

# **Nomura Individual Investor Survey**

February 2017

16 February 2017

Global Research Division  
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 falls to 35.0 after rising previous 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 "fall" from that for "rise," was 35.0 in February 2017, falling m-m after having risen the previous month. The Nikkei 225 reference level (6 February 2017 close) was 18,976.71, down 324.73 from the previous survey (10 January 2017 close of 19,301.44).

### (2) Increased investor interest in forex

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "forex trends" rose 4.2ppt m-m to 24.7% and it was the only factor for which the response rate rose. The response rate for "market factors & psychological factors" was flat m-m while response rates for all the other factors declined.

### (3) Appeal of consumer goods sector rises, of automobile sector falls

On the outlook for sectors over the next three months or so, we calculate a diffusion index (DI) by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the consumer goods sector rose 11.1pt m-m to 3.0, becoming positive for the first time in six months. In contrast, the DI for the automobile sector fell 19.7pt to -19.3, taking it into negative territory for the first time in six months.

### (4) Rise in number of investors expecting slight yen appreciation against US dollar

On the outlook for USD/JPY over the next three months, the combined percentage of respondents expecting the yen to appreciate against the US dollar was 63.9%, up 10.9ppt from the previous month. The response rate for "rise of about ¥5 against the dollar" rose 12.5ppt m-m to 41.6%. The response rate for "rise of about ¥10 against the dollar" fell 1.5ppt m-m to 17.5%, while that for "rise of more than ¥10 against the dollar" fell 0.1ppt m-m to 4.8%.

The response rate for "fall of about ¥5 against the dollar" declined 10.8ppt m-m to 26.9%, while that for "fall of about ¥10 against the dollar" declined 1.0ppt to 6.7%. In contrast, the response rate for "fall of more than ¥10 against the dollar" rose 0.9ppt m-m to 2.5%.

### (5) Investment appeal of US dollar declines sharply

On the outlook for different currencies over the next three months, we calculate a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month the DI for the US dollar declined by 15.7pt m-m to 22.7, marking its largest-ever margin of decline (with the period covered starting in January 2010). The DI for the yen, meanwhile, rose for the first time in three months, by 7.4pt to 29.7. The DI for the yuan rose for the first time in seven months, by 6.6pt to -43.2.

### (6) Appeal of Japanese equities and cash & deposits among financial instruments rises

To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for Japanese equities rose m-m for the third straight month, by 2.0pt to 40.9, while that for cash & deposits also rose m-m, by 1.7pt to 31.1. In contrast, the DI for foreign bonds declined 1.5pt m-m to 0.9.

### (7) Lower percentage of respondents expect prices to be higher one year out

When asked for their outlook for prices of regularly purchased goods and services one year out, the percentage of respondents selecting one of the "rise" responses increased 2.2ppt to 36.2%, while the percentage selecting one of the "fall" responses rose 1.4ppt m-m to 18.0%. The proportion of respondents selecting the "no change" response rose 0.8ppt m-m to 45.8%.

### (8) Shareholder returns

For this month's spot question, we asked about shareholder returns. When we asked respondents what dividend yield they expected when they invested in Japanese equities, the highest response rate, at 31.4%, was for "2% or more but less than 3%." This was followed by "3% or more but less than 4%," at 22.0%, and "1% or more but less than 2%," at 20.3%.

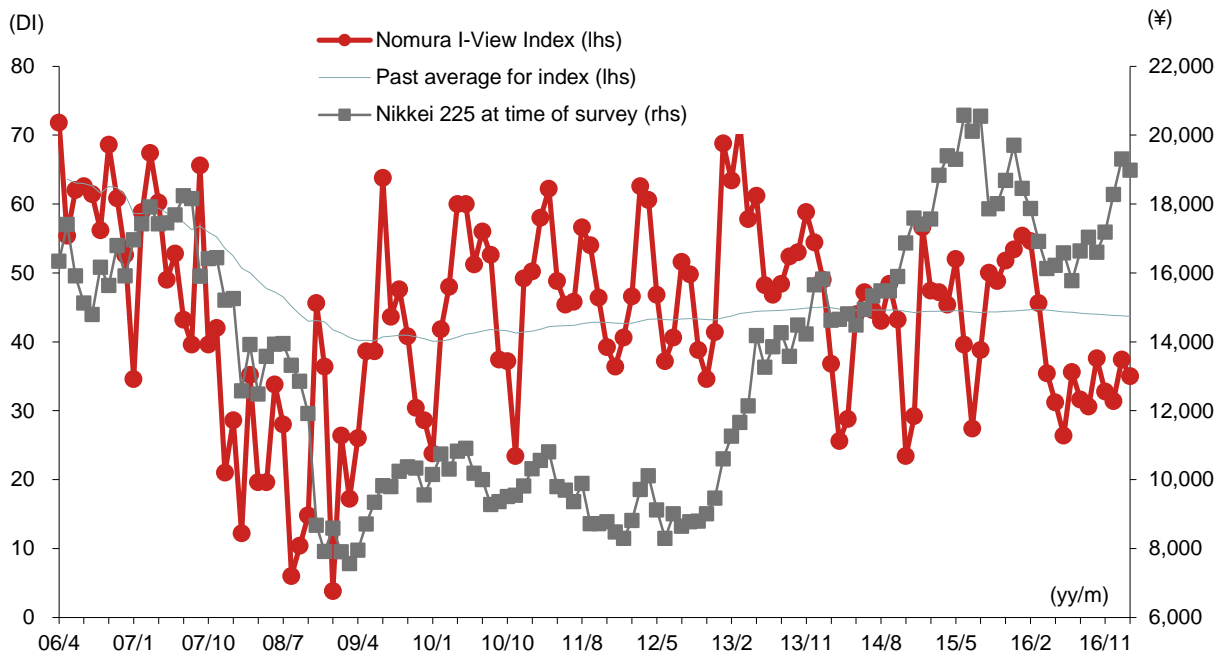
Next we asked investors in Japanese equities which company shareholder return policies they focused on. The greatest number, with a response rate of 73.5%, selected "cash dividends," followed by "shareholder perks," at 51.7%.

## 2. Survey results

### (1) Nomura I-View Index falls to 35.0 after rising previous 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 "fall" from that for "rise," was 35.0 in February 2017, falling m-m after having risen the previous month. The Nikkei 225 reference level (6 February 2017 close) was 18,976.71, down 324.73 from the previous survey (10 January 2017 close of 19,301.44) (Figure 1).

Fig. 1: The Nomura I-View Index and reference level of Nikkei 225 at time of survey

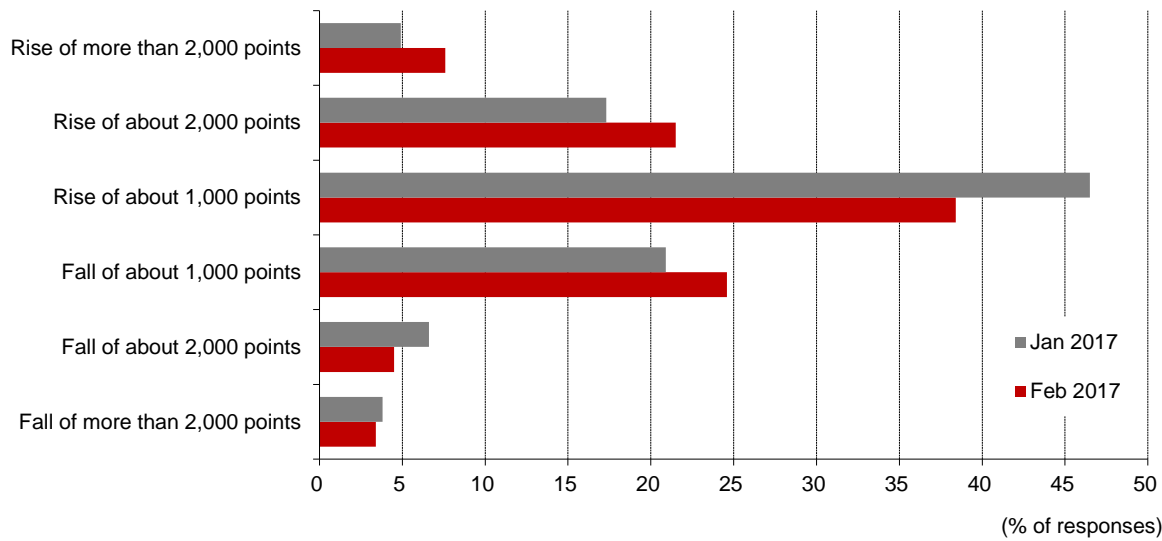


Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index (DI). The calculation method is as follows:  $\frac{((\text{number of responses indicating expected rise in share prices in the next three months}) - (\text{number of responses indicating expected fall in share prices in the next three months}))}{\text{divided by number of respondents}} \times 100$ . The figure for January 2010 used here excludes those respondents who projected that the Nikkei 225 would be flat. (2) The Nomura I-View Index ranges from -100 to +100. The closer to +100, the more bullish the outlook held by individual investors. The closer to -100, the more bearish the outlook held by individual investors.

The combined proportion of respondents expecting the Nikkei 225 to fall over the next three months was 32.5%, up 1.2ppt from 31.3% the previous month. The proportion of respondents expecting a "fall of about 1,000 points" rose 3.7ppt m-m to 24.6%, the proportion expecting a "fall of about 2,000 points" fell 2.1ppt to 4.5%, and the proportion expecting a "fall of more than 2,000 points" declined 0.4ppt to 3.4%.

The proportion of respondents expecting a "rise of about 1,000 points" fell 8.1ppt m-m to 38.4%, while the proportion expecting a "rise of about 2,000 points" rose 4.2ppt to 21.5% and the proportion expecting a "rise of more than 2,000 points" rose 2.7ppt to 7.6% (Figure 2).

**Fig. 2: Outlook for Nikkei 225 during the next three months**

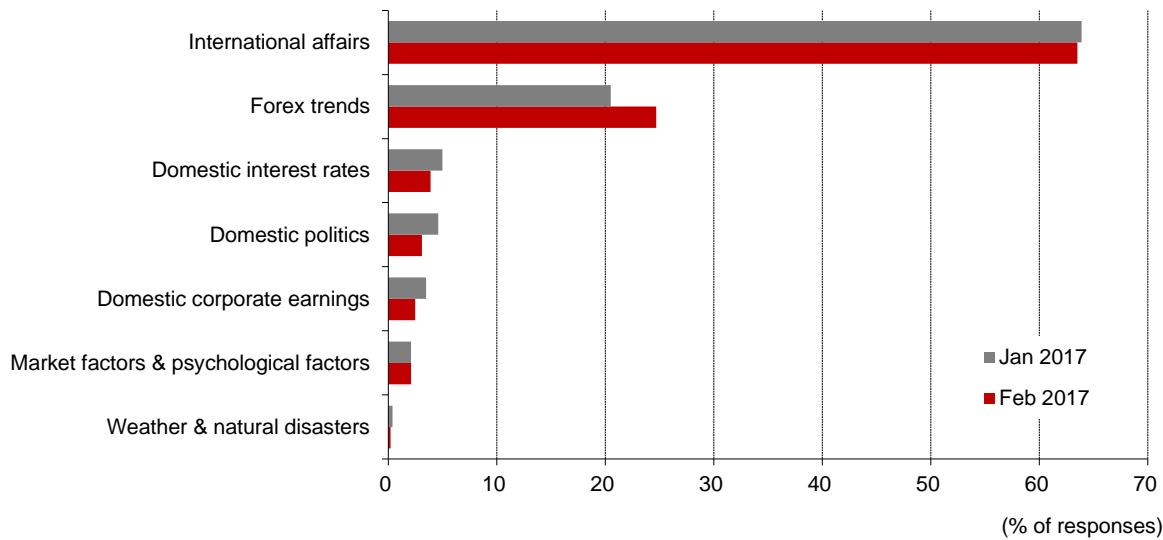


Note: Respondents were asked to share their outlook for the Nikkei 225 over the next three months based on the 6 February 2017 close of 18,976. Respondents could choose one answer from six possible responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points, with 1,000-point increments in between.

**(2) Increased investor interest in forex**

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "forex trends" rose 4.2ppt m-m to 24.7% and it was the only factor for which the response rate rose. The response rate for "market factors & psychological factors" was flat m-m, while response rates for all the other factors declined (Figure 3).

**Fig. 3: Impact of factors on the stock market**



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

**(3) Appeal of consumer goods sector rises, of automobile sector falls**

On the outlook for sectors over the next three months or so, we calculate a diffusion index (DI) by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the consumer goods sector rose 11.1pt m-m to 3.0, becoming

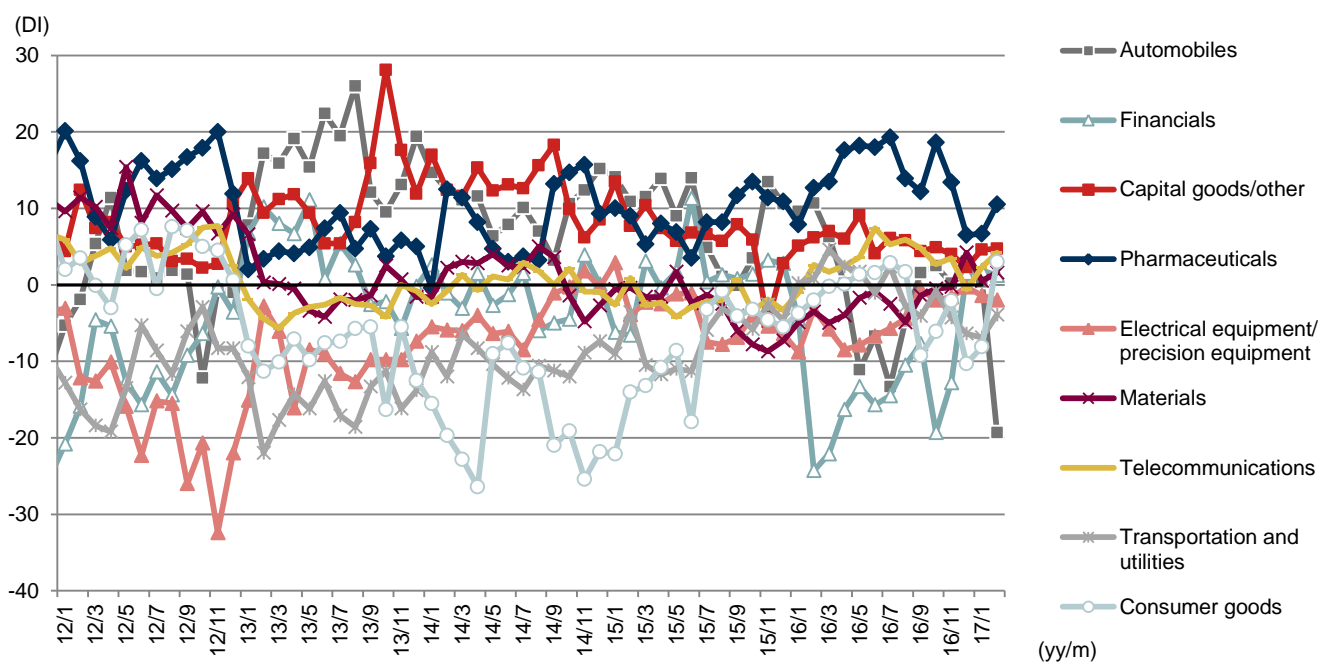
positive for the first time in six months. In contrast, the DI for the automobile sector fell 19.7pt to -19.3, taking it into negative territory for the first time in six months (Figures 4 and 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	10.5	15.9	5.4	6.7
Capital goods/other	4.7	9.8	5.1	4.6
Telecommunications	4.2	7.2	3.0	2.3
Consumer goods	3.0	14.6	11.6	-8.1
Materials	1.6	12.0	10.4	0.5
Financials	1.2	13.6	12.4	1.9
Electrical equipment/precision equipment	-2.0	8.1	10.1	-1.4
Transportation and utilities	-3.9	6.9	10.8	-6.9
Automobiles	-19.3	11.9	31.2	0.4

Note: Respondents were given nine sectors and asked to choose one they viewed as an appealing investment target and one they viewed as unappealing. For each sector, we calculated a DI 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 financial sector comprises banks, miscellaneous finance, securities, and insurance. The capital goods/other 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: DIs for investment appeal of 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 found appealing. We show the most popular responses in 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	99	3402	Toray Industries	8
8306	Mitsubishi UFJ Financial Group	30	4661	Oriental Land	8
9984	Softbank Group	30	4901	Fujifilm Holdings	8
4502	Takeda Pharmaceutical	26	6501	Hitachi	8
8411	Mizuho Financial Group	24	6594	Nidec	8
9202	ANA Holdings	17	7267	Honda Motor	8
8267	Aeon	16	2811	Kagome	7
6752	Panasonic	14	2897	Nissin Foods Holdings	7
7751	Canon	14	4568	Daiichi Sankyo	7
9437	NTT Docomo	13	5401	Nippon Steel & Sumitomo Metal	7
4528	Ono Pharmaceutical	11	6902	Denso	7
6758	Sony	11	8001	Itochu	7
7201	Nissan Motor	9	9432	Nippon Telegraph and Telephone	7
7974	Nintendo	9	9861	Yoshinoya Holdings	7
2931	Euglena	8			

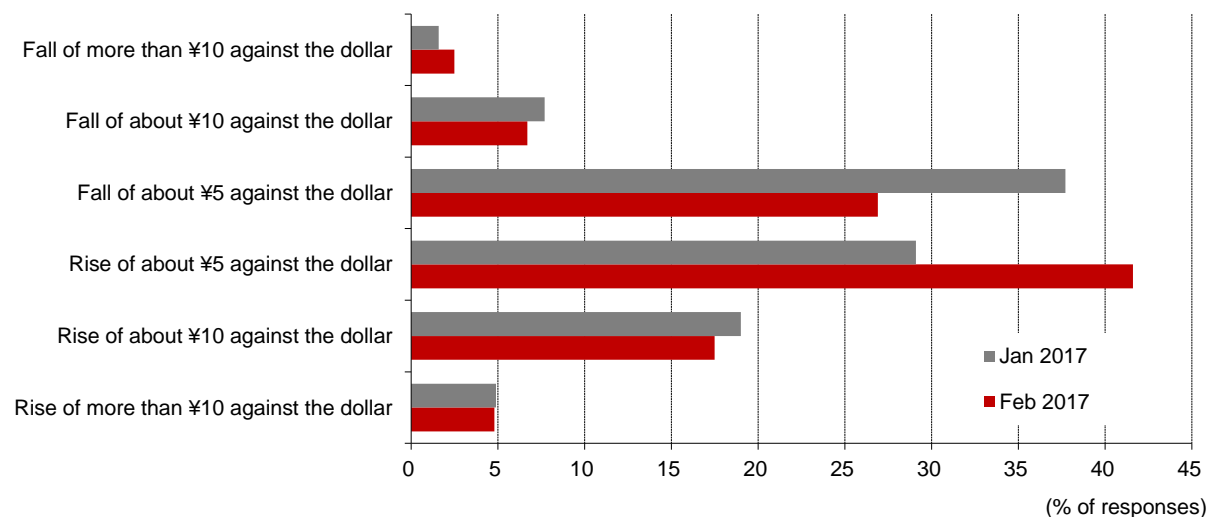
Note: Not included in valid responses were answers of "none" or clearly mistaken responses.

**(5) Rise in number of investors expecting slight yen appreciation against US dollar**

On the outlook for USD/JPY over the next three months, the combined percentage of respondents expecting the yen to appreciate against the US dollar was 63.9%, up 10.9ppt from the previous month. The response rate for "rise of about ¥5 against the dollar" rose 12.5ppt m-m to 41.6%. The response rate for "rise of about ¥10 against the dollar" fell 1.5ppt m-m to 17.5%, while that for "rise of more than ¥10 against the dollar" fell 0.1ppt m-m to 4.8%.

The response rate for "fall of about ¥5 against the dollar" declined 10.8ppt m-m to 26.9% while that for "fall of about ¥10 against the dollar" declined 1.0ppt to 6.7%. In contrast, the response rate for "fall of more than ¥10 against the dollar" rose 0.9ppt m-m to 2.5% (Figure 7).

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



Note: Respondents were asked to share their outlook for USD/JPY over the next three months, referencing a 6 February 2017 indicative rate of 112.45. They could choose one answer from six possible responses ranging from a rise of more than ¥10 against the dollar to a fall of more than ¥10 against the dollar, with ¥5 increments in between.

**(6) Investment appeal of US dollar declines sharply**

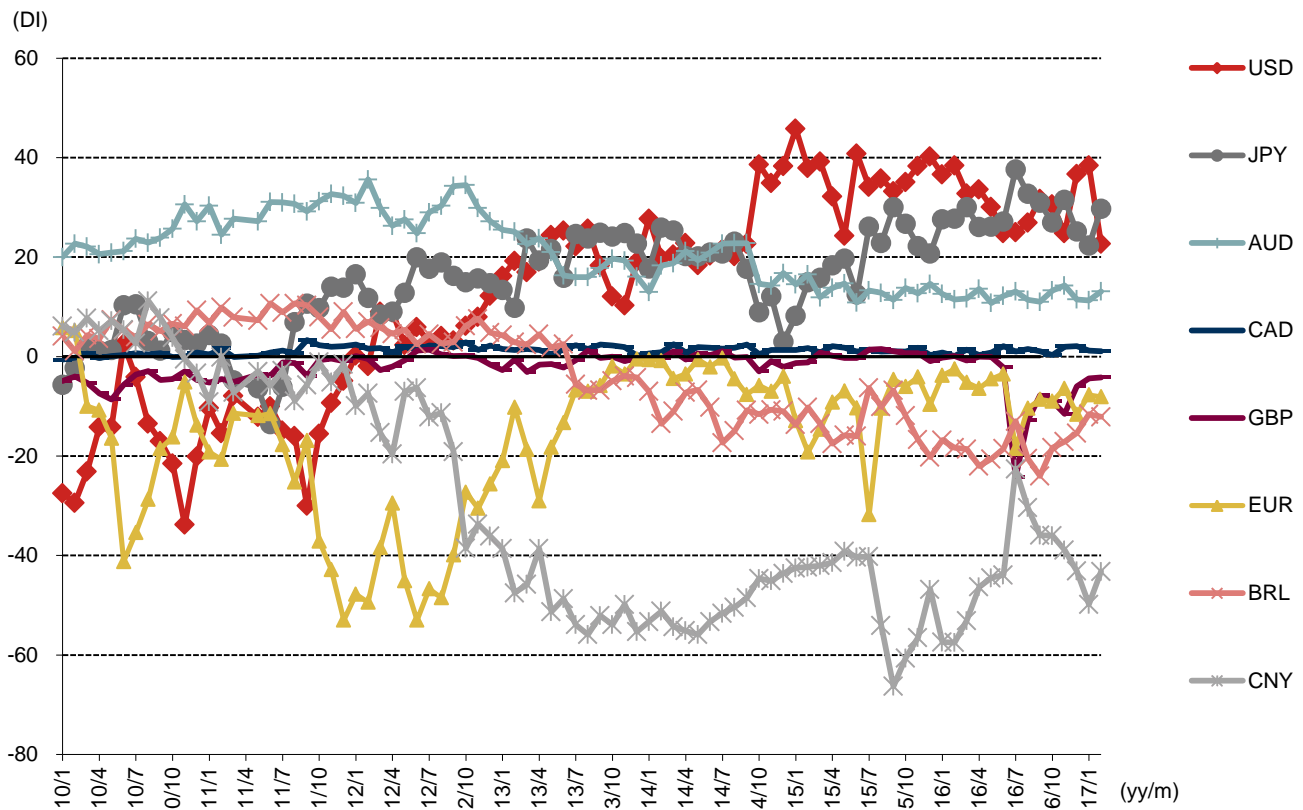
On the outlook for different currencies over the next three months, we calculate a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month the DI for the US dollar declined by 15.7pt m-m to 22.7, marking its largest-ever margin of decline (in the period beginning January 2010). The DI for the yen rose for the first time in three months, by 7.4pt m-m to 29.7. The DI for the yuan rose for the first time in seven months, by 6.6pt to -43.2 (Figures 8 and 9).

**Fig. 8: Investment appeal by currency**

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Japanese yen	29.7	37.0	7.3	22.3
US dollar	22.7	34.6	11.9	38.4
Australian dollar	13.1	14.9	1.8	11.3
Canadian dollar	1.1	1.8	0.7	1.2
Pound sterling	-4.2	3.3	7.5	-4.4
Euro	-8.1	3.3	11.4	-7.7
Brazilian real	-12.1	2.5	14.6	-11.6
Chinese yuan	-43.2	1.0	44.2	-49.8

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

**Fig. 9: DIs for investment appeal of selected currencies**



**(7) Appeal of Japanese equities and cash & deposits among financial instruments rises**

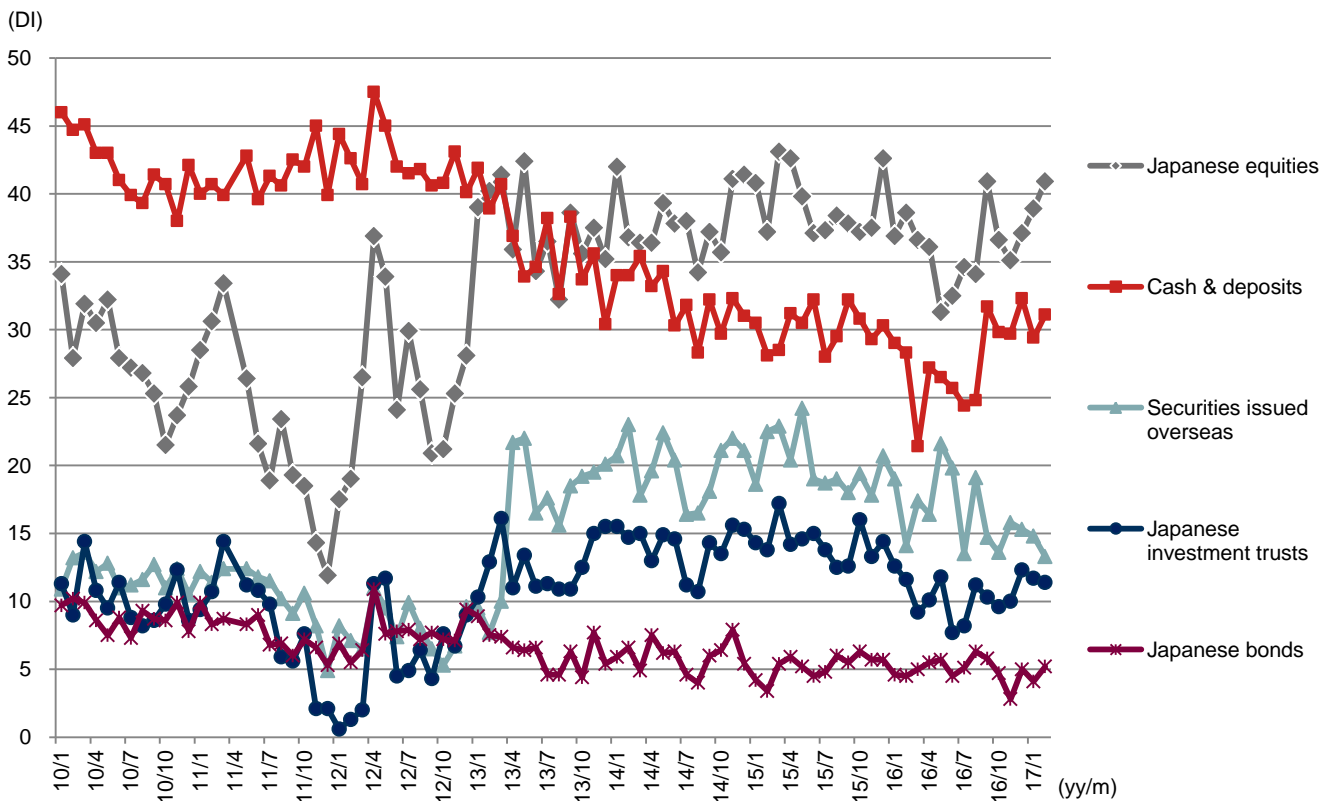
To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for Japanese equities rose m-m for the third straight month, by 2.0pt to 40.9, while that for cash & deposits also rose m-m, by 1.7pt to 31.1. In contrast, the DI for foreign bonds declined 1.5pt m-m to 0.9 (Figures 10 and 11).

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

Financial instrument	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Plan to increase	Plan to decrease	
Japanese equities	40.9	51.9	11.0	38.9
Cash & deposits	31.1	35.9	4.8	29.4
Japanese investment trusts	11.4	17.5	6.1	11.7
Gold	9.6	10.0	0.4	9.0
Foreign equities	8.1	9.2	1.1	8.6
Japanese bonds	5.2	7.3	2.1	4.1
Foreign investment trusts	4.3	6.5	2.2	3.8
Hybrid securities	1.5	2.2	0.7	1.8
Foreign bonds	0.9	2.8	1.9	2.4
Other	0.5	0.8	0.3	0.6
None	-47.4	28.1	75.5	-46.2

Note: Respondents were given a list of 11 responses and asked to choose those financial instruments for which they planned to increase their holdings and those for which they planned to decrease their holdings (multiple responses were allowed). "Plan to increase" refers to financial instruments that investors plan to hold for the first time or for which they plan to increase their holdings, while "plan to decrease" refers to instruments that investors plan to cease holding or for which they plan to decrease their holdings. Hybrid securities and gold were added to the list of choices from the February 2012 survey. Since the April 2013 survey, we have divided the former category of "Securities issued overseas" into foreign equities, foreign investment trusts, and foreign bonds.

**Fig. 11: DIs for financial instruments in which investors are planning either to increase or to decrease their holdings**



Note: "Securities issued overseas" is the total for foreign equities, foreign investment trusts, and foreign bonds.



**(8) Lower percentage of respondents expect prices to be higher one year out**

When asked for their outlook for prices of regularly purchased goods and services one year out, the percentage of respondents selecting one of the "rise" responses increased 2.2ppt m-m to 36.2%, while the percentage selecting one of the "fall" responses rose 1.4ppt m-m to 18.0%. The proportion selecting the "no change" response rose 0.8ppt m-m to 45.8% (Figure 12).

**Fig. 12: Outlook for prices one year out**

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	2.0	2.3
2	Fall of 2% up to 5%	5.2	4.4
3	Fall of less than 2%	10.8	9.9
4	No change (0%)	45.8	45.0
5	Rise of less than 2%	28.5	29.6
6	Rise of 2% up to 5%	6.4	7.5
7	Rise of 5% or more	1.3	1.3
	Total	100	100

Note: Respondents were asked to select one response to the question: "How do you expect prices of regularly purchased goods and services to differ from current levels one year out?"

**(9) Shareholder returns**

For this month's spot question, we asked about shareholder returns. When we asked respondents investing in Japanese equities what dividend yield they expected, the largest response rate, at 31.4%, was for "2% or more but less than 3%." This was followed by "3% or more but less than 4%," at 22.0%, and "1% or more but less than 2%," at 20.3% (Figure 13).

**Fig. 13: Expected levels of dividend yield (1,000 responses)**

	Choices	No. of responses	% of responses
1	0% (no dividend) acceptable	35	3.5
2	Less than 1% (excluding no dividend)	76	7.6
3	1% or more but less than 2%	203	20.3
4	2% or more but less than 3%	314	31.4
5	3% or more but less than 4%	220	22.0
6	4% or more but less than 5%	66	6.6
7	5% or more	86	8.6
	Number of responses	1,000	100.0

Note: Respondents were asked to choose one of a possible seven answers to the following question: When investing in Japanese stocks, what level of dividend yield do you seek?

Next, we asked investors which company shareholder return policies they focused on when they invested in Japanese equities. The highest response rate, of 73.5%, was for "cash dividends," followed by "shareholder perks," at 51.7% (Figure 14).

**Fig. 14: Shareholder return policies on which investors focus (1,000 responses)**

	Choices	No. of responses	% of responses
1	Cash dividends	735	73.5
2	Shareholder perks	517	51.7
3	Share buybacks	152	15.2
4	Stock splits	119	11.9
5	None in particular	70	7.0
	Number of responses	1,000	100.0

Note: Respondents were asked to choose one of the answers given to the following question: When investing in Japanese stocks, which company shareholder return policy do you focus on? (Multiple responses allowed.)

### 3. Nomura Individual Investor Survey

With the aim of better understanding investing activity by individuals and providing information on those trends, 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 6 February, with deadline for responses on 7 February.

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 outlook and attractive currencies, (5) financial instruments for which investors plan to change their holdings, and (6) inflation outlook (since July 2013). Respondents are also asked spot questions each month and queried about their personal profiles.

### 4. Nomura Individual Investor Survey (February 2017) respondents

Gender: Male (84.1%), female (15.9%)

Age: Under 30 (1.3%), 30–39 (8.5%), 40–49 (21.2%), 50–59 (29.7%), 60 and above (39.3%)

Occupation: Self-employed/fisheries, agriculture, forestry (6.2%), professional (physician/medical professional, lawyer, etc) (2.8%), company management/corporate officer (3.4%), company employee/public servant (47.4%), student (0.2%), full-time homemaker (7.6%), part-time worker/casual worker/job-hopper (6.2%), unemployed/pensioner (24.2%), other (2.0%)

Region: Kanto (50.1%), Kinki (19.0%), Tokai/Koshinetsu/Hokuriku (15.5%), Hokkaido/Tohoku (5.6%), Chugoku/Shikoku/Kyushu (9.8%)

Financial assets held: Less than ¥1,000,000 (6.4%), ¥1,000,000–¥2,999,999 (9.1%), ¥3,000,000–¥4,999,999 (11.3%), ¥5,000,000–¥9,999,999 (15.9%), ¥10,000,000–¥29,999,999 (30.4%), ¥30,000,000–¥49,999,999 (11.8%), ¥50,000,000 or more (15.1%)

Value of domestic stocks held: Less than ¥500,000 (10.7%), ¥500,000–¥999,999 (13.5%), ¥1,000,000–¥2,999,999 (22.1%), ¥3,000,000–¥4,999,999 (15.5%), ¥5,000,000–¥9,999,999 (15.8%), ¥10,000,000–¥29,999,999 (15.7%), ¥30,000,000 or more (6.7%)

Investment experience: Less than three years (4.0%), three years to less than five years (8.5%), five years to less than 10 years (22.0%), 10 years to less than 20 years (28.2%), 20 years or more (37.3%)

Investment plan for domestic stocks: Mainly for long-term holding (46.7%), pursuit of gains from short-term appreciation (14.0%), pursuit of dividends and shareholder perks (26.6%), no particular plan (12.7%)

#### Notice

The next Nomura Individual Investor Survey (March 2017) is scheduled for release on Thursday, 16 March 2017.

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

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42% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 52% of companies with this rating are investment banking clients of the Nomura Group\*. 0% of companies (which are admitted to trading on a regulated market in the EEA) with this rating were supplied material services by the Nomura Group

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As at 31 December 2016.

\*The Nomura Group as defined in the Disclaimer section at the end of this report.

\*\* As defined by the EU Market Abuse Regulation

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42% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; Instinet LLC has provided investment banking services to 0% of companies with this rating within the previous 12 months.

5% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; Instinet LLC has provided investment banking services to 0% of companies with this rating within the previous 12 months.

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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. Securities and/or companies that are labelled as '**Not rated**' or shown as '**No rating**' are not in regular research coverage. Investors should not expect continuing or additional information from Nomura relating to such securities and/or companies. Benchmarks are as follows: **United States/Europe/Asia ex-Japan**: please see valuation methodologies for explanations of relevant benchmarks for stocks, which can be accessed at: <http://go.nomuranow.com/research/globalresearchportal/pages/disclosures/disclosures.aspx>; **Global Emerging Markets (ex-Asia)**: MSCI Emerging Markets ex-Asia, unless otherwise stated in the valuation methodology; **Japan**: Russell/Nomura Large Cap.

## SECTORS

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## Target Price

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When Japanese government bonds (JGBs) for individual investors are purchased via public offerings, only the purchase price shall be paid, with no sales commission charged. As a rule, JGBs for individual investors may not be sold in the first 12 months after issuance. 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: (1) for 10-year variable rate bonds, an amount equal to the two preceding coupon payments (before tax) x 0.79685 will be used, (2) for 5-year and 3-year fixed rate bonds, an amount equal to the two preceding coupon payments (before tax) x 0.79685 will be used.

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