News Release

NOMURA

Nomura Individual Investor Survey

March 2018

15 March 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 second consecutive month, to 20.2

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 20.2 in March 2018, down 7.4pt m-m. The Nikkei 225 reference level (5 March 2018 close) was 21,042.09, down 1,639.99 from the previous survey (5 February 2018 close of 22,682.08).

(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 5.0ppt m-m to 17.6%. The percentage of respondents selecting "domestic interest rates" fell 2.6ppt m-m to 3.9%.

(3) Consumer goods sector rises in appeal, financial sector falls in appeal

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 7.9pt m-m to 2.5, its first positive reading since February 2017. Conversely, the DI for the financial sector fell 6.9pt to -23.4, its lowest level since February 2016.

(4) Rise in proportion of investors expecting yen depreciation 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 52.1%, down 4.6ppt from the previous month. The response rate for "rise of about ¥5 against the dollar" rose 2.7ppt m-m to 44.5%. The response rate for "rise of about ¥10 against the dollar" fell 5.6ppt m-m to 6.7% and the response rate for "rise of more than ¥10 against the dollar" fell 1.7ppt to 0.9%.

The response rate for "fall of about ¥5 against the dollar" rose 2.5ppt m-m to 39.9%, while the response rate for "fall of about ¥10 against the dollar" rose 1.4ppt to 6.1%. The response rate for "fall of more than ¥10 against the dollar" rose 0.7ppt to 1.9%.

(5) Investment appeal of US dollar falls

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 10.2pt m-m to 16.3. DIs rose for all currencies except the US dollar. The biggest rise was for the Brazilian real, which rose 3.8pt to -18.6, followed by the Japanese yen, which rose 2.5pt to 29.4.

(6) Among financial instruments, appeal of securities issued overseas falls

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 securities issued overseas (which includes foreign equities, foreign investment trusts, and foreign bonds) fell 6.4pt m-m to 15.3. The DI for Japanese equities fell 2.8pt to 41.9.

(7) Higher 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, 44.7% of respondents selected a "rise" response, down 4.8ppt from the previous month. The percentage of respondents selecting the "no change" response rose 5.5ppt to 43.7%. The proportion of respondents selecting a "fall" response fell 0.7ppt to 11.6%.

(8) Important conditions for increased equity investment

For this month's spot questions, we asked respondents about "important conditions for increased equity investment." First, we asked what kinds of conditions other than improvements in the macroeconomic environment (economy, forex, corporate earnings, etc) investors required in order to increase equity investment. The highest response rate was for "reduction in tax burden on equity investment," which was selected by 28.5% of all respondents, followed by "improvement in shareholder returns (dividends, share buybacks)" (28.2%) and "greater confidence in politics and policy measures" (18.0%).

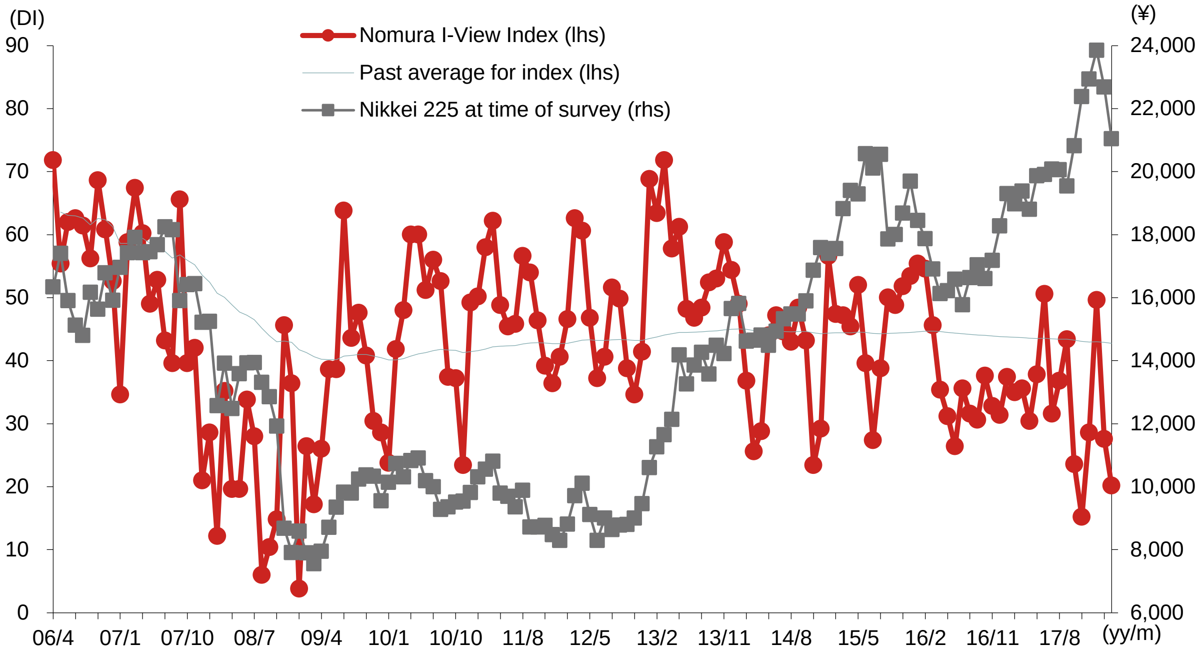
Next, we asked respondents who chose the "lower tax burden on equity investment" response to the first question which was the most important factor for them to increase equity investment. The response "eliminating capital gains tax on equities" was chosen by the largest number of respondents, accounting for 50.2% of the total, followed by "eliminating taxes on share dividends" (30.5%).

2. Survey results

(1) Nomura I-View Index falls for second consecutive month, to 20.2

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 20.2 in March 2018, down 7.4pt m-m. The Nikkei 225 reference level (5 March 2018 close) was 21,042.09, down 1,639.99 from the previous survey (5 February 2018 close of 22,682.08) (Figure 1).

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

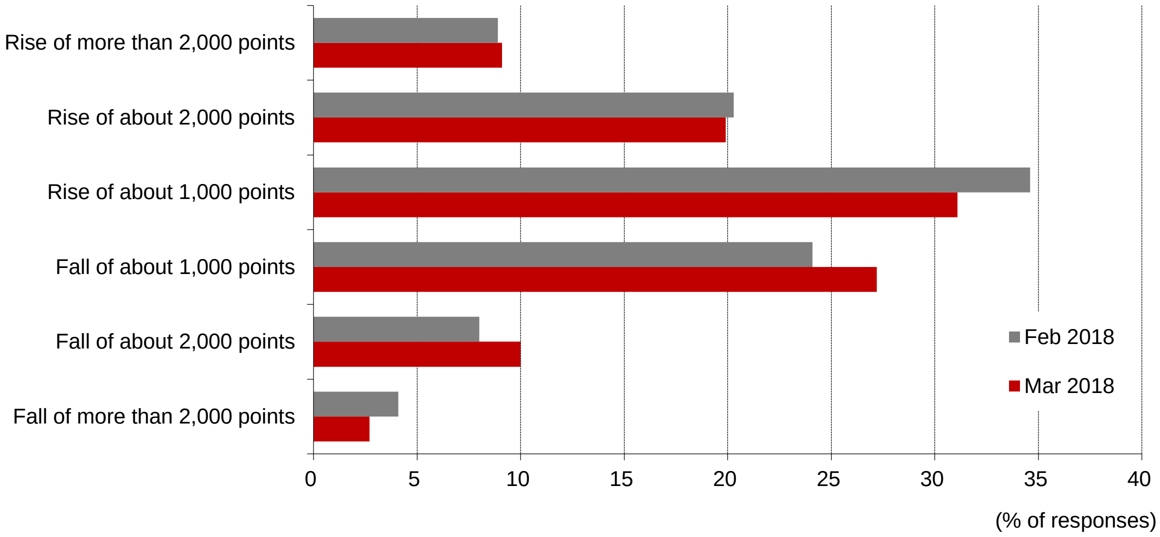


Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index (DI). The calculation method is as follows: ([(number of responses indicating expected rise in share prices in the next three months) minus (number of responses indicating expected fall in share prices in the next three months)] divided by number of respondents) x 100. The figure for January 2010 used here excludes 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 60.1%, down 3.7ppt from 63.8% the previous month. The proportion of respondents expecting a "rise of about 1,000 points" was down 3.5ppt m-m at 31.1%, while the proportion expecting a "rise of around 2,000 points" was down 0.4ppt at 19.9%. Meanwhile, the proportion responding "rise of more than 2,000 points" rose 0.2ppt to 9.1%.

The proportion selecting a "fall of about 1,000 points" rose 3.1ppt to 27.2%, while the proportion selecting a "fall of about 2,000 points" rose 2.0ppt to 10.0%. The proportion expecting a "fall of more than 2,000 points" declined 1.4ppt to 2.7% (Figure 2).

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

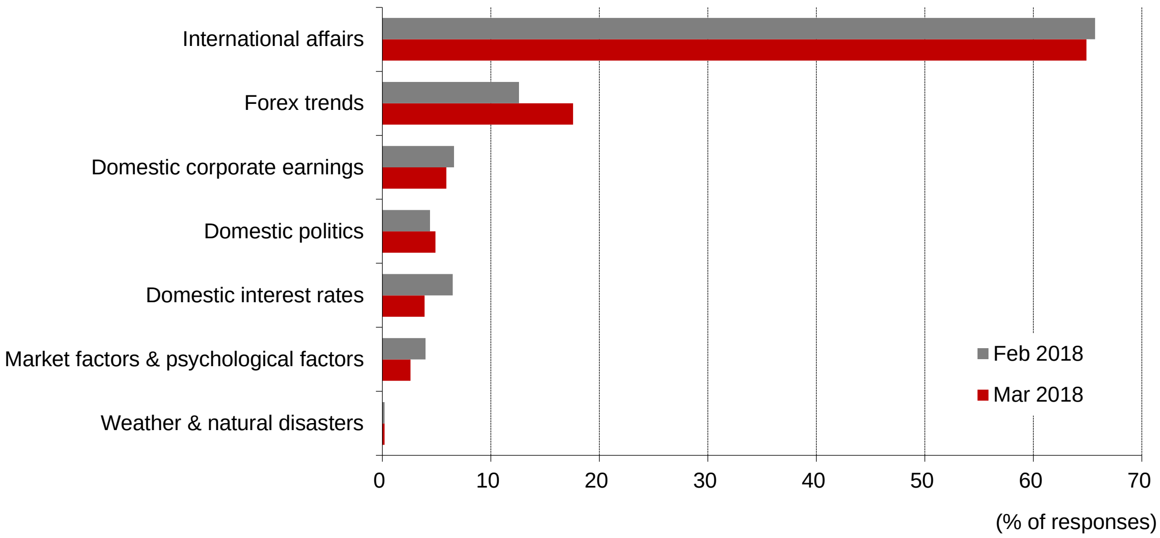


Note: Respondents were asked to share their outlook for the Nikkei 225 during the next three months based on the 5 March 2018 close of 21,042. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points, with 1,000-point increments in between.

(2) 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 5.0ppt m-m to 17.6%. The percentage of respondents selecting "domestic interest rates" fell 2.6ppt m-m to 3.9% (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) Consumer goods sector rises in appeal, financial sector falls in appeal

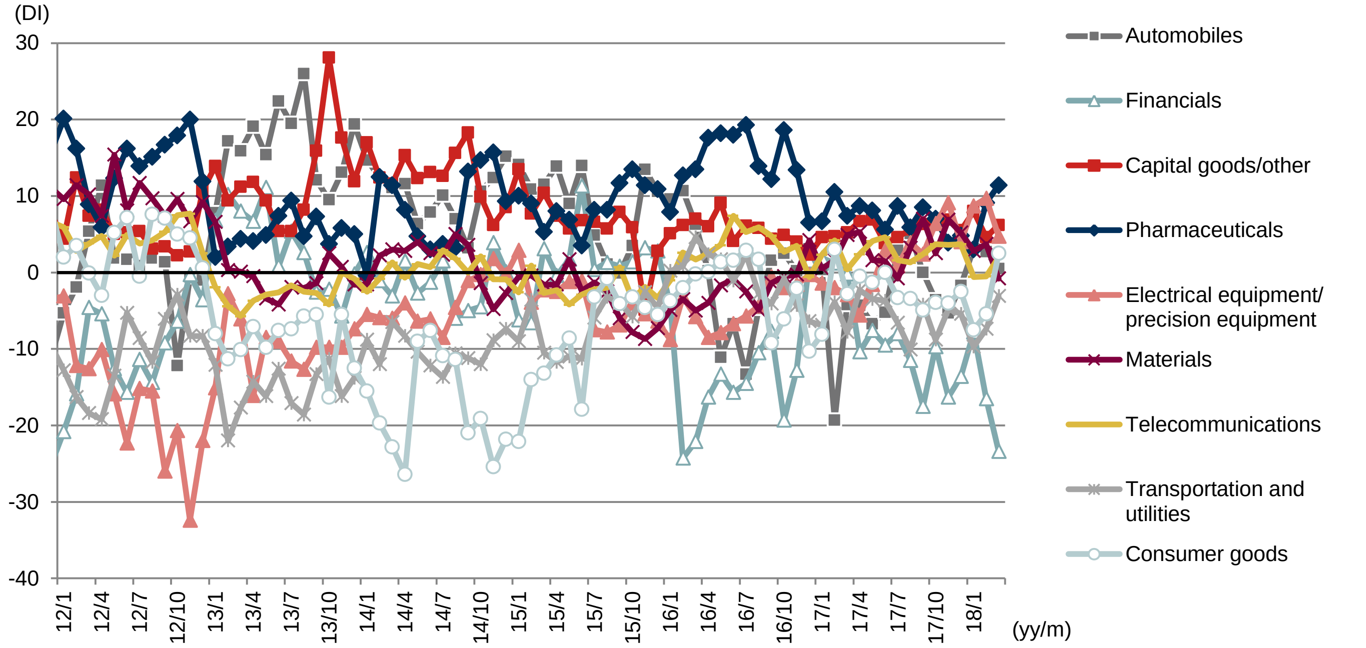
On the outlook for sectors over the next three months or so, we calculate a diffusion index (DI) by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the consumer goods sector rose 7.9pt m-m to 2.5, its first positive reading since February 2017. Conversely, the DI for the financial sector fell 6.9pt to -23.4, its lowest level since February 2016 (Figures 4 and 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	11.4	14.6	3.2	9.1
Capital goods/other	6.2	11.2	5.0	4.6
Electrical equipment/precision equipment	4.7	12.5	7.8	9.7
Consumer goods	2.5	15.8	13.3	-5.4
Telecommunications	2.0	6.1	4.1	-0.5
Automobiles	0.5	13.1	12.6	2.7
Materials	-0.8	13.2	14.0	3.7
Transportation and utilities	-3.1	7.0	10.1	-7.4
Financials	-23.4	6.5	29.9	-16.5

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 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	88	7974	Nintendo	9
6758	Sony	24	8031	Mitsui & Co	9
6594	Nidec	23	1803	Shimizu	7
8411	Mizuho Financial Group	22	2702	McDonald's Holdings (Japan)	7
9984	Softbank Group	21	2914	Japan Tobacco	7
4502	Takeda Pharmaceutical	19	4503	Astellas Pharma	7
6752	Panasonic	15	4755	Rakuten	7
8267	Aeon	15	8058	Mitsubishi Corp	7
9202	ANA Holdings	14	9432	Nippon Telegraph and Telephone	7
7267	Honda Motor	13	2327	NS Solutions	6
7201	Nissan Motor	12	2802	Ajinomoto	6
7751	Canon	12	2811	Kagome	6
8591	Orix	12	3197	Skylark	6
9437	NTT Docomo	12	3402	Toray Industries	6
4661	Oriental Land	11	5401	Nippon Steel & Sumitomo Metal	6
6501	Hitachi	11	6861	Keyence	6
8306	Mitsubishi UFJ Financial Group	11	6902	Denso	6
6502	Toshiba	9	8002	Marubeni	6
6503	Mitsubishi Electric	9			

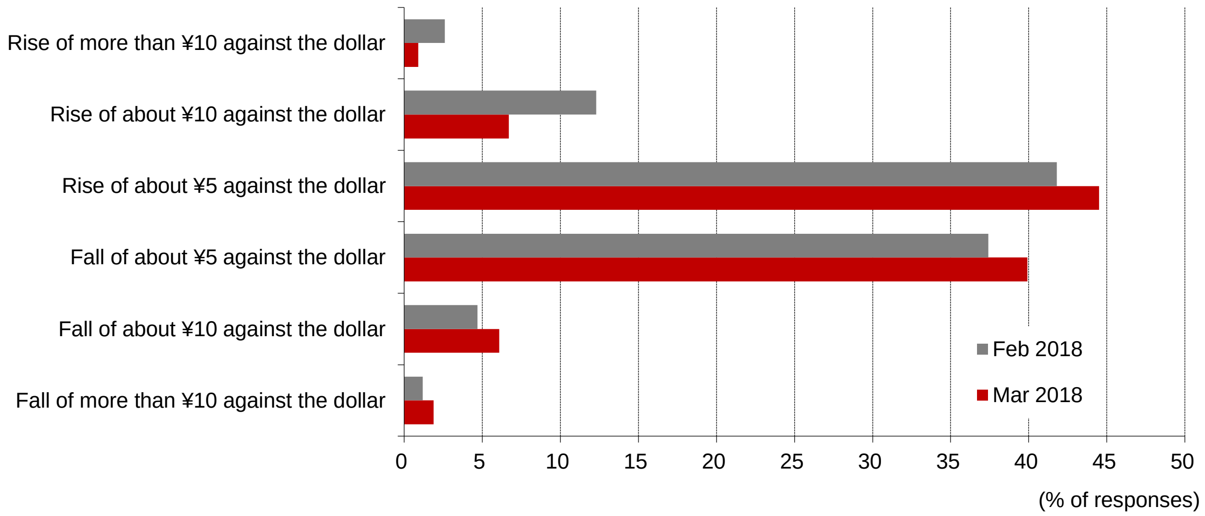
Note: Not included in valid responses were answers of "none" or clearly mistaken responses.

(5) Rise in proportion of investors expecting yen depreciation 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 52.1%, down 4.6ppt from the previous month. The response rate for "rise of about ¥5 against the dollar" rose 2.7ppt m-m to 44.5%. The response rate for "rise of about ¥10 against the dollar" fell 5.6ppt m-m to 6.7% and the response rate for "rise of more than ¥10 against the dollar" fell 1.7ppt to 0.9%.

The response rate for "fall of about ¥5 against the dollar" rose 2.5ppt m-m to 39.9%, while the response rate for "fall of about ¥10 against the dollar" rose 1.4ppt to 6.1%.The response rate for "fall of more than ¥10 against the dollar" rose 0.7ppt to 1.9% (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 5 March 2018 indicative rate of 105.43. 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 falls

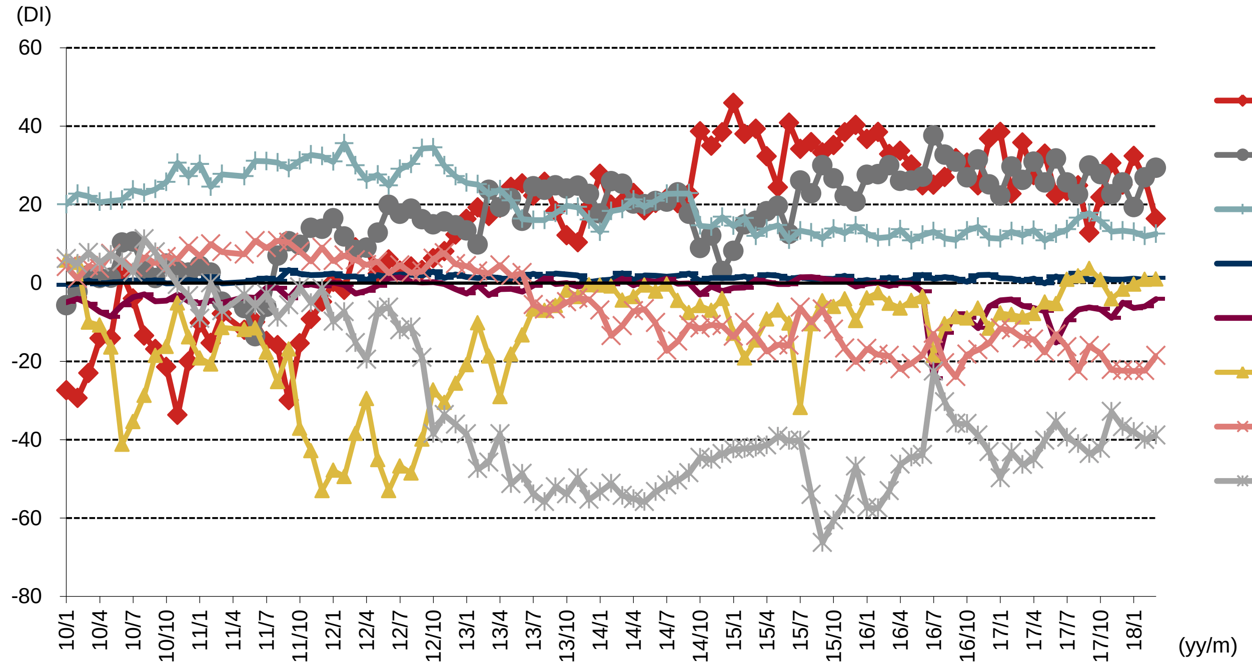
On the outlook for different currencies over the next three months, we calculate a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month, the DI for the US dollar fell 10.2pt m-m to 16.3. DIs rose for all currencies except the US dollar. The biggest rise was for the Brazilian real, which rose 3.8pt to -18.6, followed by the Japanese yen, which rose 2.5pt to 29.4 (Figures 8 and 9).

Fig. 8: Investment appeal by currency

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Japanese yen	29.4	38.0	8.6	26.9
US dollar	16.3	30.5	14.2	26.5
Australian dollar	12.5	14.4	1.9	11.9
Canadian dollar	1.3	2.5	1.2	0.8
Euro	1.0	7.2	6.2	0.9
Pound sterling	-4.1	1.9	6.0	-6.0
Brazilian real	-18.6	2.3	20.9	-22.4
Chinese yuan	-38.9	2.1	41.0	-40.0

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) Among financial instruments, appeal of securities issued overseas falls

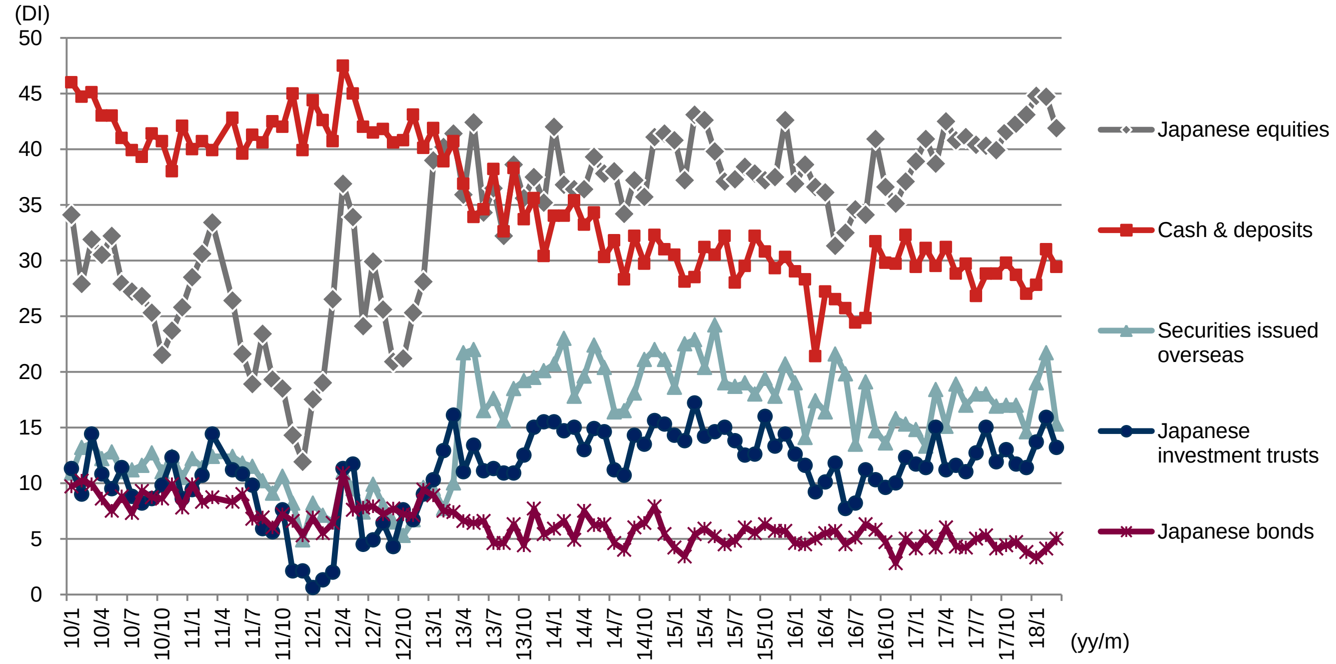
To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for securities issued overseas (which includes foreign equities, foreign investment trusts, and foreign bonds) fell 6.4pt m-m to 15.3. The DI for Japanese equities fell 2.8pt to 41.9 (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	41.9	52.4	10.5	44.7
Cash & deposits	29.4	33.8	4.4	31.0
Japanese investment trusts	13.2	20.0	6.8	15.9
Foreign equities	9.2	10.3	1.1	10.2
Gold	6.7	7.3	0.6	6.8
Japanese bonds	5.0	6.5	1.5	4.1
Foreign investment trusts	3.9	6.0	2.1	7.0
Foreign bonds	2.2	4.1	1.9	4.5
Hybrid securities	2.2	2.4	0.2	1.7
Other	0.8	1.0	0.2	0.8
None	-47.2	30.5	77.7	-51.1

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 unchanged one year out

When asked for their outlook for prices of regularly purchased goods and services one year out, 44.7% of respondents selected a "rise" response, down 4.8ppt from the previous month. The percentage of respondents selecting the "no change" response rose 5.5ppt to 43.7%. The proportion of respondents selecting a "fall" response fell 0.7ppt to 11.6% (Figure 12).

Fig. 12: Outlook for prices one year out

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	1.8	2.0
2	Fall of 2% up to 5%	4.0	4.8
3	Fall of less than 2%	5.8	5.5
4	No change (0%)	43.7	38.2
5	Rise of less than 2%	32.9	39.2
6	Rise of 2% up to 5%	10.2	8.5
7	Rise of 5% or more	1.6	1.8
	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) Important conditions for increased equity investment

For this month's spot questions, we asked respondents about "important conditions for increased equity investment." First, we asked what kinds of conditions other than improvements in the macroeconomic environment (economy, forex, corporate earnings, etc) investors required in order to increase equity investment. The highest response rate was for "reduction in tax burden on equity investment," which was selected by 28.5% of all respondents, followed by "improvement in shareholder returns (dividends, share buybacks)" (28.2%) and "greater confidence in politics and policy measures" (18.0%) (Figure 13).

Fig. 13: Important conditions for equity investment (1,000 responses)

	Choices	No. of responses	% of responses
1	Lower tax burden on equity investment	285	28.5
2	Improved visibility of corporate disclosures	34	3.4
3	Enhanced financial services	53	5.3
4	Improvement in shareholder returns (dividends, share buybacks)	282	28.2
5	Greater confidence in politics and policy measures	180	18.0
6	Easing anxieties over funds to cover living expenses in the future	159	15.9
7	Others (specific)	7	0.7
	Total	1,000	100.0

Note: Respondents were asked to select one response to the question: "What do you think is the most important condition for you to increase equity investment other than improvements in the macroeconomic environment (economy, forex, corporate earnings, etc)?"

Next, we asked respondents who chose the "lower tax burden on equity investment" response to the first question which was the most important factor for them to increase equity investment. The response "eliminating capital gains tax on equities" was chosen by the largest number of respondents, accounting for 50.2% of the total, followed by "eliminating taxes on share dividends" (30.5%) (Figure 14).

Fig. 14: "Lower tax burden on equity investment" key factor (285 responses)

	Choices	No. of responses	% of responses
1	Eliminating capital gains tax on equities	143	50.2
2	Eliminating taxes on share dividends	87	30.5
3	Expanding scope of profit/loss aggregation for financial instruments	16	5.6
4	Lowering inheritance tax on equities	15	5.3
5	Expanding tax-exempt scope of defined contribution pensions	4	1.4
6	Lowering taxes on gifts of long-term shareholdings	12	4.2
7	Extending loss deferral period	5	1.8
8	Others (specific)	3	1.1
	Total	285	100.0

Note: We asked respondents to choose one response to the question: "What specific measure in terms of reducing taxes on equity investment do you think is most important for you to increase equity investment?"

Next, we asked respondents who chose the "improved visibility of corporate disclosures" response to the question in Figure 13 which was the most important factor for them to increase equity investment. The response "thorough internal company education regarding insider trading" was chosen by the largest number of respondents, accounting for 38.2% of the total (Figure 15).

Fig. 15: Important factors for improving corporate disclosure visibility (34 responses)

	Choices	No. of responses	% of responses
1	More proactive IR activities	12	35.3
2	Thorough internal company education regarding insider trading	13	38.2
3	Improve corporate disclosure structures	8	23.5
4	Improve corporate governance	1	2.9
5	Others (specific)	0	0.0
	Total	34	100.0

Note: We asked respondents to choose one response to the question: "What specific measure in terms of improving the visibility of corporate disclosures do you think is most important for you to increase equity investment?"

Next, we asked respondents who chose the "enhanced financial services" response to the question in Figure 13 which was the most important factor for them to increase equity investment. The response "offering attractive financial products" was chosen by the largest number of respondents, accounting for 30.2% of the total (Figure 16).

Fig. 16: Important factors for enhancing financial services (53 responses)

	Choices	No. of responses	% of responses
1	Offering attractive financial products	16	30.2
2	Improved asset consulting services	13	24.5
3	Improved face-to-face services	10	18.9
4	Improved electronic trading	7	13.2
5	Lower commissions	7	13.2
6	Others (specific)	0	0.0
	Total	53	100.0

Note: We asked respondents to choose one response to the question: "What specific measure in terms of enhancing financial services do you think is most important for you to increase equity investment?"

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 March, with deadline for responses on 6 March 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 (March 2018) respondents

Gender: Male (84.2%), female (15.8%)

Age: Under 30 (0.5%), 30–39 (5.0%), 40–49 (20.6%), 50–59 (28.4%), 60 and above (45.5%)

Occupation: Self-employed/fisheries, agriculture, forestry (8.6%), professional (physician/medical professional, lawyer, etc) (2.7%), company management/corporate officer (4.7%), company employee/public servant (44.8%), student (0.0%), full-time homemaker (6.9%), part-time worker/casual worker/job-hopper (5.1%), unemployed/pensioner (25.9%), other (1.3%)

Region: Kanto (49.7%), Kinki (18.7%), Tokai/Koshinetsu/Hokuriku (17.1%), Hokkaido/Tohoku (4.8%), Chugoku/Shikoku/Kyushu (9.7%)

Financial assets held: Less than ¥1,000,000 (4.9%), ¥1,000,000–¥2,999,999 (6.4%), ¥3,000,000–¥4,999,999 (9.4%), ¥5,000,000–¥9,999,999 (15.2%), ¥10,000,000–¥29,999,999 (31.6%), ¥30,000,000–¥49,999,999 (15.5%), ¥50,000,000 or more (17.0%)

Value of domestic stocks held: Less than ¥500,000 (7.5%), ¥500,000–¥999,999 (10.6%), ¥1,000,000–¥2,999,999 (20.2%), ¥3,000,000–¥4,999,999 (17.2%), ¥5,000,000–¥9,999,999 (17.2%), ¥10,000,000–¥29,999,999 (19.2%), ¥30,000,000 or more (8.1%)

Investment experience: Less than three years (2.1%), three years to less than five years (6.2%), five years to less than 10 years (17.8%), 10 years to less than 20 years (34.1%), 20 years or more (39.8%)

Investment plan for domestic stocks: Mainly for long-term holding (44.8%), pursuit of gains from short-term appreciation (12.5%), pursuit of dividends and shareholder perks (30.6%), no particular plan (12.1%)

Notice

The next Nomura Individual Investor Survey (June 2018) is scheduled for release on Thursday, 21 June 2018.

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

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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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