

Nomura Individual Investor Survey

March 2011

2 March 2011

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

1. Survey overview

(1) Nomura I-View Index at 62.2, highest since July 2009

The Nomura Individual Investor Market View Index (Nomura I-View Index), based on respondents' three-month outlook for share prices and calculated by subtracting the percentage of responses for "rise" from those for "fall," was 62.2 for March, up 4.2 points from 58.0 the previous month and at its highest since July 2009. The Nikkei Average reference level (16 February close) was 10,808, up roughly 251 from last month's survey, and it appears that more individual investors are expecting a further rise in equity prices. On the outlook for the Nikkei Average over the next three months, the most popular response, at 61.2%, was for a "rise of about 1,000 points," while the largest increase was for a "rise of about 2,000 points," up 1.4ppts to 16.6%.

(2) International affairs again seen as factor most likely to impact Japanese stock market

When respondents were asked to select the factor most likely to impact the stock market in the next three months, international affairs placed first, with 38.2% of responses, and also posted the largest rise, up 6.6 points from the previous month. Focus on forex trends weakened considerably, as that factor posted the largest decline (7.2ppt) to 19.1%.

(3) Appeal of auto sector increases sharply

We calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" as an investment target from those for "appealing," and materials came in top for the third month in a row, with its DI down 1.2 points from the previous month, while the automobiles sector, which had been in last place, posted the largest gain of the month (13.3 points) to move into positive territory with a DI of 1.1.

(4) Expectations ease somewhat for yen weakness against US dollar

On the outlook for the US\$/¥ rate over the next three months, the percentage of respondents expecting the yen to weaken against the dollar was 69.0%, down slightly from 70.2% last month. The proportion of respondents declined for all categories projecting a "fall" (weakening against the dollar), and increased for all "rise" categories.

(5) Interest in the euro picks up

We calculate a diffusion index for each currency by subtracting the percentage of responses for "unappealing" as an investment target from that for "appealing." The Australian dollar was the most appealing currency for the 15th straight month since this survey question was introduced in January 2010, as its DI rose by 3.2 points to 27.7. The euro was at the bottom of the list for a third straight month, but it posted the largest improvement, up 9.3 points to -11.4.

(6) Increased appetite for investment trusts

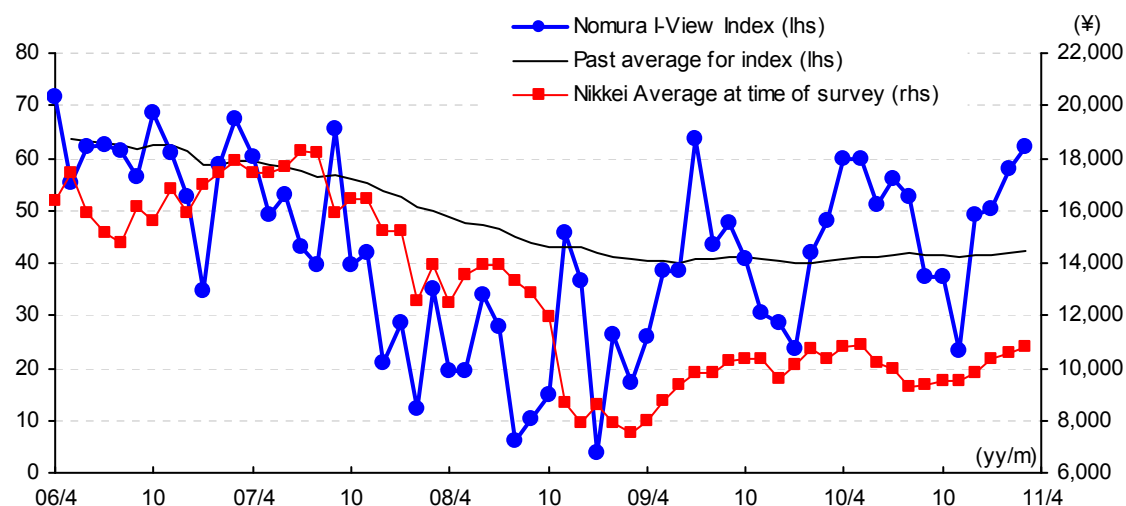
We calculated DIs for each financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage of respondents planning to hold the instrument for the first time or increase their holdings. In this month's survey, the DI for investment trusts was the biggest gainer, up 3.7 points to 14.4.

2. Survey results

(1) Nomura I-View Index at 62.2, highest since July 2009

The Nomura Individual Investor Market View Index (Nomura I-View Index), based on respondents' three-month outlook for share prices and calculated by subtracting the percentage of responses for "rise" from those for "fall," was 62.2 for March, up 4.2 points from 58.0 the previous month and at its highest since July 2009 (63.8). The Nikkei Average reference level (16 February close) was 10,808, up roughly 251 from last month's survey, and it appears that more individual investors are expecting a further rise in equity prices (Exhibit 1).

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

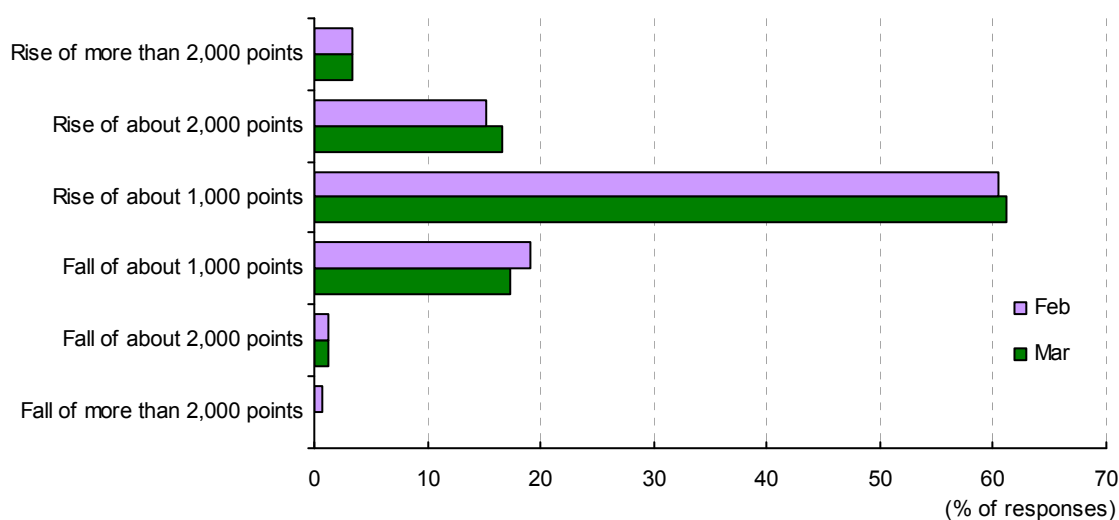


Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index. The calculation method is as follows: [(Number of responses indicating expected rise in share prices in the next three months) minus (number of responses indicating expected fall in share prices in the next three months) divided by number of respondents] x 100. The figure for January 2010 used here excludes respondents who called for the Nikkei Average to 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 81.1%, up 2.1ppt from 79.0% the previous month. The most popular response, at 61.2%, was for a "rise of about 1,000 points," while the largest increase was for a "rise of about 2,000 points," up 1.4ppt to 16.6%. Just 18.9% of individual investors in total expect the Nikkei Average to decline over the next three months (Exhibit 2).

2. Outlook for Nikkei Average during the next three months

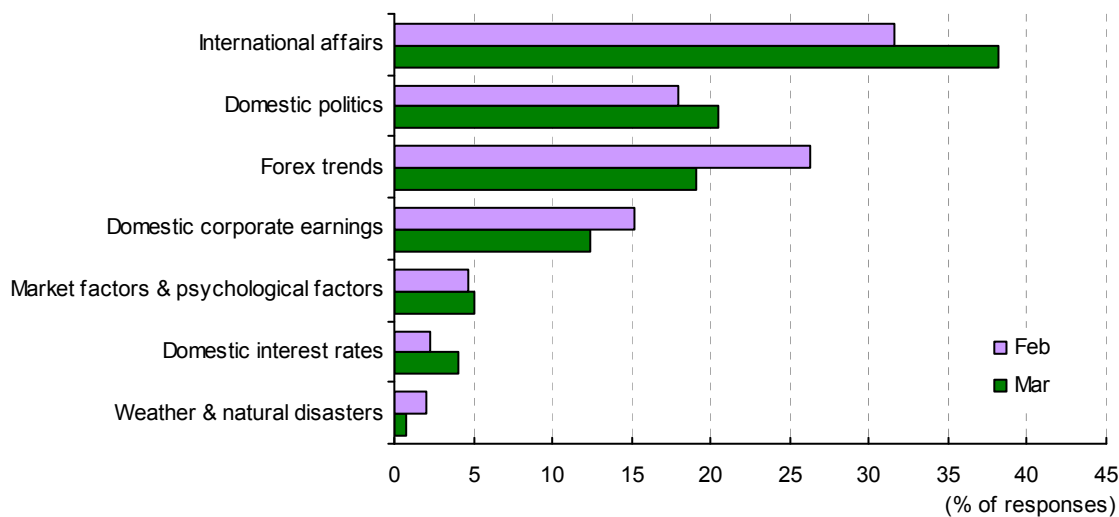


Note: Respondents were asked to share their outlook for the Nikkei Average during the next three months based on a 16 February closing figure of 10,808. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points with 1,000-point increments in between.

(2) International affairs again seen as factor most likely to impact Japanese stock market

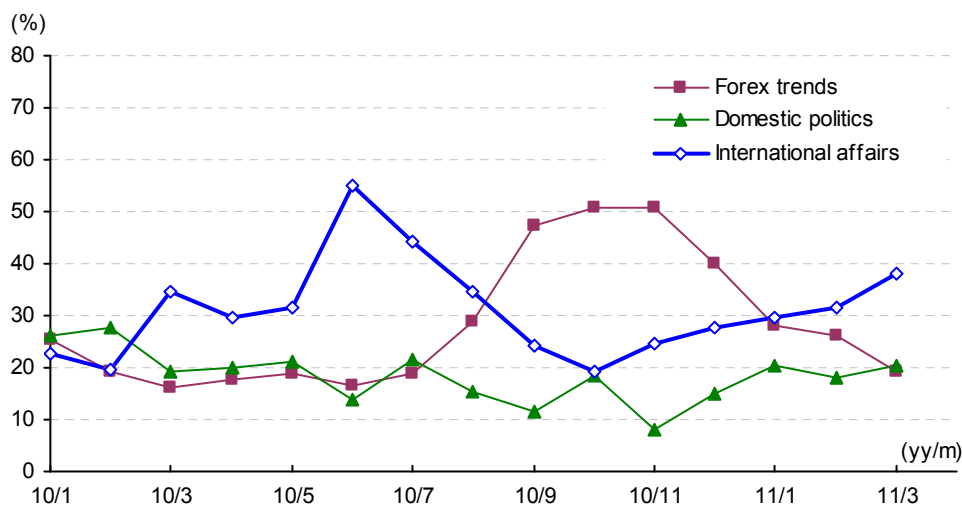
Respondents were asked to select the factor most likely to impact the stock market in the next three months. International affairs placed top for a third month, garnering 38.2% of responses, and also posted the largest rise, up 6.6ppt from the previous month. Domestic politics came in second, at 20.5%. Focus on forex trends weakened considerably, as that factor posted the largest decline (7.2ppt) to 19.1% (Exhibit 3, 4).

3. Impact of factors on the stock market



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

4. Trends for select factors



(3) Appeal of auto sector increases sharply

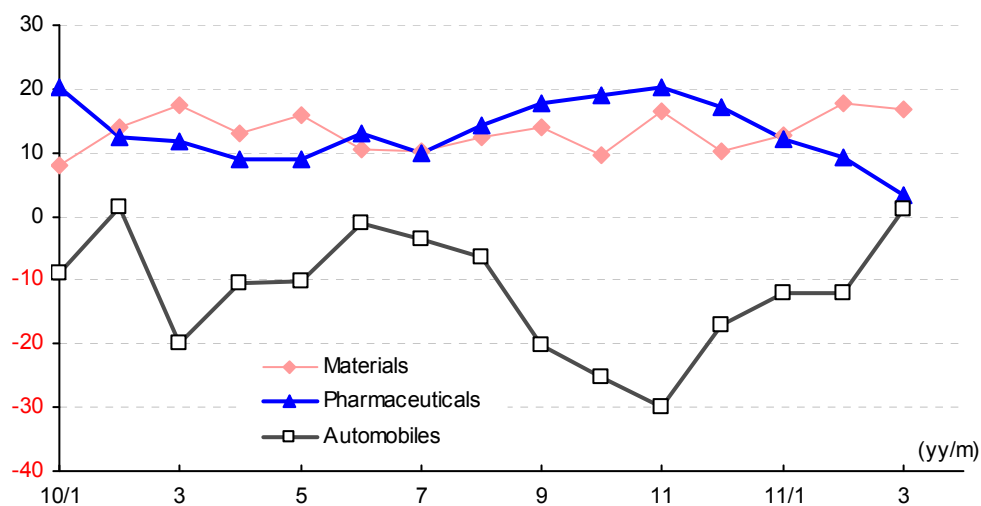
Respondents were asked to choose one sector as an “appealing” investment target and one as “unappealing.” We calculated a diffusion index for each sector by subtracting the percentage of responses for “unappealing” from that for “appealing”. Materials came top for the third month in a row, with a DI of 16.7, down 1.2 points from 17.9 the previous month. Ranked second last month, pharmaceuticals posted the largest drop for the month (5.9 points) as it fell to third, while the automobiles sector, which had been in last place, posted the largest gain of the month (13.3 points) to move into positive territory with a DI of 1.1 (Exhibit 5, 6).

5. Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous month DI
		Appealing	Unappealing	
Materials	16.7	23.7	7.0	17.9
Electrical equipment/precision equipment	9.4	13.2	3.8	6.0
Pharmaceuticals	3.3	10.7	7.4	9.2
Telecommunications	1.5	6.7	5.2	3.1
Automobiles	1.1	14.5	13.4	-12.2
Financials	-5.2	12.4	17.6	-4.0
Capital goods/others	-5.6	5.0	10.6	-2.5
Transportation and utilities	-7.4	5.8	13.2	-8.6
Consumer goods	-13.8	8.0	21.8	-8.9

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.

6. Trend in DIs for select 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 (Exhibit 7).

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

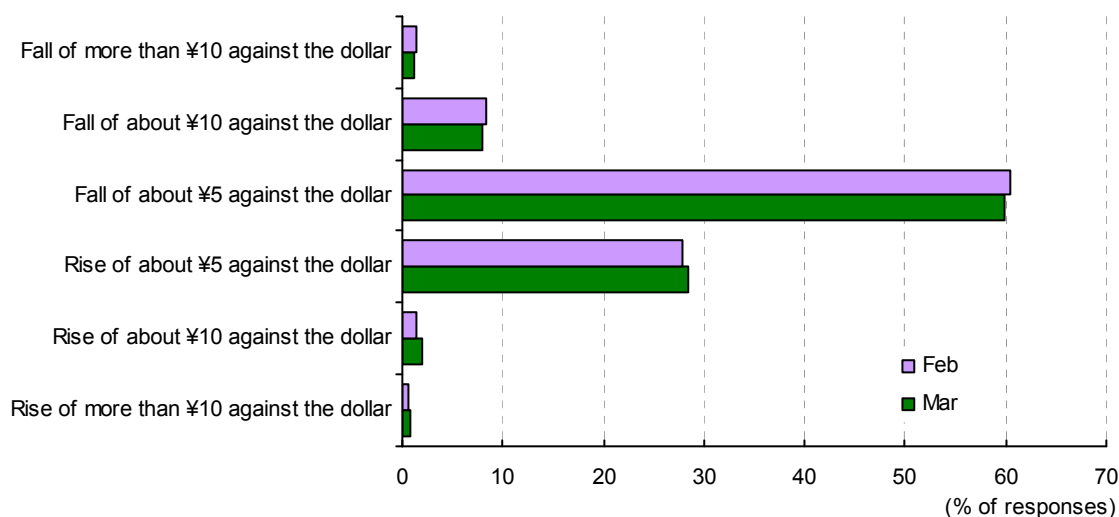
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	101	6502	Toshiba	14
9984	Softbank	30	8058	Mitsubishi Corp	14
6758	Sony	24	6301	Komatsu	13
9501	Tokyo Electric Power	24	8267	Aeon	12
4661	Oriental Land	20	2327	NS Solutions	11
6501	Hitachi	18	6752	Panasonic	11
8306	Mitsubishi UFJ Financial Group	18	8316	Sumitomo Mitsui Financial Group	11
8411	Mizuho Financial Group	18	2811	Kagome	10
4502	Takeda Pharmaceutical	16	7751	Canon	10
9202	All Nippon Airways	16	4755	Rakuten	9
5401	Nippon Steel	15	7974	Nintendo	9
7201	Nissan Motor	15	3402	Toray Industries	8
7267	Honda Motor	15	4751	CyberAgent	8
2702	McDonald's Holdings (Japan)	14			

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

(5) Expectations ease somewhat for yen weakness against US dollar

On the outlook for the US\$/¥ rate over the next three months, the percentage of respondents expecting the yen to weaken against the dollar was 69.0%, down slightly from 70.2% last month. The proportion of respondents expecting falls of "about ¥5," "about ¥10," and "more than ¥10" all declined, while those for rises of "about ¥5," "about ¥10," and "more than ¥10" all increased. The view that the yen will weaken against the dollar thus appears to have eased somewhat (Exhibit 8). At the time of the survey (16 February), the noon indicative rate was US\$1=¥83.74, ¥1.57 in the direction of a weaker yen than US\$1=¥82.17 at the time of the previous survey (19 January).

8. Respondents' three-month outlook for the US\$/¥ rate



Note: Respondents were asked to share their outlook for the US\$1/¥ rate during the next three months, referencing a 16 February indicative rate of US\$1=¥83.74. 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) Interest in the euro picks up

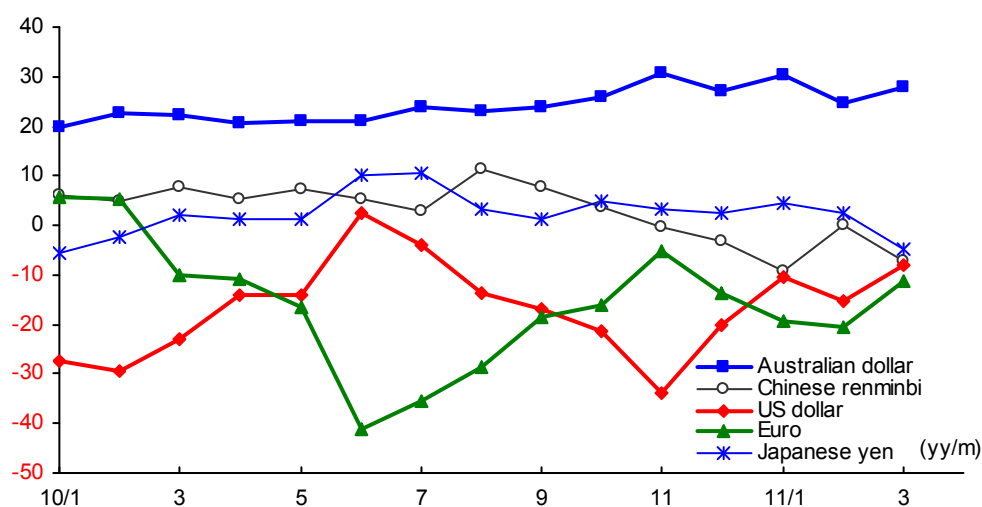
Respondents were asked to choose one currency as an “appealing” investment target and one as “unappealing.” We calculated a diffusion index for each currency by subtracting the percentage of responses for “unappealing” from that for “appealing.” The Australian dollar was the most appealing currency for the 15th straight month since this survey question was introduced in January 2010, and its DI rose by 3.2 points to 27.7. The euro was at the bottom of the list for a third straight month, but it posted the largest improvement, up 9.3 points to –11.4. The DI for the US dollar was –7.9, up 7.5 points, making it the second largest gainer. The yen marked the largest decline, down 7.4 points to –4.8, followed by the renminbi, with a 7.1-point decline (Exhibits 9, 10).

9. Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous month DI
		Appealing	Unappealing	
Australian dollar	27.7	30.7	3.0	24.5
Brazilian real	7.9	13.4	5.5	9.9
Canadian dollar	-0.1	1.5	1.6	1.6
Japanese yen	-4.8	17.2	22.0	2.6
Pound sterling	-5.1	1.6	6.7	-4.5
Chinese renminbi	-7.2	13.7	20.9	-0.1
US dollar	-7.9	13.8	21.7	-15.4
Euro	-11.4	7.0	18.4	-20.7

Note: Respondents were given nine currency options 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.

10. Trend in DIs for select currencies



(7) Increased appetite for investment trusts

Respondents were asked about their plans for holding financial instruments. We calculated DIs for each financial instrument by subtracting the percentage planning to cease holding the instrument or decrease their holding from the percentage of respondents planning to hold the instrument for the first time or increase their holding. In this month's survey, the DI for investment trusts was the biggest advancer, up 3.7 points to 14.4, followed by equities, up 2.8 points (Exhibit 11).

11. Financial instruments for which investors are either seeking to increase or decrease their holdings				
Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous month DI
		Plan to increase	Plan to decrease	
Cash & deposits	39.9	44.7	4.8	40.7
Equities	33.4	52.2	18.8	30.6
Investment trusts	14.4	24.3	9.9	10.7
Securities issued overseas	12.4	14.1	1.7	11.4
Bonds	8.7	11.8	3.1	8.3
Other	1.6	1.7	0.1	0.9
None	-44.4	23.6	68.0	-43.2

Note: Respondents were given a selection of seven 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.

3. Nomura Individual Investor Survey

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

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

Survey target: Survey sent to 3,000 individual investors randomly selected from the approximately 11,800 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 16 February with deadline for responses on 17 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) US\$/¥ 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 (March 2011) respondents

Gender: Male (75.5%), Female (24.5%)

Age: Under 30 (1.0%), 30–39 (15.6%), 40–49 (30.7%), 50–59 (26.8%), 60 and above (25.9%)

Occupation: Self-employed/fisheries, agriculture, forestry (10.6%), Professional (physician/medical professional, lawyer, etc) (2.2%), Company management/corporate officer (5.7%), Company employee/public servant (46.7%), Housewife (12.1%), Part-time worker/casual worker/job-hopper (6.1%), Unemployed/pensioner (14.9%), Other (1.7%)

Region: Kanto (48.1%), Kinki (22.1%), Tokai/Koshinetsu/Hokuriku (14.5%), Hokkaido/Tohoku (5.5%), Chugoku/Shikoku/Kyushu (9.8%)

Financial assets held: Less than ¥1,000,000 (4.6%), ¥1,000,000–¥2,999,999 (10.1%), ¥3,000,000–¥4,999,999 (13.2%), ¥5,000,000–¥9,999,999 (21.6%), ¥10,000,000–¥29,999,999 (30.5%), ¥30,000,000–¥49,999,999 (10.6%), ¥50,000,000 or more (9.4%)

Value of domestic stocks held: Less than ¥500,000 (11.0%), ¥500,000–¥999,999 (13.1%), ¥1,000,000–¥2,999,999 (26.8%), ¥3,000,000–¥4,999,999 (17.2%), ¥5,000,000–¥9,999,999 (15.1%), ¥10,000,000–¥29,999,999 (13.2%), ¥30,000,000 or more (3.6%)

Investment experience: Less than three years (2.6%), Three years to less than five years (13.5%), Five years to less than 10 years (30.6%), 10 years to less than 20 years (29.3%), 20 years or more (24.0%)

Investment plan for domestic stocks: Mainly for long-term holding (47.2%), Pursuit of gains from short-term appreciation (14.2%), Pursuit of dividends and shareholder perks (26.6%), No particular plan (12.0%)

Notice

The next Nomura Individual Investor Survey (April 2011) is scheduled for release on Monday, 4 April 2011.

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

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Distribution of ratings (US)

Nomura US Equity Research has 90 companies under coverage.

44% have been assigned a Buy rating which, for purposes of mandatory disclosures, are classified as a Buy rating; 3% of companies with this rating are investment banking clients of the Nomura Group*.

47% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 0% of companies with this rating are investment banking clients of the Nomura Group*.

9% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; 0% of companies with this rating are investment banking clients of the Nomura Group*.

As at 31 December 2010.

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

Distribution of ratings (Global)

Nomura Global Equity Research has 2027 companies under coverage.

48% have been assigned a Buy rating which, for purposes of mandatory disclosures, are classified as a Buy rating; 38% of companies with this rating are investment banking clients of the Nomura Group*.

38% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 48% of companies with this rating are investment banking clients of the Nomura Group*.

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As at 31 December 2010.

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Explanation of Nomura's equity research rating system in Europe, Middle East and Africa, US and Latin America for ratings published from 27 October 2008

The rating system is a relative system indicating expected performance against a specific benchmark identified for each individual stock. Analysts may also indicate absolute upside to target price defined as (fair value - current price)/current price, subject to limited management discretion. In most cases, the fair value will equal the analyst's assessment of the current intrinsic fair value of the stock using an appropriate valuation methodology such as discounted cash flow or multiple analysis, etc.

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 and target price have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including when Nomura is acting in an advisory capacity in a merger or strategic transaction involving the company. Benchmarks are as follows: **United States/Europe**: Please see valuation methodologies for explanations of relevant benchmarks for stocks

(accessible through the left hand side of the Nomura Disclosure web page: <http://www.nomura.com/research>); **Global Emerging Markets (ex-Asia)**: MSCI Emerging Markets ex-Asia, unless otherwise stated in the valuation methodology.

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.

Benchmarks are as follows: **United States:** S&P 500; **Europe:** Dow Jones STOXX 600; **Global Emerging Markets (ex-Asia):** MSCI Emerging Markets ex-Asia.

Explanation of Nomura's equity research rating system for Asian companies under coverage ex Japan published from 30 October 2008 and in Japan from 6 January 2009

STOCKS

Stock recommendations are based on absolute valuation upside (downside), which is defined as $(\text{Target Price} - \text{Current Price}) / \text{Current Price}$, subject to limited management discretion. In most cases, the Target Price will equal the analyst's 12-month intrinsic valuation of the stock, based on an appropriate valuation methodology such as discounted cash flow, multiple analysis, etc.

A **'Buy'** recommendation indicates that potential upside is 15% or more.

A **'Neutral'** recommendation indicates that potential upside is less than 15% or downside is less than 5%.

A **'Reduce'** recommendation indicates that potential downside is 5% or more.

A rating of **'Suspended'** indicates that the rating and target price have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including when Nomura is acting in an advisory capacity in a merger or strategic transaction involving the subject company.

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A **'Neutral'** rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a neutral absolute recommendation.

A **'Bearish'** rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a negative absolute recommendation.

Explanation of Nomura's equity research rating system in Japan published prior to 6 January 2009 (and ratings in Europe, Middle East and Africa, US and Latin America published prior to 27 October 2008)

STOCKS

A rating of '1' or **'Strong buy'**, indicates that the analyst expects the stock to outperform the Benchmark by 15% or more over the next six months.

A rating of '2' or **'Buy'**, indicates that the analyst expects the stock to outperform the Benchmark by 5% or more but less than 15% over the next six months.

A rating of '3' or **'Neutral'**, indicates that the analyst expects the stock to either outperform or underperform the Benchmark by less than 5% over the next six months.

A rating of '4' or **'Reduce'**, indicates that the analyst expects the stock to underperform the Benchmark by 5% or more but less than 15% over the next six months.

A rating of '5' or **'Sell'**, indicates that the analyst expects the stock to underperform the Benchmark by 15% or more over the next six months.

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SECTORS

A **'Bullish'** stance, indicates that the analyst expects the sector to outperform the Benchmark during the next six months.

A **'Neutral'** stance, indicates that the analyst expects the sector to perform in line with the Benchmark during the next six months.

A **'Bearish'** stance, indicates that the analyst expects the sector to underperform the Benchmark during the next six months.

Benchmarks are as follows: **Japan:** TOPIX; **United States:** S&P 500, MSCI World Technology Hardware & Equipment; **Europe,** by sector - **Hardware/Semiconductors:** FTSE W Europe IT Hardware; **Telecoms:** FTSE W Europe Business Services; **Business Services:** FTSE W Europe; **Auto & Components:** FTSE W Europe Auto & Parts; **Communications equipment:** FTSE W Europe IT Hardware; **Ecology Focus:** Bloomberg World Energy Alternate Sources; **Global Emerging Markets:** MSCI Emerging Markets ex-Asia.

Explanation of Nomura's equity research rating system for Asian companies under coverage ex Japan published prior to 30 October 2008

STOCKS

Stock recommendations are based on absolute valuation upside (downside), which is defined as $(\text{Fair Value} - \text{Current Price}) / \text{Current Price}$, subject to limited management discretion. In most cases, the Fair Value will equal the analyst's assessment of the current intrinsic fair value of the stock using an appropriate valuation methodology such as Discounted Cash Flow or Multiple analysis etc. However, if the analyst doesn't think the market will revalue the stock over the specified time horizon due to a lack of events or catalysts, then the fair value may differ from the intrinsic fair value. In most cases, therefore, our recommendation is an assessment of the difference between current market price and our estimate of current intrinsic fair value. Recommendations are set with a 6-12 month horizon unless specified otherwise. Accordingly, within this horizon, price volatility may cause the actual upside or downside based on the prevailing market price to differ from the upside or downside implied by the recommendation.

A **'Strong buy'** recommendation indicates that upside is more than 20%.

A **'Buy'** recommendation indicates that upside is between 10% and 20%.

A **'Neutral'** recommendation indicates that upside or downside is less than 10%.

A **'Reduce'** recommendation indicates that downside is between 10% and 20%.

A **'Sell'** recommendation indicates that downside is more than 20%.

SECTORS

A **'Bullish'** rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a positive absolute recommendation.

A '**Neutral**' rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a neutral absolute recommendation.

A '**Bearish**' rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a negative absolute recommendation.

Target Price

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