rise," was 34.6 for November, down 4.2pt m-m and remaining below its historical average. The largest proportion of respondents, 52.8%, said they expect a rise of "about 1,000 points" in the Nikkei Average, although this figure was down from last month. The response rate for "fall of about 1,000 points" saw the largest rise, of 2.9ppt.

(2) Greatly reduced focus on international affairs

Respondents were asked to select the factor most likely to impact the stock market in the next three months. International affairs was again selected by the largest proportion of respondents, but the response rate fell by a sharp 9.8ppt m-m. In contrast, the response rate for "domestic corporate earnings" rose 5.0ppt, the largest increase among the categories.

(3) Appeal of automobile sector revives

Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Pharmaceuticals was again the most attractive sector this month, with its DI rising 2.1pt m-m. The DI for automobiles saw the largest rise, of 11.6pt. The biggest decliner was electrical equipment/precision equipment, the DI for which fell by 11.7pt m-m.

(4) Rising expectations of yen appreciation versus US dollar

On the outlook for the USD/JPY rate over the next three months, the combined proportion of respondents expecting the yen to strengthen against the dollar was 50.3%, up 10.7ppt from 39.6% the previous month. The response "rise of about ¥5 against the dollar" saw the largest increase in response rate, of 9.9ppt, while response rates declined for all the weaker yen categories.

(5) Appeal of renminbi grows slightly

Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over an approximately three-month timeframe. We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." The Australian dollar was the most appealing currency for the 34rd straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011). Its DI, though, fell 4.6pt m-m, the largest decline among all the currencies. The renminbi's DI remained the lowest, but saw the largest rise, of 4.8pt m-m.

(6) Increased interest in equities

To give an indication of plans for holding financial instruments, we calculate DIs for each financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holding from the percentage planning to hold the instrument for the first time or increase their holding. The DI for equities was up 4.1pt m-m, the biggest rise of any category.

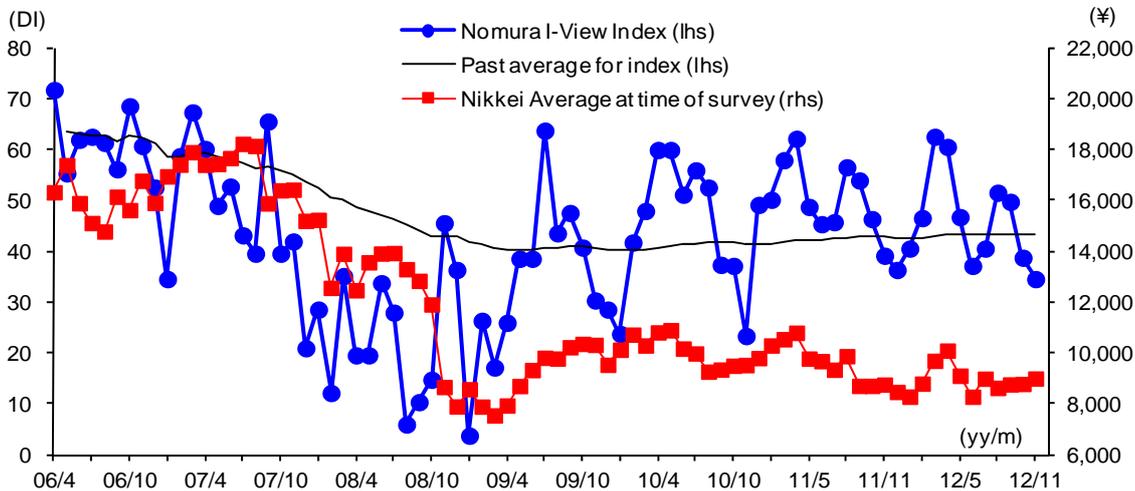
2. Survey results

(1) Nomura I-View Index down 4.2pt m-m at 34.6

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 "fall" from that for "rise," was 34.6 for November, down 4.2pt m-m and remaining below its historical average. Fewer individual investors said they expected share prices to rise (Figure 1).

The Nikkei Average reference level (5 November close) was 9,007, up 211pt from the last survey (1 October close of 8,796).

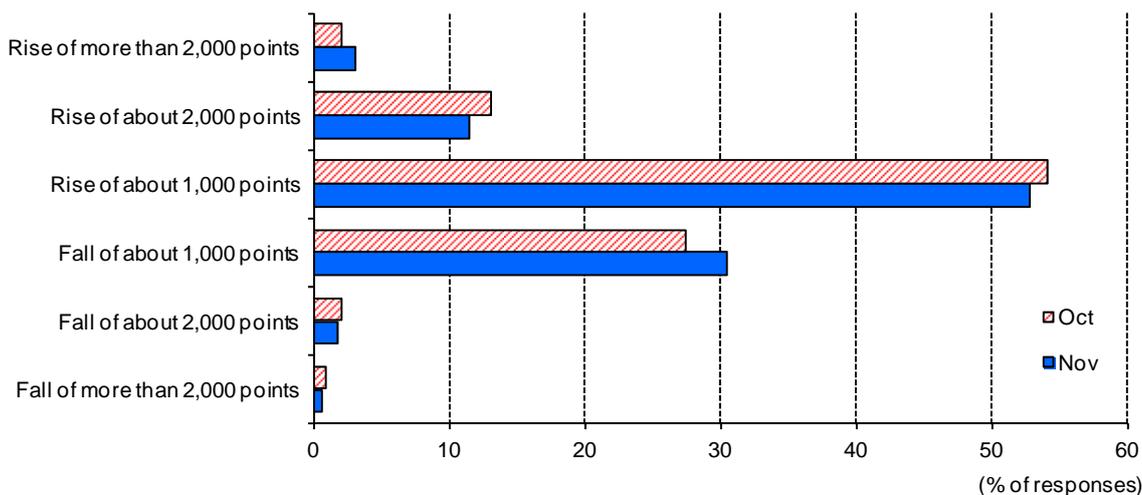
Fig. 1: The Nomura I-View Index and reference level of Nikkei Average at time of survey



Note: (1) 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: [(Number of responses indicating expected rise in share prices in the next three months) minus (number of responses indicating expected fall in share prices in the next three months) divided by number of respondents] x 100. The figure for January 2010 used here excludes respondents who projected the Nikkei Average would be flat. (2) 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 combined proportion of respondents expecting the Nikkei Average to rise over the next three months was 67.3%, down 2.1ppt from 69.4% the previous month. The largest proportion of respondents, 52.8%, said they expect a rise of "about 1,000 points," though this response rate was down 1.4ppt from the previous month. The category "fall of about 1,000 points" saw the largest increase in response rate, of 2.9ppt (Figure 2).

Fig. 2: Outlook for Nikkei Average during the next three months

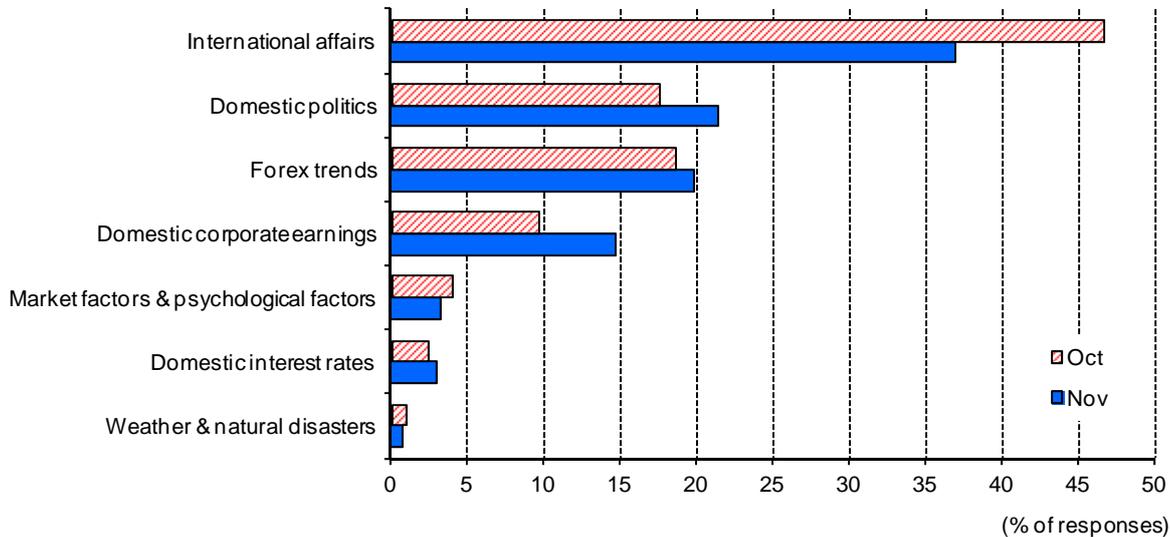


Note: Respondents were asked to share their outlook for the Nikkei Average during the next three months based on a 5 November closing figure of 9,007. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points with 1,000-point increments in between.

(2) Greatly reduced focus on international affairs

Respondents were asked to select the factor most likely to impact the stock market in the next three months. International affairs was again selected by the largest proportion of respondents, but that proportion fell by a sharp 9.8ppt m-m. In contrast, the response rate for "domestic corporate earnings" rose 5.0pt, the largest rise for all the categories. There was also a marked rise in the response rate for "domestic politics," of 3.8ppt m-m (Figure 3).

Fig. 3: Impact of factors on the stock market



Note: Respondents were asked to choose one answer from a possible seven responses concerning factors likely to impact the stock market over the next three months or so.

(3) Appeal of automobile sector revives

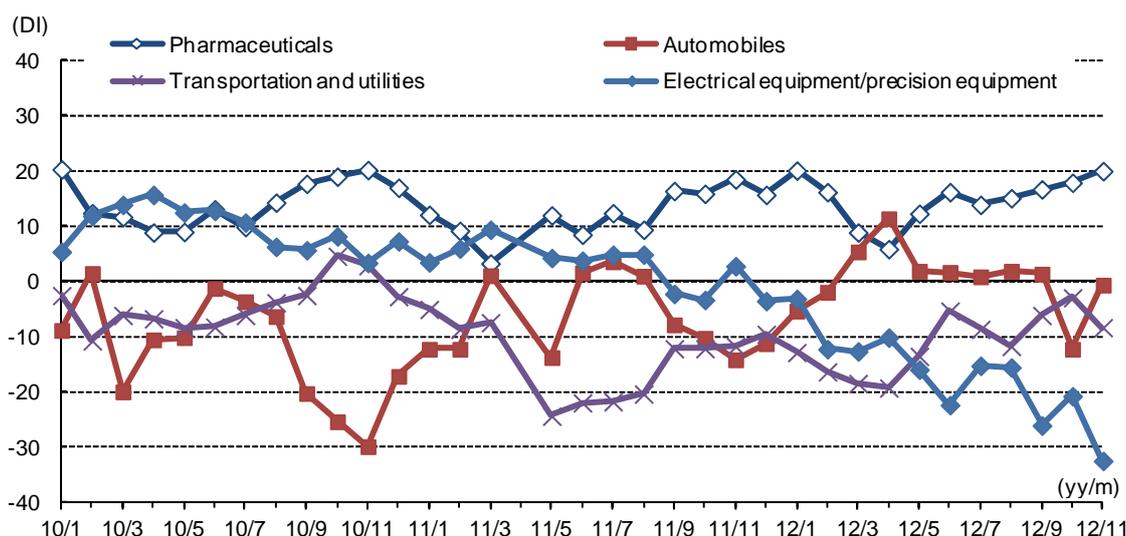
Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Pharmaceuticals was once again the most attractive sector this month, with its DI rising 2.1pt m-m. The DI for automobiles, which fell sharply the previous month, saw the largest rise among all the categories although it remained negative. The electrical equipment/precision equipment DI marked the largest decline, of 11.7pt, taking it to a record low of -32.4. Transportation and utilities also saw a sharp decline of 5.4pt (Figures 4, 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	20.0	21.6	1.6	17.9
Telecommunications	7.7	10.7	3.0	7.5
Materials	6.7	13.7	7.0	9.6
Consumer goods	4.5	11.9	7.4	5.0
Capital goods/other	2.7	7.8	5.1	2.2
Financials	-0.3	9.6	9.9	-6.4
Automobiles	-0.6	12.4	13.0	-12.2
Transportation and utilities	-8.3	5.2	13.5	-2.9
Electrical equipment/precision equipment	-32.4	7.1	39.5	-20.7

Note: Respondents were given nine 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 materials sector comprises mining, textiles, paper & pulp, chemicals, oil, ceramics, steel, nonferrous metals, and trading houses. The financials sector comprises banks, miscellaneous finance, securities, and insurance. The capital goods/others sector comprises construction, machinery, shipbuilding, transportation equipment, miscellaneous manufacturing, and real estate. The transportation and utilities sector comprises railroads & buses, trucking, shipping, airlines, warehousing, electric power, and gas. The consumer goods sector comprises marine products, food, retail, and services.

Fig. 5: Trend in DIs for selected sectors



(4) 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 (Figure 6).

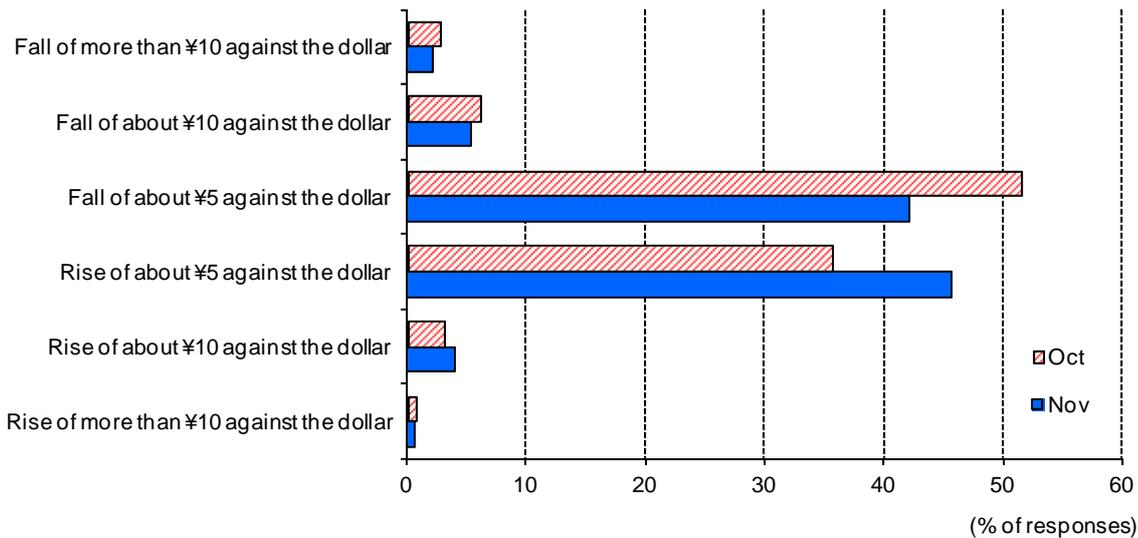
Fig. 6: Name a stock with appeal (1,000 valid responses)

Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	78	6502	Toshiba	9
9984	Softbank	55	7201	Nissan Motor	9
4502	Takeda Pharmaceutical	32	8473	SBI Holdings	9
8411	Mizuho Financial Group	26	3402	Toray Industries	8
6752	Panasonic	25	4568	Daiichi Sankyo	8
4661	Oriental Land	24	7751	Canon	8
9202	All Nippon Airways	16	2811	Kagome	7
2702	McDonald's Holdings (Japan)	15	8604	Nomura Holdings	7
4503	Astellas Pharma	14	9501	Tokyo Electric Power	7
8267	Aeon	14	3048	Bic Camera	6
8306	Mitsubishi UFJ Financial Group	14	6501	Hitachi	6
6301	Komatsu	13	6758	Sony	6
8058	Mitsubishi Corp	12	7267	Honda Motor	6
9201	Japan Airlines	12	8053	Sumitomo Corp	6
6753	Sharp	11			

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

(5) Rising expectations of yen appreciation versus US dollar

On the outlook for the USD/JPY rate over the next three months, the combined proportion of respondents expecting the yen to strengthen against the dollar was 50.3%, up 10.7ppt from 39.6% the previous month. The response "rise of about ¥5 against the dollar" saw the largest rise in response rate, of 9.9ppt, while response rates declined in all three weaker yen categories ("fall of about ¥5 against the dollar," "fall of about ¥10 against the dollar," and "fall of more than ¥10 against the dollar") (Figure 7). At the time of the latest survey (5 November), the noon indicative USD/JPY rate was 80.51, indicating a weaker yen than at the time of the previous survey (77.90 as of 1 October).

Fig. 7: Respondents' three-month outlook for the USD/JPY rate

Note: Respondents were asked to share their outlook for the USD/JPY rate during the next three months, referencing a 5 November indicative rate of US\$1=¥80.51. Respondents could choose one answer from a possible six responses ranging from a rise of ¥10 or more against the dollar to a fall of ¥10 or more against the dollar, with ¥5 increments in between.

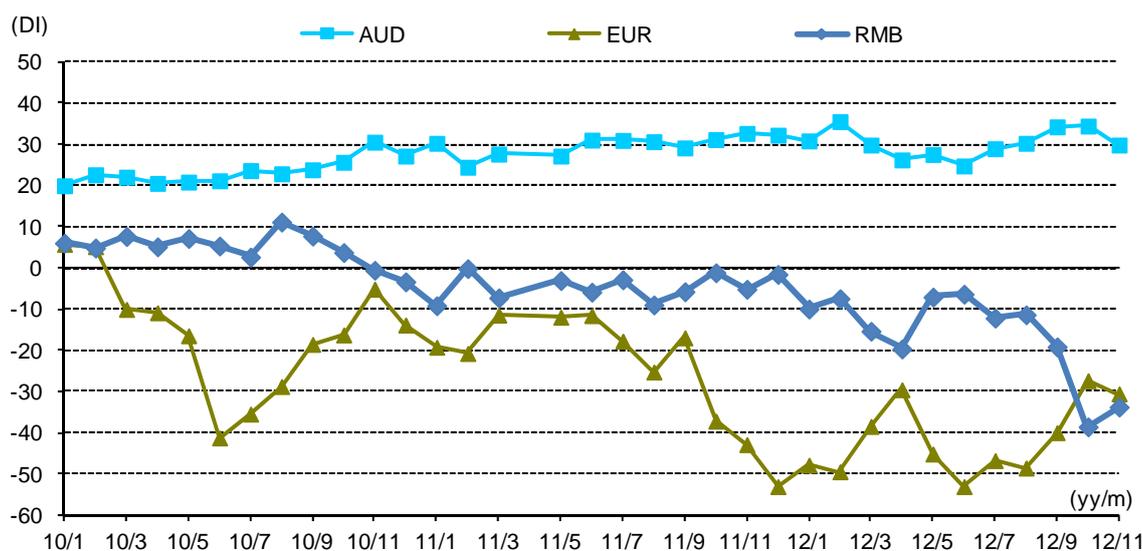
(6) Appeal of renminbi grows slightly

Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over an approximately three-month timeframe. We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." The Australian dollar was the most appealing currency for the 34rd straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011). Its DI, though, fell 4.6pt m-m, the largest decline among all the currencies. The DI for the euro also saw a marked decline, of 3.2pt m-m. The renminbi's DI remained the lowest, but saw the largest rise, of 4.8pt (Figures 8, 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Australian dollar	29.9	31.0	1.1	34.5
Japanese yen	15.7	25.0	9.3	14.9
US dollar	8.0	17.6	9.6	6.2
Brazilian real	7.6	12.6	5.0	6.2
Canadian dollar	1.3	2.1	0.8	2.9
Pound sterling	-0.3	1.7	2.0	0.2
Euro	-30.5	3.7	34.2	-27.3
Chinese renminbi	-33.7	3.9	37.6	-38.5

Note: Respondents were given nine possible responses, consisting of the above eight currencies and "other," and asked to choose one viewed as an appealing investment target and one viewed as unappealing. Those selecting "other" were asked to specify a currency.

Fig. 9: Trend in DIs for selected currencies**(7) Increased interest in equities**

To give an indication of plans for holding financial instruments, we calculate DIs for each financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holding from the percentage planning to hold the instrument for the first time or increase their holding. The DI for equities was up 4.1pt m-m, the biggest rise of any category (Figure 10).

Fig. 10: Financial instruments for which investors are either seeking to increase or decrease their holdings

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Plan to increase	Plan to decrease	
Cash & deposits	43.1	46.5	3.4	40.8
Equities	25.3	46.0	20.7	21.2
Gold	13.8	14.5	0.7	12.7
Bonds	7.1	10.2	3.1	7.2
Securities issued overseas	6.7	9.5	2.8	5.3
Investment trusts	6.7	18.7	12.0	7.6
Hybrid securities	3.1	3.2	0.1	2.1
Other	1.8	2.0	0.2	0.9
None	-39.2	27.1	66.3	-34.7

Note: Respondents were given a selection of nine financial instruments and asked to choose those for which they planned to increase their holdings and those for which they planned to decrease their holdings (multiple responses were allowed). In the exhibit, "plan to increase" refers to financial instruments that investors plan to hold for the first time or for which they plan to increase their holding, while "plan to decrease" refers to instruments that investors plan to cease holding or for which they plan to decrease their holding. Hybrid securities and gold were added to the list of choices from the February 2012 survey.

3. Nomura Individual Investor Survey

With the aim of better understanding investing activity by individuals and providing information on those trends, the Equity Research Department 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 3,000 individual investors randomly selected from the approximately 24,000 with equity investment experience 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 5 November with deadline for responses on 6 November.

Survey content: Questions included each month are (1) share price outlook, (2) factors expected to impact the stock market, (3) attractive sectors and stocks, (4) USD/JPY rate outlook and attractive currencies, and (5) financial instruments for which investors plan to change their holdings. Respondents are also queried each month on their personal profiles.

4. Nomura Individual Investor Survey (November 2012) respondents

Gender: Male (80.0%), Female (20.0%)

Age: Under 30 (2.4%), 30–39 (15.4%), 40–49 (28.9%), 50–59 (27.7%), 60 and above (25.6%)

Occupation: Self-employed/fisheries, agriculture, forestry (7.7%), Professional (physician/medical professional, lawyer, etc) (2.6%), Company management/corporate officer (5.7%), Company employee/public servant (52.4%), Housewife (8.5%), Part-time worker/casual worker/job-hopper (5.2%), Unemployed/pensioner (15.4%), Other (2.5%)

Region: Kanto (50.3%), Kinki (19.0%), Tokai/Koshinetsu/Hokuriku (15.0%), Hokkaido/Tohoku (5.1%), Chugoku/Shikoku/Kyushu (10.6%)

Financial assets held: Less than ¥1,000,000 (8.2%), ¥1,000,000–¥2,999,999 (13.0%), ¥3,000,000–¥4,999,999 (14.5%), ¥5,000,000–¥9,999,999 (18.8%), ¥10,000,000–¥29,999,999 (27.9%), ¥30,000,000–¥49,999,999 (9.4%), ¥50,000,000 or more (8.2%)

Value of domestic stocks held: Less than ¥500,000 (17.1%), ¥500,000–¥999,999 (16.4%), ¥1,000,000–¥2,999,999 (24.9%), ¥3,000,000–¥4,999,999 (13.8%), ¥5,000,000–¥9,999,999 (13.4%), ¥10,000,000–¥29,999,999 (11.6%), ¥30,000,000 or more (2.8%)

Investment experience: Less than three years (9.3%), Three years to less than five years (12.7%), Five years to less than 10 years (28.7%), 10 years to less than 20 years (27.7%), 20 years or more (21.6%)

Investment plan for domestic stocks: Mainly for long-term holding (46.1%), Pursuit of gains from short-term appreciation (11.3%), Pursuit of dividends and shareholder perks (24.3%), No particular plan (18.3%)

Notice

The next Nomura Individual Investor Survey (December 2012) is scheduled for release on Friday, 14 December 2012.

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

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STOCKS

A rating of '**Buy**', indicates that the analyst expects the stock to outperform the Benchmark over the next 12 months. A rating of '**Neutral**', indicates that the analyst expects the stock to perform in line with the Benchmark over the next 12 months. A rating of '**Reduce**', indicates that the analyst expects the stock to underperform the Benchmark over the next 12 months. A rating of '**Suspended**', indicates that the rating, target price and estimates have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including, but not limited to, when Nomura is acting in an advisory capacity in a merger or strategic transaction involving the company.

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SECTORS

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Explanation of Nomura's equity research rating system in Japan and Asia ex-Japan

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