

# **Nomura Individual Investor Survey**

February 2018

16 February 2018

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 for first time in three months, to 27.6

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 27.6 in February 2018, down 22.0pt m-m. The Nikkei 225 reference level (5 February 2018 close) was 22,682.02, down 1,167.91 from the previous survey (9 January 2018 close of 23,849.99).

### (2) Reduced investor interest in domestic corporate earnings

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "domestic corporate earnings" fell 3.5ppt m-m to 6.6%. In contrast, response rates rose for "domestic interest rates," by 2.0ppt to 6.5%, "international affairs," by 1.8ppt to 65.7%, and forex trends, by 1.2ppt to 12.6%.

### (3) Appeal of pharmaceuticals sector increases, of financials sector falls

On the outlook for individual 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 pharmaceuticals sector rose 6.1pt m-m to 9.1, its highest level since February 2017. In contrast, the DI for the financials sector declined for the first time in three months, by 8.7pt to -16.5.

### (4) Rise in percentage 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 56.7%, up 9.1ppt from the previous month. The response rate for "rise of about ¥5 against the dollar" rose 6.9ppt m-m to 41.8% and that for "rise of about ¥10 against the dollar" rose 1.7ppt to 12.3%. The response rate for "rise of more than ¥10 against the dollar" rose 0.5ppt m-m to 2.6%.

The response rate for "fall of about ¥5 against the dollar" fell 8.0ppt m-m to 37.4%, while the response rate for "fall of about ¥10 against the dollar" fell 1.1ppt to 4.7%. The response rate for "fall of more than ¥10 against the dollar" was unchanged from the previous month, at 1.2%.

### (5) Investment appeal of Japanese yen rises

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 Japanese yen rose by 7.6pt m-m to 26.9. In contrast, the DI for the US dollar declined by 5.8pt m-m to 26.5.

### (6) Cash & deposits attract greater attention

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 cash & deposits rose 3.2pt m-m to 31.0, its highest level since April 2017. The DI for Japanese investment trusts rose by 2.2pt m-m to 15.9.

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

When asked for their outlook for prices of regularly purchased goods and services one year out, 49.5% of respondents selected a "rise" response, up 1.1ppt from the previous month. The percentage of respondents selecting the "no change" response fell 2.9ppt to 38.2%. The percentage of respondents selecting a "fall" response rose 1.8ppt m-m to 12.3%.

### (8) 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 31.1%, was for "2% or more but less than 3%." This was followed by "3% or more but less than 4%," at 22.7%, and "1% or more but less than 2%," at 19.1%.

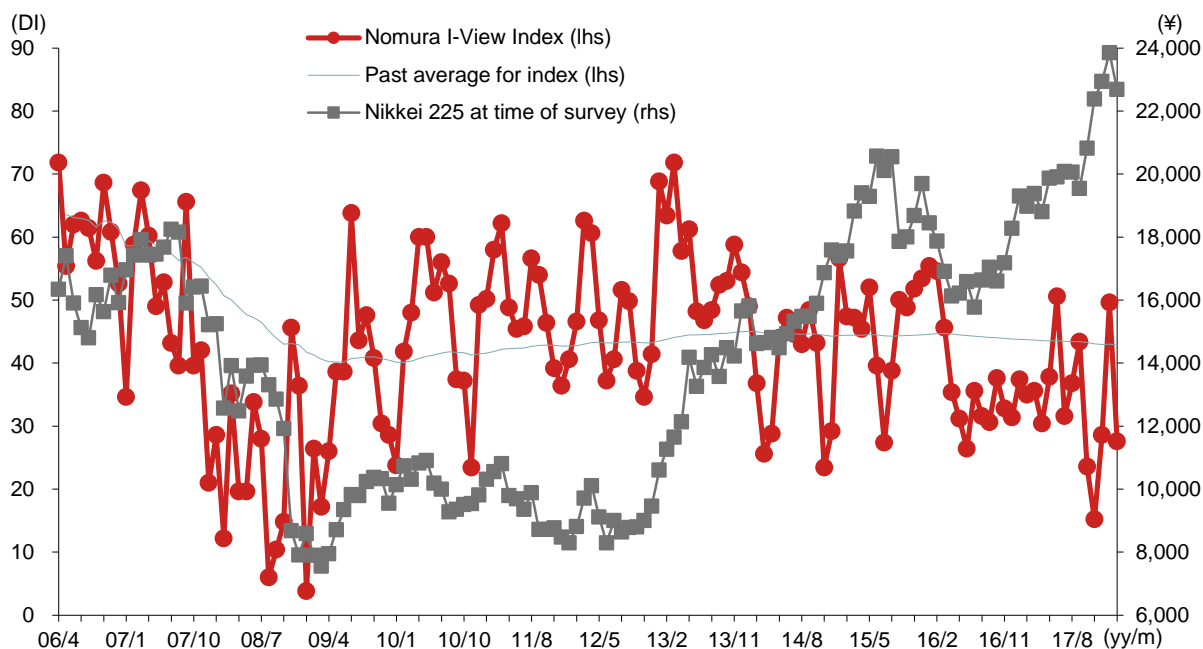
Next, we asked investors which company shareholder return policies they focused on when they invested in Japanese equities. The highest response rate, at 72.3%, was for "cash dividends," followed by "shareholder perks," at 51.3%.

## 2. Survey results

### (1) Nomura I-View Index falls for first time in three months, to 27.6

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 27.6 in February 2018, down 22.0pt m-m. The Nikkei 225 reference level (5 February 2018 close) was 22,682.02, down 1,167.91 from the previous survey (9 January 2018 close of 23,849.99). (Figure 1)

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

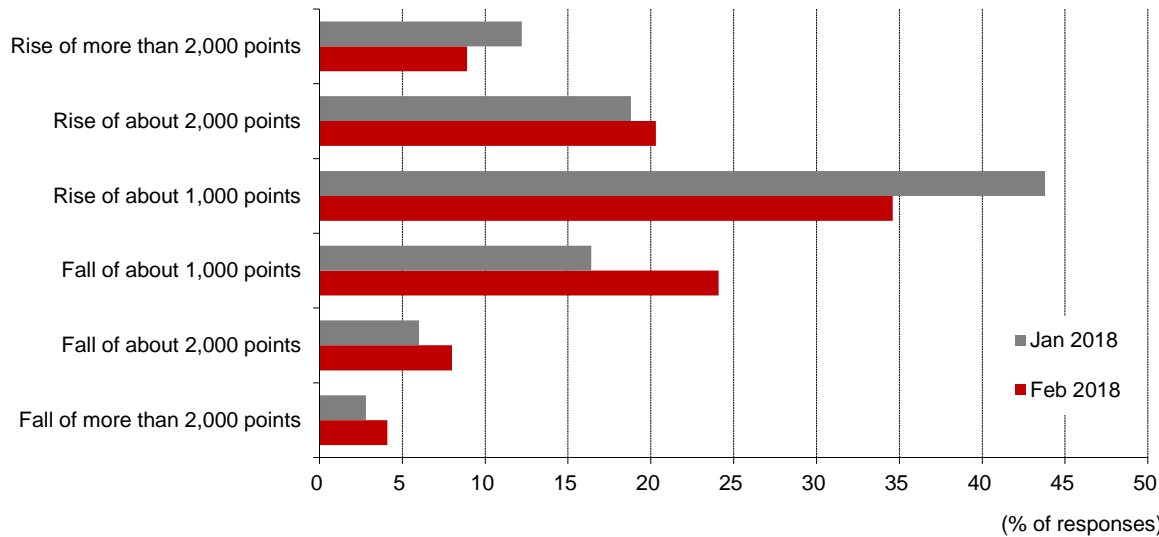


Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index (DI). The calculation method is as follows:  $\frac{((\text{number of responses indicating expected rise in share prices in the next three months}) - (\text{number of responses indicating expected fall in share prices in the next three months}))}{\text{divided by number of respondents}} \times 100$ . 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 percentage of respondents expecting the Nikkei 225 to rise over the next three months was 63.8%, down 11.0ppt from 74.8% the previous month. The percentage of respondents expecting a "rise of about 1,000 points" was down 9.2ppt m-m at 34.6%, while the percentage expecting a "rise of around 2,000 points" was up 1.5ppt at 20.3%. The percentage responding "rise of more than 2,000 points" fell 3.3ppt m-m to 8.9%.

The percentage expecting a "fall of about 1,000 points" rose 7.7ppt m-m to 24.1%. The percentage expecting a "fall of about 2,000 points" rose 2.0ppt m-m to 8.0%, while the percentage expecting a "fall of more than 2,000 points" rose 1.3ppt to 4.1%. (Figure 2)

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

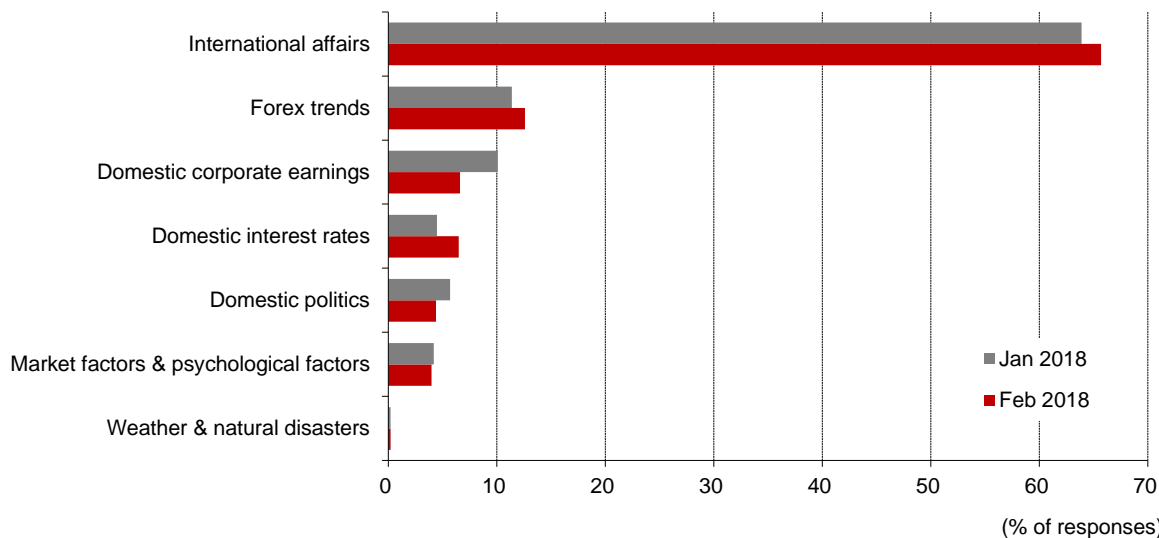


Note: Respondents were asked to share their outlook for the Nikkei 225 during the next three months based on the 5 February 2018 close of 22,682. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points, with 1,000-point increments in between.

**(2) Reduced investor interest in domestic corporate earnings**

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "domestic corporate earnings" fell 3.5ppt m-m to 6.6%. In contrast, response rates rose for "domestic interest rates," by 2.0ppt to 6.5%, "international affairs," by 1.8ppt to 65.7%, and "forex trends," by 1.2ppt to 12.6%. (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 pharmaceuticals sector increases, of financials sector falls**

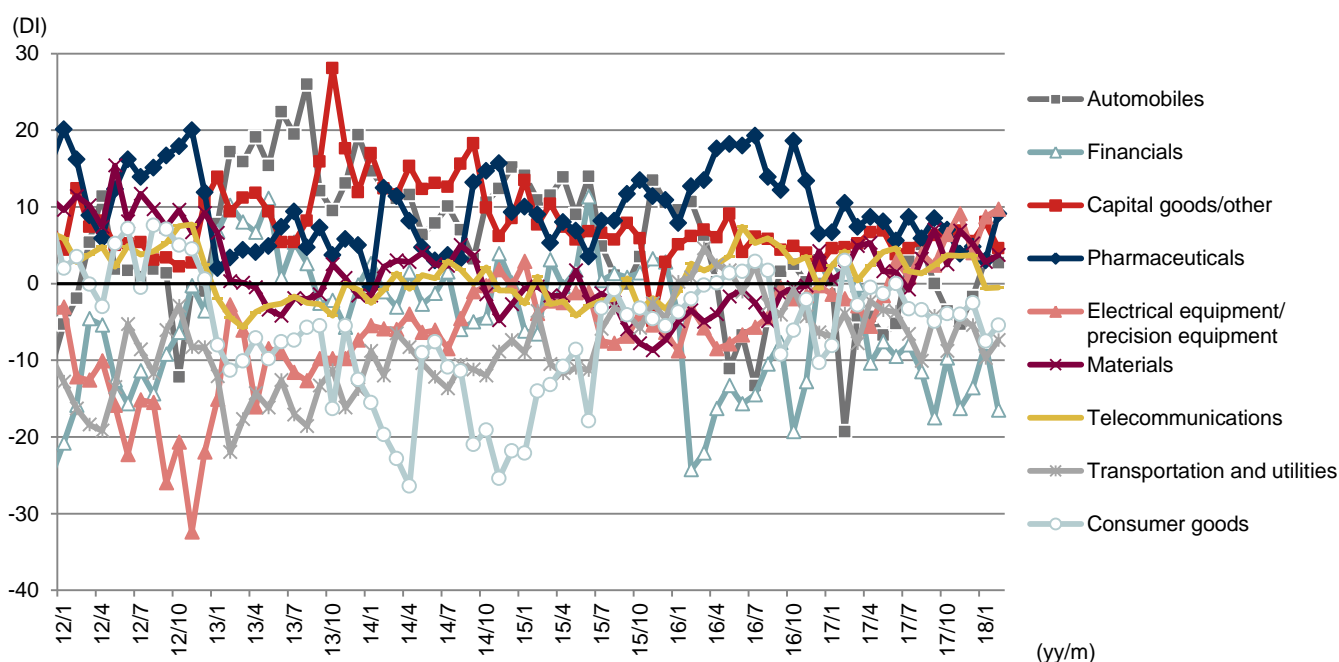
On the outlook for sectors over the next three months or so, we calculate a diffusion index (DI) by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the pharmaceuticals sector rose 6.1pt m-m to 9.1, its highest level since February 2017. In contrast, the DI for the financials sector declined for the first time in three months, by 8.7pt to -16.5. (Figures 4 and 5)

**Fig. 4: Investment appeal by sector**

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Electrical equipment/precision equipment	9.7	17.1	7.4	8.7
Pharmaceuticals	9.1	13.4	4.3	3.0
Capital goods/other	4.6	11.1	6.5	8.0
Materials	3.7	13.4	9.7	2.8
Automobiles	2.7	12.4	9.7	3.1
Telecommunications	-0.5	5.9	6.4	-0.6
Consumer goods	-5.4	12.7	18.1	-7.5
Transportation and utilities	-7.4	4.9	12.3	-9.7
Financials	-16.5	9.1	25.6	-7.8

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 financials 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 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	74	4755	Rakuten	10
6758	Sony	26	6594	Nidec	10
7201	Nissan Motor	21	6954	Fanuc	9
9202	ANA Holdings	20	6301	Komatsu	9
9984	Softbank Group	20	8473	SBI Holdings	9
4502	Takeda Pharmaceutical	20	4503	Astellas Pharma	9
8411	Mizuho Financial Group	19	2811	Kagome	8
6501	Hitachi	18	8031	Mitsui & Co	8
7267	Honda Motor	16	6902	Denso	8
6752	Panasonic	14	8058	Mitsubishi Corp	7
8306	Mitsubishi UFJ Financial Group	13	5401	Nippon Steel & Sumitomo Metal	7
8267	Aeon	12	2327	NS Solutions	6
4661	Oriental Land	12	9432	Nippon Telegraph and Telephone	6
7974	Nintendo	11	4507	Shionogi	6
9437	NTT Docomo	11	4901	Fujifilm Holdings	6
7751	Canon	11	1801	Taisei	6
6502	Toshiba	10	6503	Mitsubishi Electric	6

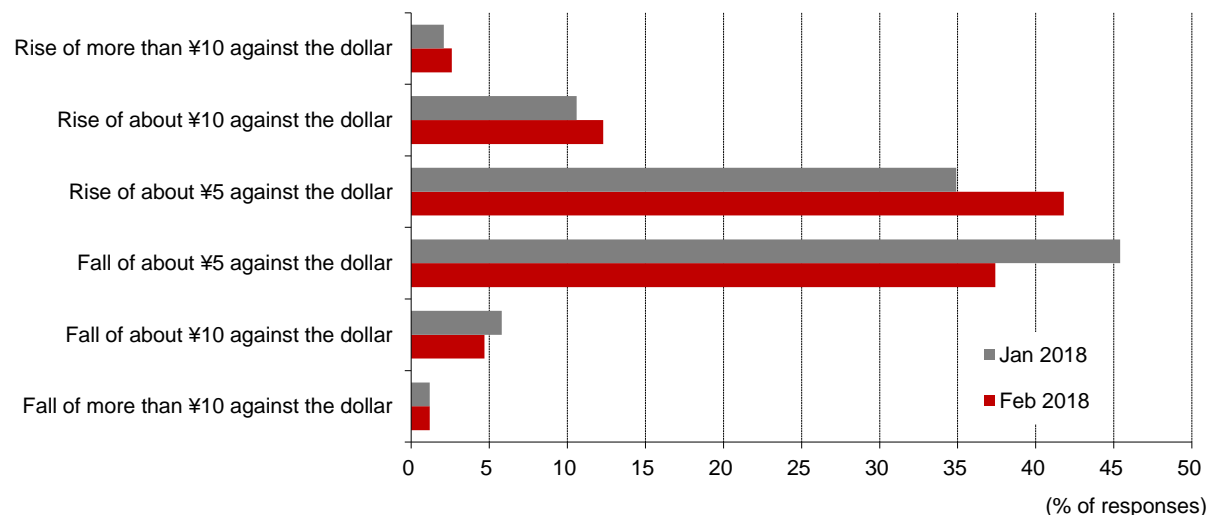
Note: Not included in valid responses were answers of "none" or clearly mistaken responses.

**(5) Rise in percentage 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 56.7%, up 9.1ppt from the previous month. The response rate for "rise of about ¥5 against the dollar" rose 6.9ppt m-m to 41.8% and that for "rise of about ¥10 against the dollar" rose 1.7ppt to 12.3%. The response rate for "rise of more than ¥10 against the dollar" rose 0.5ppt m-m to 2.6%.

The response rate for "fall of about ¥5 against the dollar" fell 8.0ppt m-m to 37.4%, while the response rate for "fall of about ¥10 against the dollar" fell 1.1ppt to 4.7%. The response rate for "fall of more than ¥10 against the dollar" was unchanged from the previous month, at 1.2%. (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 5 February 2018 indicative rate of 109.89. 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 Japanese yen rises**

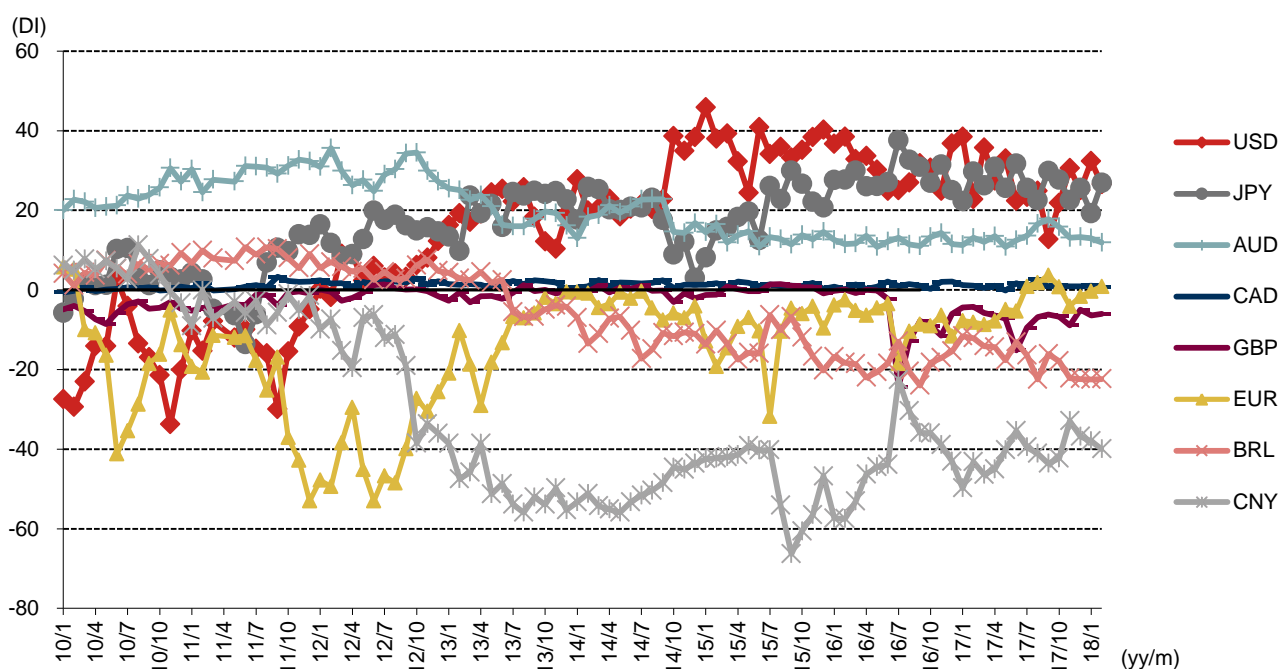
On the outlook for different currencies over the next three months, we calculate a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month, the DI for the Japanese yen rose by 7.6pt m-m to 26.9. In contrast, the DI for the US dollar declined by 5.8pt m-m to 26.5. (Figures 8 and 9)

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

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Japanese yen	26.9	37.0	8.8	19.3
US dollar	26.5	32.4	10.9	32.3
Australian dollar	11.9	14.3	1.4	13.0
Euro	0.9	7.5	5.4	-0.3
Canadian dollar	0.8	1.9	0.9	1.1
Pound sterling	-6.0	2.4	6.5	-6.4
Brazilian real	-22.4	1.8	23.4	-22.5
Chinese yuan	-40.0	1.1	42.6	-38.0

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) Cash & deposits attract greater attention**

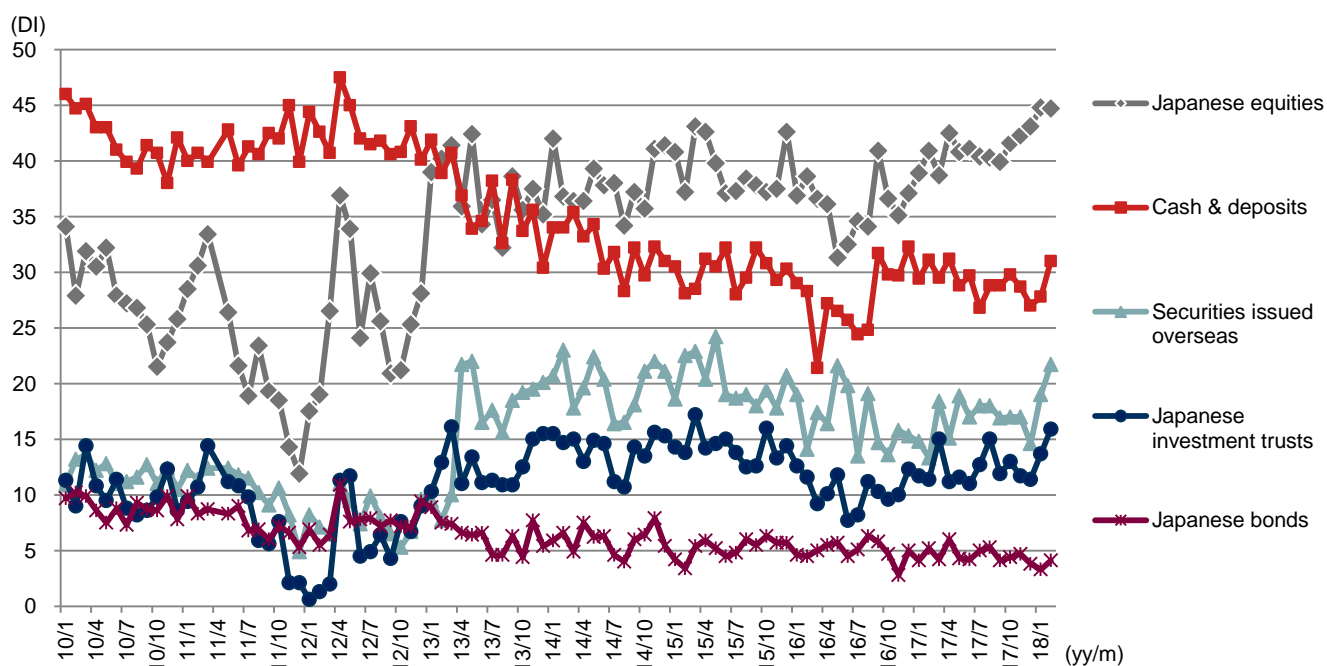
To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for cash & deposits rose 3.2pt m-m to 31.0, its highest level since April 10/17. The DI for Japanese investment trusts rose by 2.2pt m-m to 15.9. (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	44.7	53.2	8.5	44.8
Cash & deposits	31.0	35.3	4.3	27.8
Japanese investment trusts	15.9	22.0	6.1	13.7
Foreign equities	10.2	11.2	1.0	11.1
Foreign investment trusts	7.0	7.8	0.8	5.3
Gold	6.8	7.4	0.6	7.2
Foreign bonds	4.5	5.8	1.3	2.6
Japanese bonds	4.1	6.0	1.9	3.3
Hybrid securities	1.7	2.0	0.3	2.3
Other	0.8	1.1	0.3	1.1
None	-51.1	29.0	80.1	-49.9

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 unchanged one year out**

When asked for their outlook for prices of regularly purchased goods and services one year out, 49.5% of respondents selected a "rise" response, up 1.1ppt from the previous month. The percentage of respondents selecting the "no change" response fell 2.9ppt to 38.2%. The percentage of respondents selecting a "fall" response rose 1.8ppt m-m to 12.3%. (Figure 12)



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

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	2.0	1.8
2	Fall of 2% up to 5%	4.8	3.8
3	Fall of less than 2%	5.5	4.9
4	No change (0%)	38.2	41.1
5	Rise of less than 2%	39.2	37.1
6	Rise of 2% up to 5%	8.5	9.8
7	Rise of 5% or more	1.8	1.5
	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 31.1%, was for "2% or more but less than 3%." This was followed by "3% or more but less than 4%," at 22.7%, and "1% or more but less than 2%," at 19.1%. (Figure 13)

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

	Choices	No. of responses	% of responses
1	0% (no dividend) acceptable	48	4.8
2	Less than 1% (excluding no dividend)	40	4.0
3	1% or more but less than 2%	191	19.1
4	2% or more but less than 3%	311	31.1
5	3% or more but less than 4%	227	22.7
6	4% or more but less than 5%	89	8.9
7	5% or more	94	9.4
	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 72.3%, was for "cash dividends," followed by "shareholder perks," at 51.3%. (Figure 14)

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

	Choices	No. of responses	% of responses
1	Cash dividends	723	72.3
2	Shareholder perks	513	51.3
3	Share buybacks	161	16.1
4	Stock splits	141	14.1
5	None in particular	84	8.4
	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 5 February, with deadline for responses on 6 February 2018.

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 2018) respondents

Gender: Male (83.7%), female (16.3%)

Age: Under 30 (0.7%), 30–39 (6.4%), 40–49 (20.7%), 50–59 (29.7%), 60 and above (42.5%)

Occupation: Self-employed/fisheries, agriculture, forestry (7.6%), professional (physician/medical professional, lawyer, etc) (3.3%), company management/corporate officer (3.6%), company employee/public servant (43.3%), student (0.2%), full-time homemaker (8.0%), part-time worker/casual worker/job-hopper (6.0%), unemployed/pensioner (26.4%), other (1.6%)

Region: Kanto (49.7%), Kinki (19.1%), Tokai/Koshinetsu/Hokuriku (16.2%), Hokkaido/Tohoku (4.0%), Chugoku/Shikoku/Kyushu (11.0%)

Financial assets held: Less than ¥1,000,000 (5.0%), ¥1,000,000–¥2,999,999 (9.7%), ¥3,000,000–¥4,999,999 (10.0%), ¥5,000,000–¥9,999,999 (15.3%), ¥10,000,000–¥29,999,999 (30.8%), ¥30,000,000–¥49,999,999 (12.1%), ¥50,000,000 or more (17.1%)

Value of domestic stocks held: Less than ¥500,000 (8.5%), ¥500,000–¥999,999 (12.5%), ¥1,000,000–¥2,999,999 (19.6%), ¥3,000,000–¥4,999,999 (13.7%), ¥5,000,000–¥9,999,999 (18.6%), ¥10,000,000–¥29,999,999 (18.6%), ¥30,000,000 or more (8.5%)

Investment experience: Less than three years (0.9%), three years to less than five years (7.6%), five years to less than 10 years (18.7%), 10 years to less than 20 years (32.7%), 20 years or more (40.1%)

Investment plan for domestic stocks: Mainly for long-term holding (45.0%), pursuit of gains from short-term appreciation (12.7%), pursuit of dividends and shareholder perks (29.4%), no particular plan (12.9%)

#### Notice

The next Nomura Individual Investor Survey (March 2018) is scheduled for release on Thursday, 15 March 2018.

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

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43% 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

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As at 31 December 2017.

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

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41% 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.

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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

A **'Bullish'** stance, indicates that the analyst expects the sector to outperform the Benchmark during the next 12 months. A **'Neutral'** stance, indicates that the analyst expects the sector to perform in line with the Benchmark during the next 12 months. A **'Bearish'** stance, indicates that the analyst expects the sector to underperform the Benchmark during the next 12 months. Sectors that are labelled as **'Not rated'** or shown as **'N/A'** are

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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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