

Nomura Individual Investor Survey

April 2017

20 April 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 30.4, lowest level since June 2016

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 30.4 in April 2017, falling m-m to its lowest level since June 2016 after having risen the previous month. The Nikkei 225 reference level (10 April 2017 close) was 18,797.88, down 581.26 from the previous survey (6 March 2017 close of 19,379.14).

(2) Investor interest in international affairs rises, in forex trends declines

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "international affairs" rose 6.7ppt m-m to 65.3% while that for "forex trends" fell 7.1ppt m-m to 17.8%.

(3) Appeal of transportation and utilities sector rises, of financial sector declines

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 transportation and utilities sector rose 5.5pt m-m to -2.3, while the DI for the financial sector declined 10.2pt m-m to -10.4, slipping further into negative territory.

(4) Rise in number of investors expecting 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 61.8%, up 5.4ppt from the previous month. The response rate for "rise of about ¥5 against the dollar" rose 6.4ppt m-m to 44.7%. The response rate for "rise of about ¥10 against the dollar" rose 0.2ppt m-m to 14.0%, while that for "rise of more than ¥10 against the dollar" declined 1.2ppt m-m to 3.1%.

The response rate for "fall of about ¥5 against the dollar" fell 2.9ppt m-m to 32.6%, while that for "fall of about ¥10 against the dollar" fell 2.0ppt to 4.7%. The response rate for "fall of more than ¥10 against the dollar" declined 0.5ppt m-m to 0.9%.

(5) Investment appeal DI of US dollar falls 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 fell 8.3pt m-m to 27.4, while the DI for the yen rose 4.6pt m-m to 30.9.

(6) Among financial instruments, appeal of Japanese equities rises to highest level since December 2015

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 3.8pt m-m to 42.5, its highest level since December 2015. The DI for Japanese investment trusts fell 3.8pt m-m to 11.2, while that for gold fell 3.2pt to 7.1.

(7) Higher 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 2.1ppt m-m to 40.0%, while the percentage selecting one of the "fall" responses declined 1.2ppt m-m to 14.7%. The proportion of respondents selecting the "no change" response fell 0.9ppt m-m to 45.3%.

(8) Individual investor returns over the past year and future intentions regarding unrealized gains and losses

For this month's spot question, we asked investors about their returns on equity investments last fiscal year and their approach and views with respect to profits (unrealized gains) and losses (unrealized losses). On their equity investments over the past fiscal year (April 2016 through March 2017), respondents were asked to choose one of several options regarding their gains and losses (including both realized and unrealized profits and losses). The largest proportion of respondents, 25.1%, selected the response "profits and losses were about 50:50, with results satisfactory considering the investment environment."

We next asked respondents to choose one option to best describe their intentions and views on profits (unrealized gains). The highest percentage, at 45.1%, was for "no set stance; will decide depending on the circumstances." The next most popular responses were "lock in profits at gains of around 11-20%" (17.7%), "lock in profits at gains of around 10%" (14.6%), and "lock in profits at gains of around 21-30%" (11.4%).

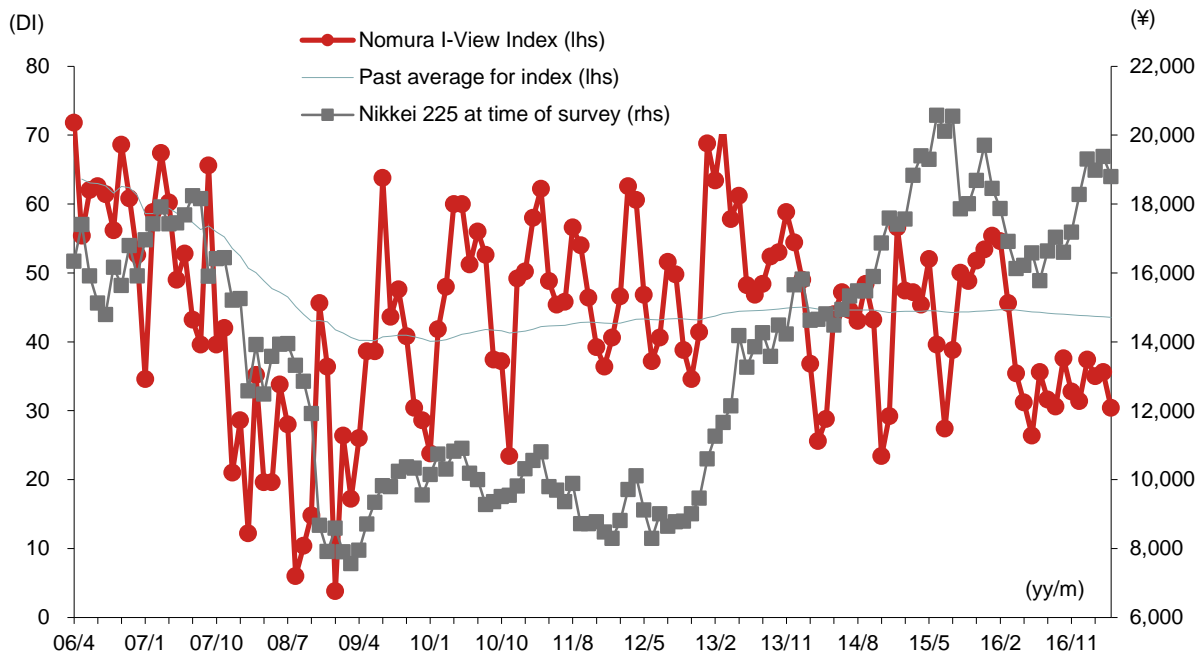
Lastly, we asked respondents to select one answer to best describe their intentions and views on losses (unrealized losses). The most popular response, at 60.8%, was "no set stance; will decide depending on the circumstances." The next most popular responses were "exit when losses reach around 11-20%" (13.5%), followed by "exit when losses reach around 10%" (11.7%) and "exit when losses reach 21-30%" (8.6%), indicating that around one-third of investors seek to cut losses when they reach up to 30%. From their responses, it is apparent that more individual investors have no set stance on cutting losses than is the case for locking in profits.

2. Survey results

(1) Nomura I-View Index falls to 30.4, lowest level since June 2016

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 30.4 in April 2017, falling m-m to its lowest level since June 2016 after having risen the previous month. The Nikkei 225 reference level (10 April 2017 close) was 18,797.88, down 581.26 from the previous survey (6 March 2017 close of 19,379.14).

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

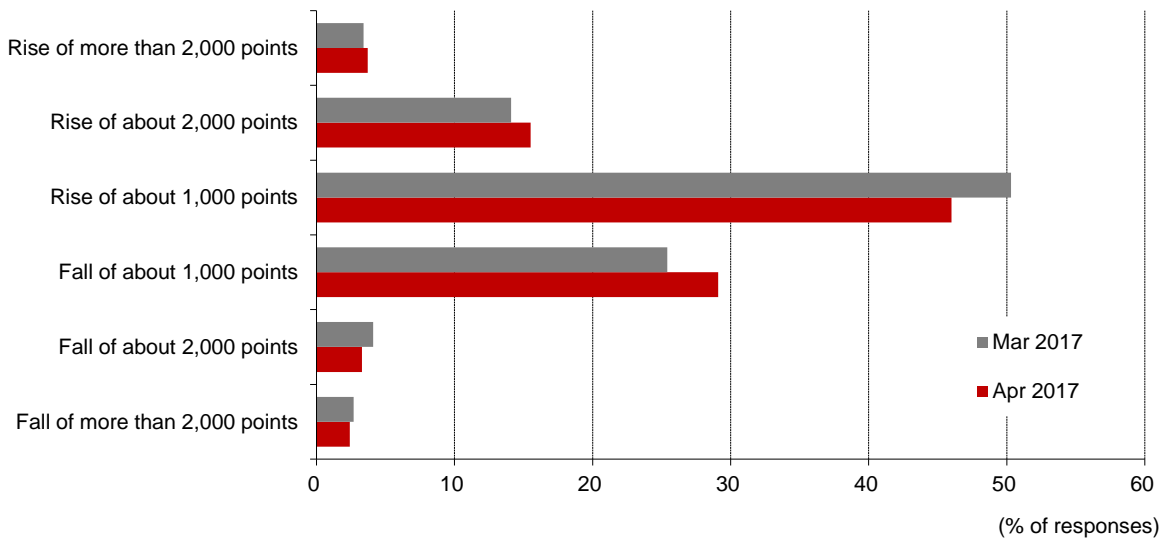


Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index (DI). The calculation method is as follows: $\frac{(\text{number of responses indicating expected rise in share prices in the next three months}) - (\text{number of responses indicating expected fall in share prices in the next three months})}{\text{number of respondents}} \times 100$. 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 34.8%, up 2.6ppt from 32.2% the previous month. The proportion of respondents expecting a "fall of about 1,000 points" rose 3.7ppt m-m to 29.1%, the proportion expecting a "fall of about 2,000 points" fell 0.8ppt to 3.3%, and the proportion expecting a "fall of more than 2,000 points" declined 0.3ppt to 2.4%.

The proportion of respondents expecting a "rise of about 1,000 points" fell 4.3ppt m-m to 46.0%, while the proportion expecting a "rise of about 2,000 points" rose 1.4ppt to 15.5%. The proportion expecting a "rise of more than 2,000 points" rose 0.3ppt to 3.7% (Figure 2).

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

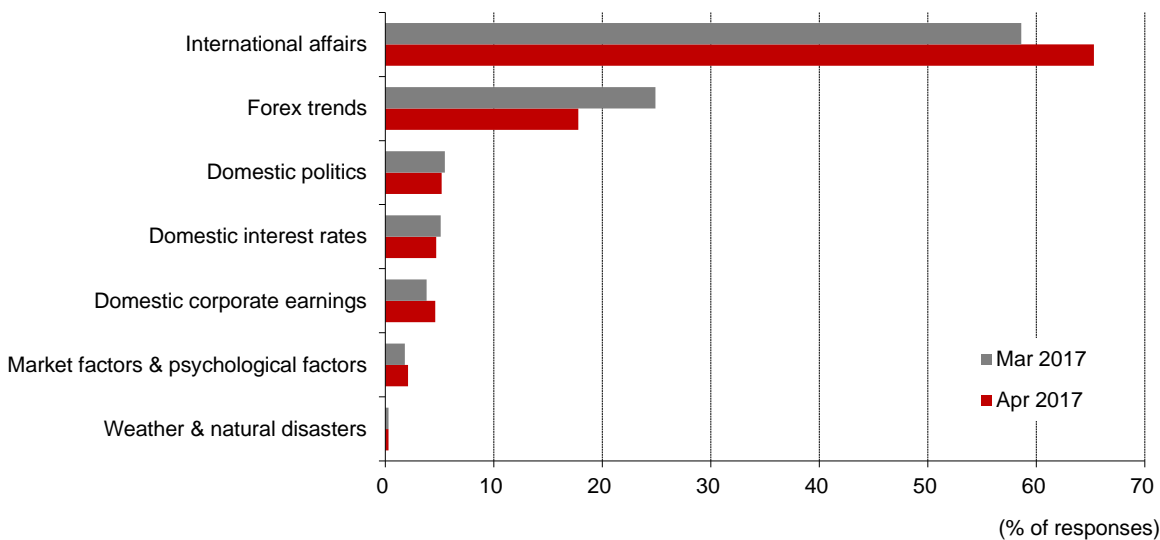


Note: Respondents were asked to share their outlook for the Nikkei 225 over the next three months based on the 10 April 2017 close of 18,797. Respondents could choose one answer from six possible responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points, with 1,000-point increments in between.

(2) Investor interest in international affairs rises, in forex trends declines

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "international affairs" rose 6.7ppt m-m to 65.3%, while that for "forex trends" fell 7.1ppt m-m to 17.8% (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 transportation and utilities sector rises, of financial sector declines

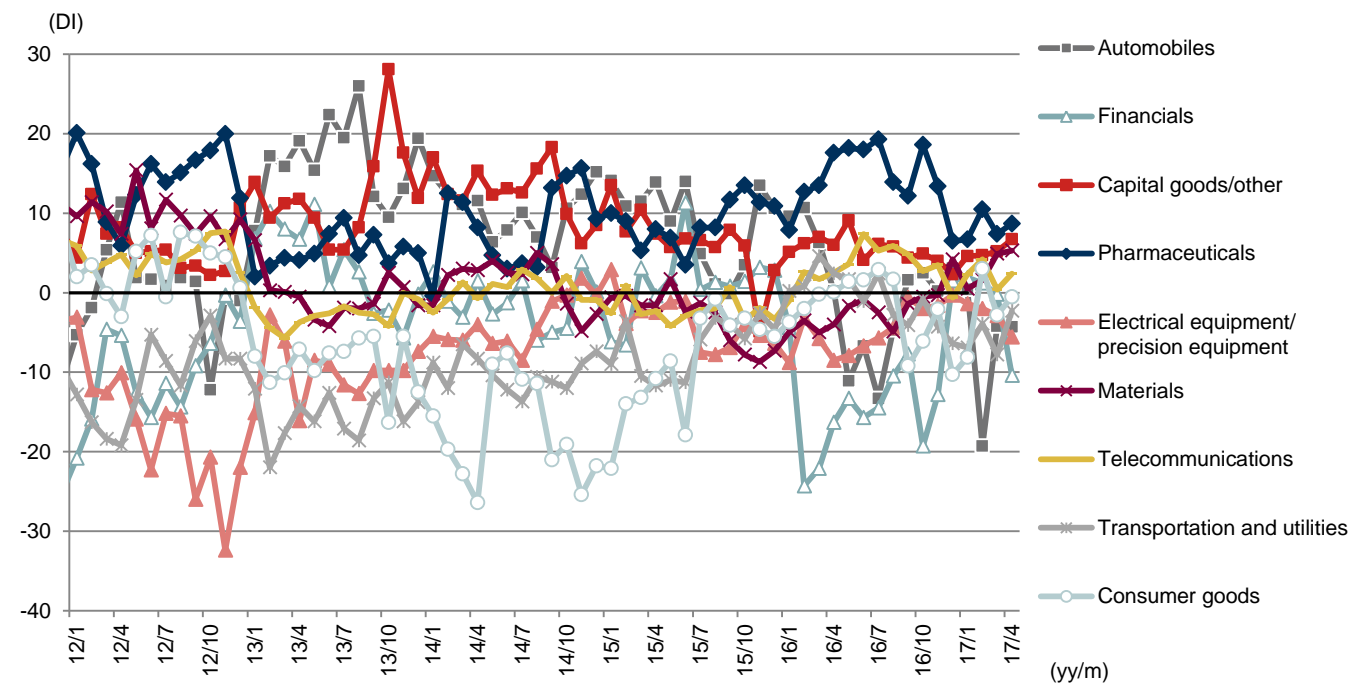
On the outlook for sectors over the next three months or so, we calculate a diffusion index (DI) by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the transportation and utilities sector rose 5.5pt m-m to -2.3, while the DI for the financial sector declined 10.2pt m-m to -10.4, slipping further into negative territory (Figures 4 and 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	8.7	14.0	5.3	7.4
Capital goods/other	6.7	11.1	4.4	5.2
Materials	5.3	16.0	10.7	4.9
Telecommunications	2.4	6.0	3.6	0.4
Consumer goods	-0.5	13.8	14.3	-2.8
Transportation and utilities	-2.3	8.2	10.5	-7.8
Automobiles	-4.3	11.0	15.3	-4.2
Electrical equipment/precision equipment	-5.6	8.3	13.9	-2.9
Financials	-10.4	11.6	22.0	-0.2

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	83	6502	Toshiba	9
4502	Takeda Pharmaceutical	29	8591	Orix	9
8411	Mizuho Financial Group	22	9020	East Japan Railway	9
9984	Softbank Group	21	4503	Astellas Pharma	8
8058	Mitsubishi Corp	20	6753	Sharp	8
9202	ANA Holdings	20	7011	Mitsubishi Heavy Industries	8
8306	Mitsubishi UFJ Financial Group	19	8001	Itochu	8
8267	Aeon	17	9437	NTT Docomo	8
6758	Sony	11	3402	Toray Industries	7
7201	Nissan Motor	11	4901	Fujifilm Holdings	7
2702	McDonald's Holdings (Japan)	10	6752	Panasonic	7
5401	Nippon Steel & Sumitomo Metal	10	7974	Nintendo	7
6501	Hitachi	10	8604	Nomura Holdings	7
9432	Nippon Telegraph and Telephone	10	8750	Dai-ichi Life Holdings	7
4452	Kao	9	9142	Kyushu Railway	7
4661	Oriental Land	9	9201	Japan Airlines	7

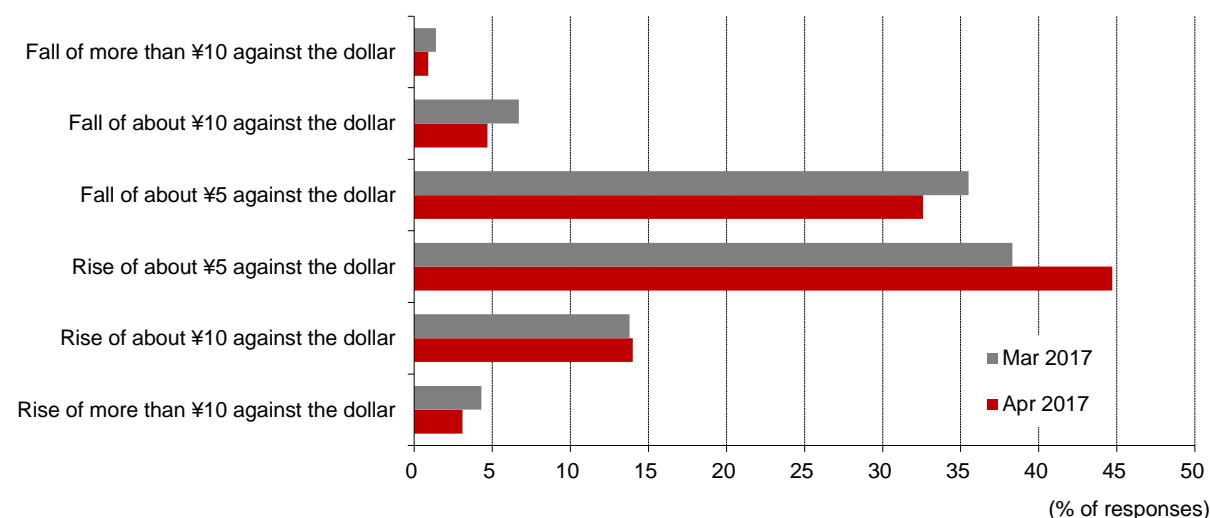
Note: Not included in valid responses were answers of "none" or clearly mistaken responses.

(5) Rise in number of investors expecting 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 61.8%, up 5.4ppt from the previous month. The response rate for "rise of about ¥5 against the dollar" rose 6.4ppt m-m to 44.7%, that for "rise of about ¥10 against the dollar" rose 0.2ppt m-m to 14.0%, and that for "rise of more than ¥10 against the dollar" declined 1.2ppt m-m to 3.1%.

The response rate for "fall of about ¥5 against the dollar" fell 2.9ppt m-m to 32.6%, that for "fall of about ¥10 against the dollar" fell 2.0ppt to 4.7%, and that for "fall of more than ¥10 against the dollar" declined 0.5ppt m-m to 0.9% (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 10 April 2017 indicative rate of 111.46. 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 DI of US dollar declines

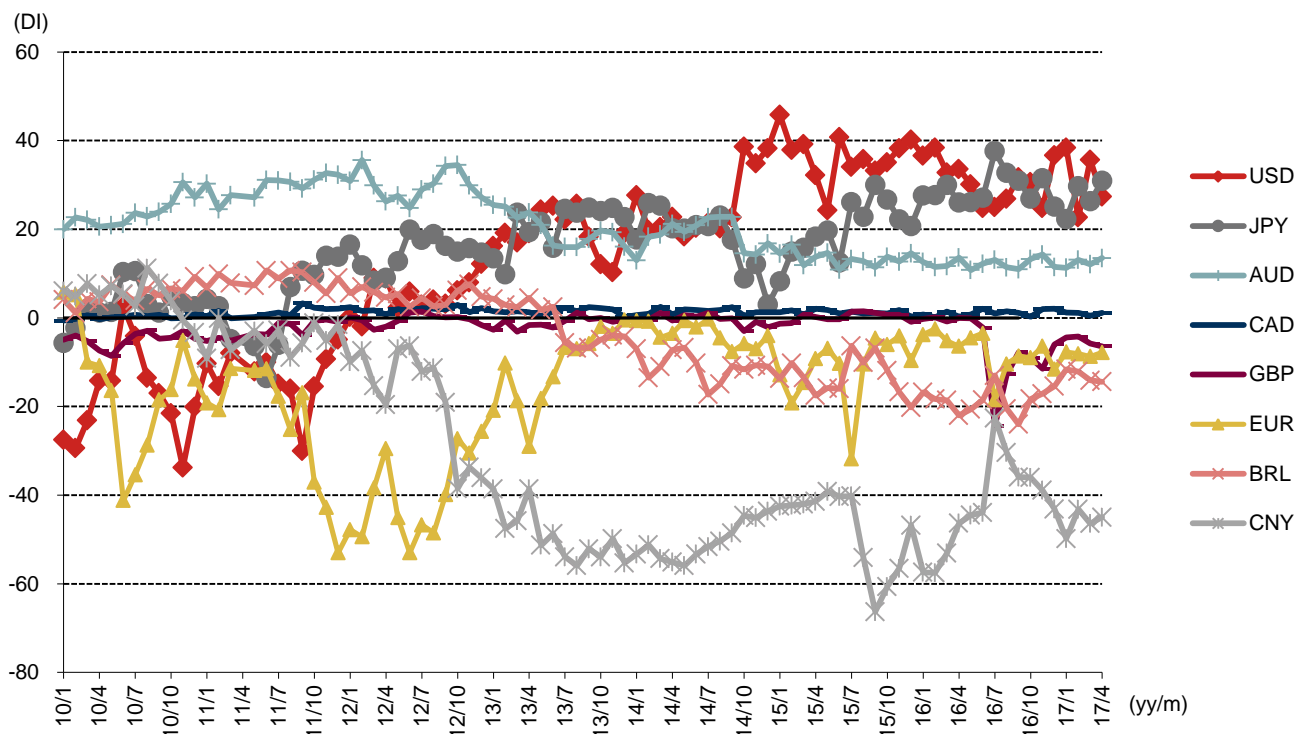
On the outlook for different currencies over the next three months, we calculate a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month the DI for the US dollar fell 8.3pt m-m to 27.4, while the DI for the yen rose 4.6pt m-m to 30.9 (Figures 8 and 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Japanese yen	30.9	38.3	7.4	26.3
US dollar	27.4	36.1	8.7	35.7
Australian dollar	13.5	14.5	1.0	12.1
Canadian dollar	1.1	1.5	0.4	0.5
Pound sterling	-6.4	2.0	8.4	-5.8
Euro	-7.8	3.8	11.6	-8.7
Brazilian real	-14.4	1.9	16.3	-14.1
Chinese yuan	-45.0	0.7	45.7	-46.4

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) Among financial instruments, appeal of Japanese equities rises, with DI at highest level since December 2015

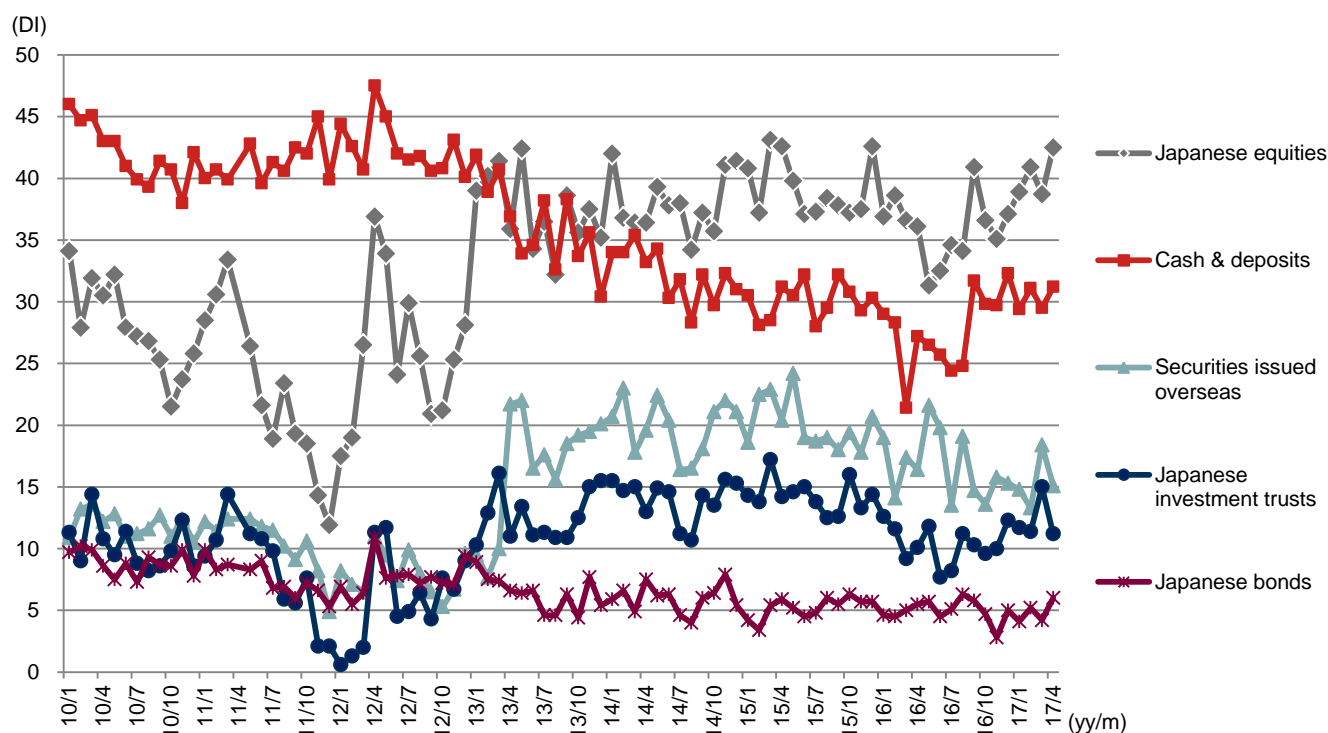
To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for Japanese equities rose 3.8pt m-m to 42.5, its highest level since December 2015. The DI for Japanese investment trusts fell 3.8pt m-m to 11.2, while that for gold fell 3.2pt to 7.1 (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	42.5	52.7	10.2	38.7
Cash & deposits	31.2	36.1	4.9	29.5
Japanese investment trusts	11.2	18.6	7.4	15.0
Foreign equities	8.8	9.8	1.0	9.5
Gold	7.1	7.8	0.7	10.3
Japanese bonds	6.0	7.6	1.6	4.2
Foreign investment trusts	4.3	6.2	1.9	7.0
Foreign bonds	2.0	3.5	1.5	1.9
Hybrid securities	1.4	1.8	0.4	2.4
Other	0.8	0.9	0.1	0.2
None	-46.9	29.2	76.1	-47.6

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) Higher 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 2.1ppt m-m to 40.0%, while the percentage selecting one of the "fall" responses declined 1.2ppt m-m to 14.7%. The proportion of respondents selecting the "no change" response fell 0.9ppt m-m to 45.3% (Figure 12).

Fig. 12: Outlook for prices one year out

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	2.5	2.2
2	Fall of 2% up to 5%	3.6	4.0
3	Fall of less than 2%	8.6	9.7
4	No change (0%)	45.3	46.2
5	Rise of less than 2%	29.4	32.1
6	Rise of 2% up to 5%	9.4	5.0
7	Rise of 5% or more	1.2	0.8
	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) Individual investor returns over the past year and future intentions regarding unrealized gains and losses

For this month's spot question, we asked investors about their returns on equity investments last fiscal year and their approach and views with respect to profits (unrealized gains) and losses (unrealized losses). On their equity investments over the past fiscal year (April 2016 through March 2017), respondents were asked to choose one of several options regarding their gains and losses (including both realized and unrealized profits and losses). The largest proportion of respondents, 25.1%, selected the response "profits and losses were about 50:50, with results satisfactory considering the investment environment" (Figure 13).

Fig. 13: Individual investor returns on equity investments over the past year (April 2016 to March 2017)

	Choices	% of responses
1	Returns overall were positive, with results satisfactory considering the investment environment	14.1
2	Returns overall were positive, but disappointing considering the investment environment	22.3
3	Profits and losses were about 50:50, with results satisfactory considering the investment environment	25.1
4	Returns overall were 50:50, with results disappointing considering the investment environment	19.4
5	Returns as a whole were negative, but satisfactory considering the investment environment	6.0
6	Returns overall were negative, with results disappointing considering the investment environment	13.1
	Total	100.0

Note: Regarding their (domestic and overseas) equity investment returns over the past fiscal year (April 2016 to March 2017), respondents were asked to choose one of the responses from among the six options listed above.

We next asked respondents to choose one option to best describe their intentions and views on profits (unrealized gains). The highest percentage, at 45.1%, was for "no set stance; will decide depending on the circumstances." The next most popular responses were "lock in profits at gains of around 11-20%" (17.7%), "lock in profits at gains of around 10%" (14.6%), and "lock in profits at gains of around 21-30%" (11.4%) (Figure 14).

Fig. 14: Intentions and views with respect to profits (unrealized gains)

	Choices	% of responses
1	Lock in profits at gains of around 10%	14.6
2	Lock in profits at gains of around 11-20%	17.7
3	Lock in profits at gains of around 21-30%	11.4
4	Lock in profits at gains of around 31-50%	5.9
5	Lock in profits at gains of around 51-100% (doubling in value)	2.4
6	Lock in profits at gains of over 100% (more than doubling in value)	1.6
7	Other	1.3
8	No set stance; will decide depending on the circumstances	45.1
	Total	100.0

Note: We asked investors to choose one answer from the above that best described their intentions and views on profits (unrealized gains).

Lastly, we asked respondents to select one answer to best describe their intentions and views on losses (unrealized losses). The most popular response, at 60.8%, was "no set stance; will decide depending on the circumstances." The next most popular responses were "exit when losses reach around 11-20%" (13.5%), followed by "exit when losses reach around 10%" (11.7%) and "exit when losses reach 21-30%" (8.6%), indicating that around one-third of investors seek to cut losses when they reach up to 30%. From their responses, it is apparent that more individual investors have no set stance on cutting losses than is the case for locking in profits (Figure 15).

Fig. 15: Intentions and views with respect to losses (unrealized losses)

	Choices	% of responses
1	Exit when losses reach around 10%	11.7
2	Exit when losses reach around 11-20%	13.5
3	Exit when losses reach around 21-30%	8.6
4	Exit when losses reach around 31-50%	2.7
5	Exit when losses reach between 51% (halving in value) and 75% (declining to quarter of value)	0.9
6	Exit when losses exceed 75% (declining to less than quarter of value)	0.4
7	Other	1.4
8	No set stance; will decide depending on the circumstances	60.8
	Total	100.0

Note: We asked investors to choose one answer from the above that best described their intentions and views on losses (unrealized losses).

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 10 April, with deadline for responses on 11 April.

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 (April 2017) respondents

Gender: Male (81.6%), female (18.4%)

Age: Under 30 (1.0%), 30–39 (8.0%), 40–49 (23.9%), 50–59 (28.9%), 60 and above (38.2%)

Occupation: Self-employed/fisheries, agriculture, forestry (7.4%), professional (physician/medical professional, lawyer, etc) (2.8%), company management/corporate officer (3.9%), company employee/public servant (46.2%), student (0.1%), full-time homemaker (9.7%), part-time worker/casual worker/job-hopper (5.9%), unemployed/pensioner (21.7%), other (2.3%)

Region: Kanto (50.3%), Kinki (19.3%), Tokai/Koshinetsu/Hokuriku (15.0%), Hokkaido/Tohoku (4.6%), Chugoku/Shikoku/Kyushu (10.8%)

Financial assets held: Less than ¥1,000,000 (6.0%), ¥1,000,000–¥2,999,999 (9.3%), ¥3,000,000–¥4,999,999 (10.2%), ¥5,000,000–¥9,999,999 (15.9%), ¥10,000,000–¥29,999,999 (30.2%), ¥30,000,000–¥49,999,999 (13.0%), ¥50,000,000 or more (15.4%)

Value of domestic stocks held: Less than ¥500,000 (9.1%), ¥500,000–¥999,999 (12.3%), ¥1,000,000–¥2,999,999 (21.4%), ¥3,000,000–¥4,999,999 (16.4%), ¥5,000,000–¥9,999,999 (17.4%), ¥10,000,000–¥29,999,999 (15.9%), ¥30,000,000 or more (7.5%)

Investment experience: Less than three years (3.6%), three years to less than five years (8.2%), five years to less than 10 years (20.8%), 10 years to less than 20 years (32.8%), 20 years or more (34.6%)

Investment plan for domestic stocks: Mainly for long-term holding (45.3%), pursuit of gains from short-term appreciation (12.3%), pursuit of dividends and shareholder perks (27.9%), no particular plan (14.5%)

Notice

The next Nomura Individual Investor Survey (May 2017) is scheduled for release on Thursday, 25 May 2017.

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

Important Disclosures

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41% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 51% 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

8% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; 7% 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.

As at 31 March 2017.

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

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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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