News Release

NOMURA

# Nomura Individual Investor Survey

March 2020

12 March 2020

Global Research Division

Nomura Securities Co., Ltd.

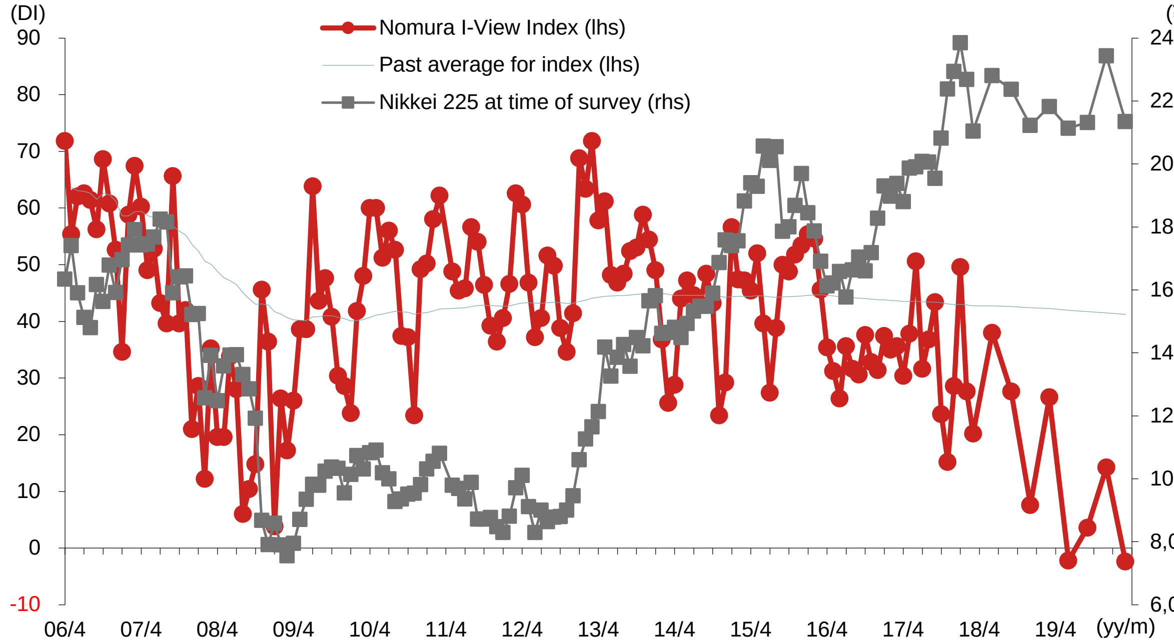
The Nomura Individual Investor Survey is a periodic survey conducted with the aim of better understanding investing activity by individuals and providing information on related trends.

# 1. Survey results

**(1) Nomura I-View Index falls to record low of -2.4**

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 -2.4 in March 2020, down 16.6pt versus the previous survey, and below the previous record low of -2.2 set in June 2019. The Nikkei 225 reference level at the time of the survey (2 March 2020 close) was 21,344.08, down 2,086.62 versus the previous survey (9 December 2019 close of 23,430.70).

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

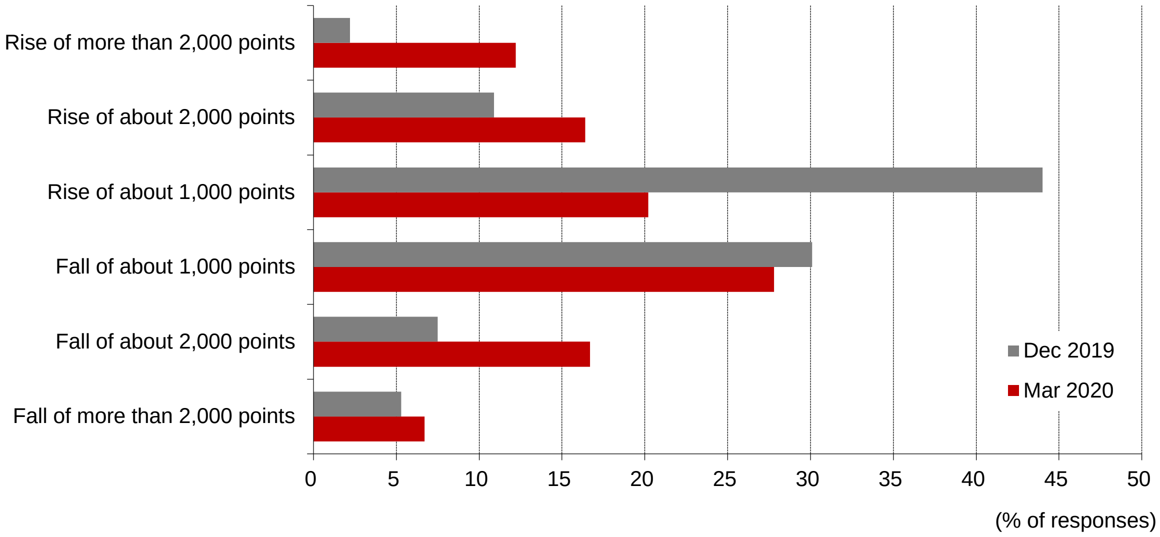



Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index (DI). The calculation method is as follows: ([(number of responses indicating expected rise in share prices in the next three months) minus (number of responses indicating expected fall in share prices in the next three months)] divided by [number of respondents]) x 100. The figure for Jan 2010 used here excludes those respondents who projected that the Nikkei Average 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 48.8%, down 8.3ppt from 57.1% in the previous survey. The percentage of respondents expecting a "rise of about 1,000 points" was down 23.8ppt versus the previous survey at 20.2%. The percentage of respondents expecting a "rise of about 2,000 points" was up 5.5ppt at 16.4%, while the percentage expecting a "rise of more than 2,000 points" fell 10.0ppt to 12.2%.

The percentage expecting a "fall of about 1,000 points" fell 2.3ppt to 27.8%. The percentage expecting a "fall of about 2,000 points" was up 9.2ppt at 16.7%, while the percentage expecting a "fall of more than 2,000 points" was up 1.4ppt at 6.7% (Figure 2).

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

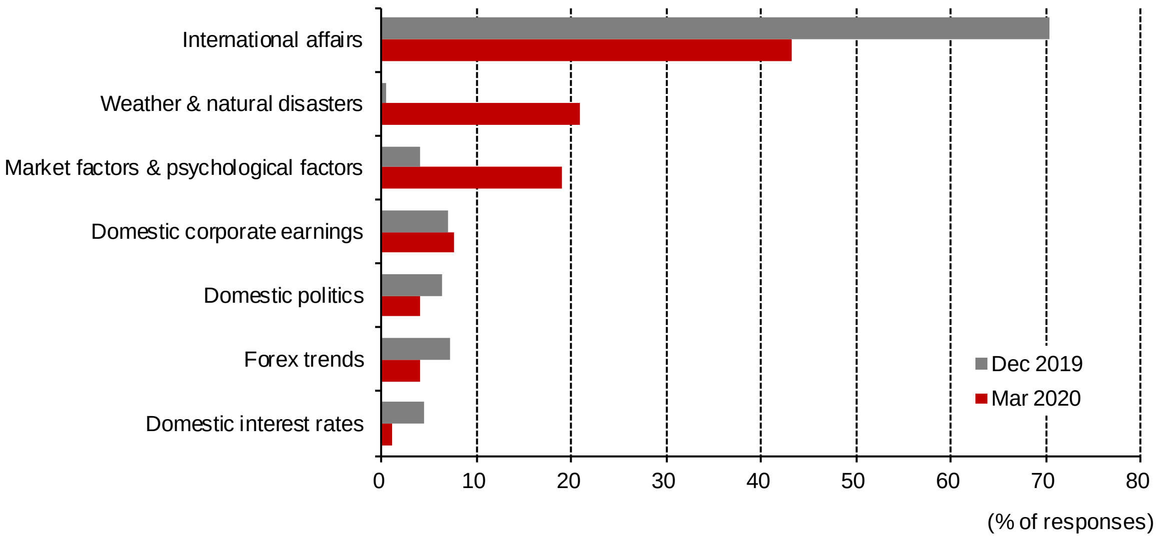



Note: Respondents were asked to share their outlook for the Nikkei 225 during the next three months based on the 2 March 2020 close of 21,344. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points, with 1,000-point increments in between.

**(2) Stronger investment focus on weather & natural disasters and market factors & psychological factors**

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "weather & natural disasters" rose 20.5ppt versus the previous survey to 20.9%, and the response rate for "market factors & psychological factors" rose 15.0ppt to 19.0%. Meanwhile, the response rate for "international affairs" fell 27.3ppt to 43.2%.

**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 pharmaceutical sector increases, appeal of automobiles sector falls

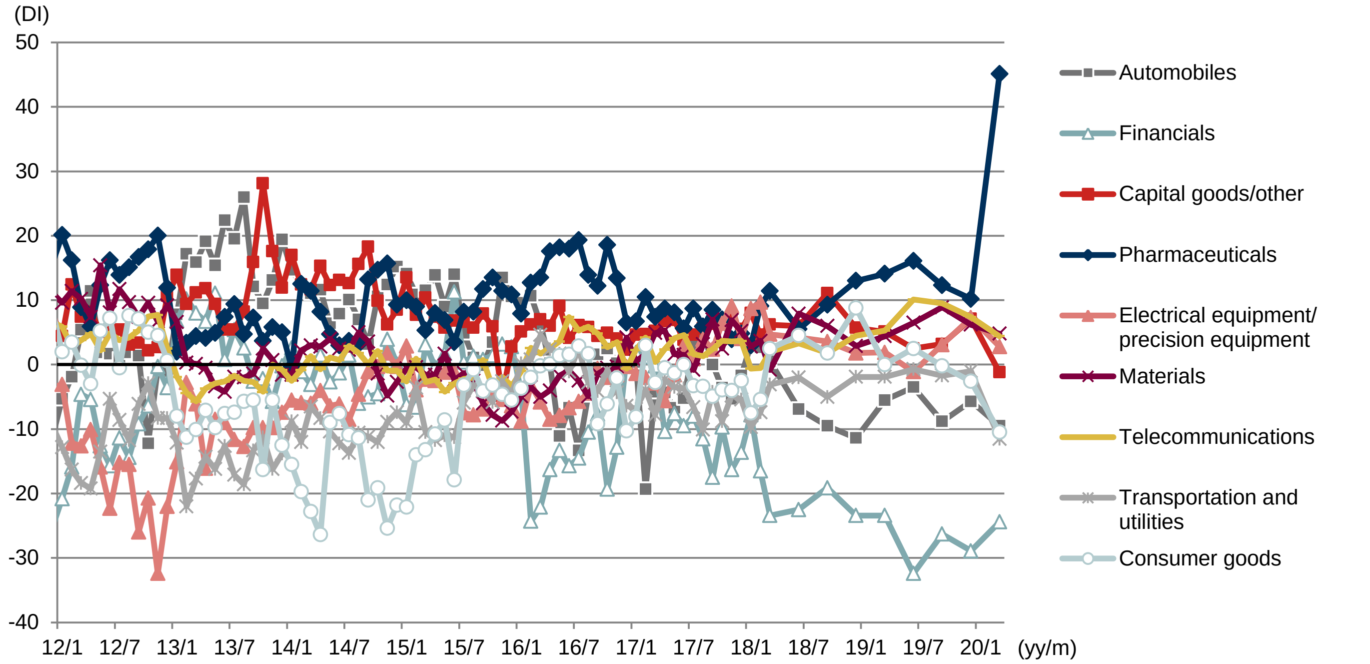
On the outlook for sectors over the next three months or so, we calculate a diffusion index (DI) for each sector by subtracting the percentage of respondents viewing it as "unappealing" from the percentage of respondents viewing it as "appealing." The DI for the pharmaceutical sector increased 34.9pt versus the previous survey to 45.1. The DI for the transportation and utilities sector meanwhile fell 10.5pt to -11.5 (Figures 4 and 5).

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

| Sector | DI | Breakdown of DI (% of responses) | | (Ref) Previous DI |
|---|---|---|---|---|
| | | Appealing | Unappealing | |
| Pharmaceuticals | 45.1 | 46.9 | 1.8 | 10.2 |
| Materials | 4.8 | 12.8 | 8.0 | 6.2 |
| Telecommunications | 4.4 | 6.3 | 1.9 | 7.4 |
| Electrical equipment/precision equipment | 2.8 | 8.7 | 5.9 | 7.3 |
| Capital goods/other | -1.2 | 4.7 | 5.9 | 7.1 |
| Automobiles | -9.5 | 3.4 | 12.9 | -5.7 |
| Consumer goods | -10.5 | 10.4 | 20.9 | -2.6 |
| Transportation and utilities | -11.5 | 3.7 | 15.2 | -1.0 |
| Financials | -24.4 | 3.1 | 27.5 | -28.9 |

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, or that they find appealing, regardless of whether their investment horizon is the short or long term (including stocks actually held). 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 | 8058 | Mitsubishi Corp | 11 |
| 4502 | Takeda Pharmaceutical | 49 | 9433 | KDDI | 11 |
| 4901 | Fujifilm Holdings | 46 | 9437 | NTT Docomo | 11 |
| 6758 | Sony | 32 | 4755 | Rakuten | 10 |
| 4568 | Daiichi Sankyo | 20 | 2702 | MCDONALD'S HOLDINGS COMPANY(JAPAN) | 9 |
| 8113 | Unicharm | 17 | 3197 | Skylark Holdings | 9 |
| 2914 | Japan Tobacco | 16 | 8001 | Itochu | 8 |
| 8267 | Aeon | 16 | 2802 | Ajinomoto | 7 |
| 4503 | Astellas Pharma | 14 | 4452 | Kao | 7 |
| 7974 | Nintendo | 14 | 4581 | Taisho Pharmaceutical Holdings | 7 |
| 9202 | ANA Holdings | 14 | 6594 | Nidec | 7 |
| 2897 | Nissin Foods Holdings | 13 | 8411 | Mizuho Financial Group | 7 |
| 9432 | Nippon Telegraph and Telephone | 13 | 9020 | East Japan Railway | 7 |
| 9984 | SoftBank Group | 13 | 2269 | Meiji Holdings | 6 |
| 6752 | Panasonic | 12 | 3038 | Kobe Bussan | 6 |
| 8591 | Orix | 12 | 6501 | Hitachi | 6 |
| 9434 | SoftBank Corp | 12 | 6981 | Murata Manufacturing | 6 |
| 4519 | Chugai Pharmaceutical | 11 | 7751 | Canon | 6 |
| 4661 | Oriental Land | 11 | | | |

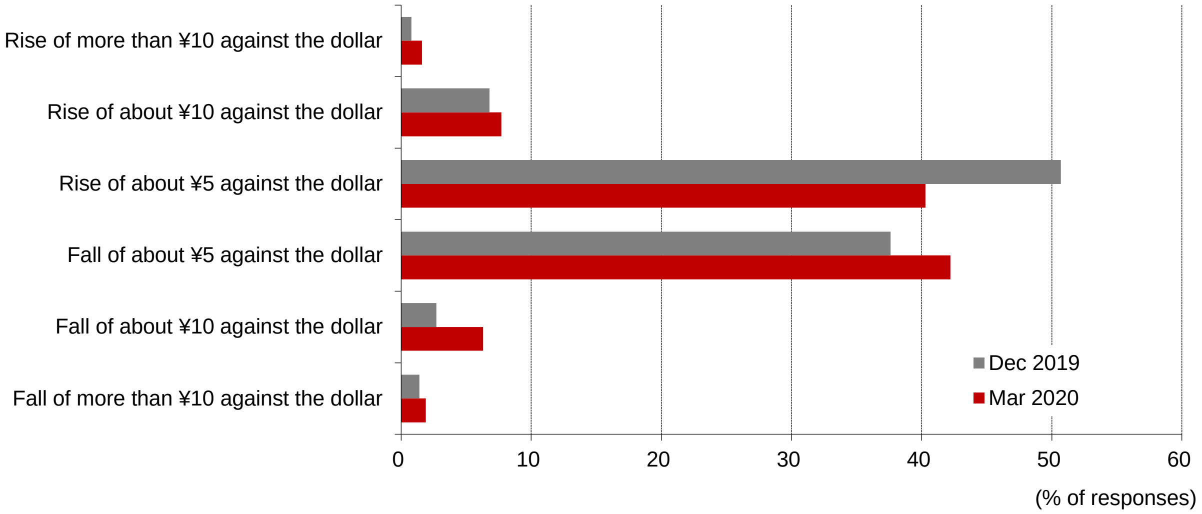
Note: Not included in valid responses were answers of "none" or clearly mistaken responses.

### (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 depreciate against the US dollar was 50.4%, up 8.7ppt from the previous survey. The response rate for "fall of about ¥5 against the dollar" rose 4.6ppt versus the previous survey to 42.2%. The response rate for "fall of about ¥10 against the dollar" rose 3.6ppt to 6.3%, while that for "fall of more than ¥10 against the dollar" rose 0.5ppt to 1.9%.

The response rate for "rise of about ¥5 against the dollar" declined 10.4ppt to 40.3%. The response rate for "rise of about ¥10 against the dollar" rose 0.9ppt to 7.7% and the response rate for "rise of more than ¥10 against the dollar" rose 0.8ppt to 1.6% (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 2 March 2020 indicative rate of ¥108.16. 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 Chinese yuan falls

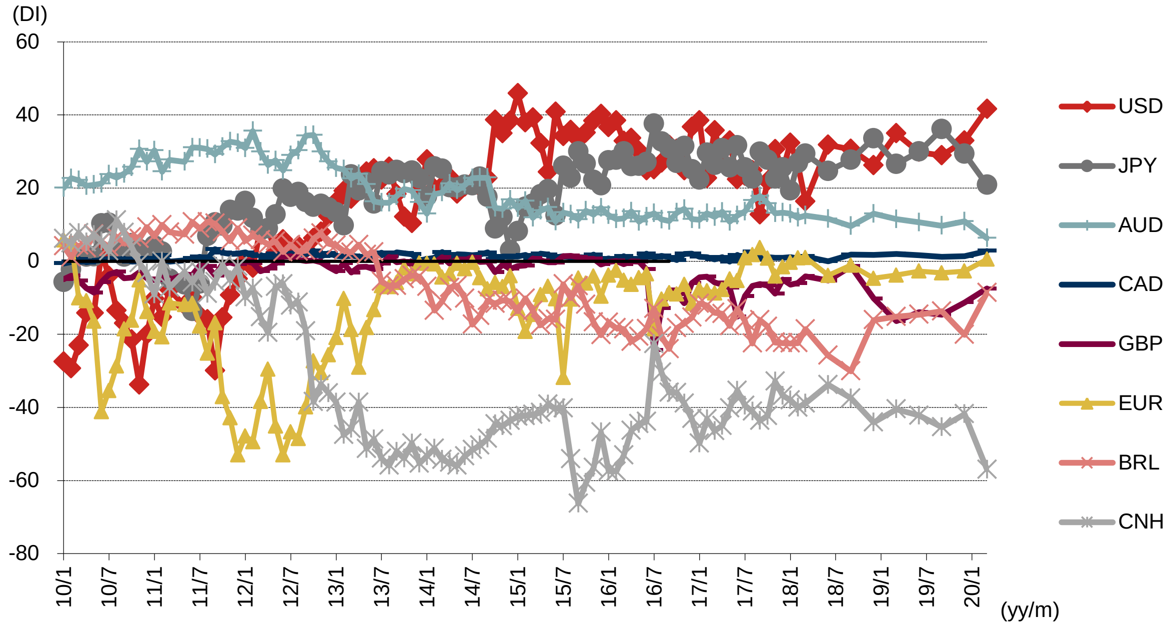
On the outlook for different currencies over the next three months, we calculate a DI for each currency by subtracting the percentage of respondents viewing the currency as "unappealing" from the percentage viewing it as "appealing." The DI for the Brazilian real rose 11.5pt from the previous survey to -8.6, and the DI for the US dollar rose 8.7pt to 41.6. In contrast, the DI for the Chinese yuan fell 15.2pt to -57.0. (Figures 8 and 9).

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

| Currency | DI | Breakdown of DI (% of responses) | | (Ref) Previous DI |
|---|---|---|---|---|
| | | Appealing | Unappealing | |
| US dollar | 41.6 | 46.9 | 5.3 | 32.9 |
| Japanese yen | 20.9 | 30.7 | 9.8 | 29.4 |
| Australian dollar | 6.3 | 9.7 | 3.4 | 10.9 |
| Canadian dollar | 2.8 | 3.1 | 0.3 | 1.4 |
| Euro | 0.5 | 3.8 | 3.3 | -2.7 |
| Pound sterling | -7.5 | 1.7 | 9.2 | -11.3 |
| Brazilian real | -8.6 | 1.2 | 9.8 | -20.1 |
| Chinese yuan | -57.0 | 1.5 | 58.5 | -41.8 |

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

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




**(7) Among financial instruments foreign equities attract greater interest**

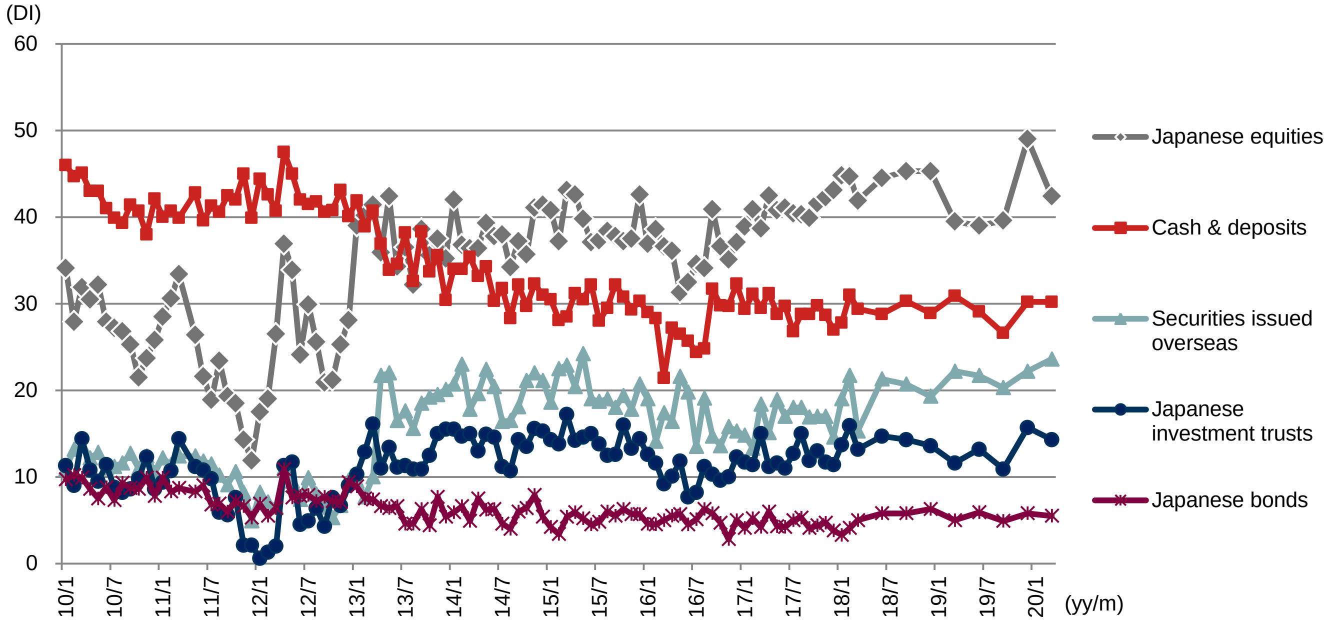
To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for "foreign equities" rose 1.3pt versus the previous survey to 13.1. The DI for Japanese equities fell 6.6pt to 42.4 (Figure 10).

**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 | 42.4 | 52.1 | 9.7 | 49.0 |
| Cash & deposits | 30.2 | 34.9 | 4.7 | 30.2 |
| Japanese investment trusts | 14.3 | 21.1 | 6.8 | 15.7 |
| Foreign equities | 13.1 | 14.1 | 1.0 | 11.8 |
| Gold | 9.0 | 9.3 | 0.3 | 9.8 |
| Foreign investment trusts | 7.5 | 8.6 | 1.1 | 6.7 |
| Japanese bonds | 5.5 | 6.9 | 1.4 | 5.8 |
| Foreign bonds | 3.0 | 4.6 | 1.6 | 3.7 |
| Hybrid securities | 2.3 | 2.6 | 0.3 | 1.9 |
| Other | 0.8 | 0.8 | 0.0 | 0.4 |
| None | -51.0 | 28.0 | 79.0 | -53.6 |

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 lower one year out

When asked for their outlook for prices of regularly purchased goods and services one year out, 37.2% of respondents selected a "rise" response, down 4.1ppt from last time. The percentage of respondents selecting a "no change" response was down 3.3ppt at 39.8%. The percentage of respondents selecting a "fall" response rose 7.4ppt to 23.0% (Figure 12).

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

| | Choices | % of responses | (Ref) Previous % of responses |
|---|---|---|---|
| 1 | Fall of 5% or more | 4.1 | 2.5 |
| 2 | Fall of 2% up to 5% | 6.5 | 3.6 |
| 3 | Fall of less than 2% | 12.4 | 9.5 |
| 4 | No change (0%) | 39.8 | 43.1 |
| 5 | Rise of less than 2% | 25.4 | 29.7 |
| 6 | Rise of 2% up to 5% | 9.1 | 9.6 |
| 7 | Rise of 5% or more | 2.7 | 2.0 |
| | 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) Conditions for equity investment, shareholder returns, COVID-19**

This month we asked spot questions on preconditions for equity investment, shareholder returns, and novel coronavirus COVID-19.

We asked investors what they thought was the most important precondition for increasing their investment in equities apart from improvement in the macroeconomic environment (including the economy, forex, and corporate earnings). The most common response, at 27.0%, was "improvement in shareholder returns (dividends, share buybacks)," followed by "lower tax burden on equity investment" (24.1%), and "greater confidence in politics and policy measures" (23.8%) (Figure 13).

**Fig. 13: Preconditions for increasing equity investment apart from the macroeconomic environment**

| | Choices | No. of respondents | % of total |
|---|---|---|---|
| 1 | Lower tax burden on equity investment | 241 | 24.1 |
| 2 | Improved visibility of corporate disclosures | 23 | 2.3 |
| 3 | Enhanced financial services | 34 | 3.4 |
| 4 | Improvement in shareholder returns (dividends, share buybacks) | 270 | 27.0 |
| 5 | Greater confidence in politics and policy measures | 238 | 23.8 |
| 6 | Easing anxieties over funds to cover living expenses in the future | 173 | 17.3 |
| 7 | Other | 21 | 2.1 |
| | 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 the 241 respondents who chose the "lower tax burden on equity investment" response in Figure 13 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 46.1% of the total (Figure 14).

**Fig. 14: Most important measures for respondents who selected "lower tax burden on equity investment" as their precondition for increasing equity investment**

| | Choices | No. of respondents | % of total |
|---|---|---|---|
| 1 | Eliminating capital gains tax on equities | 111 | 46.1 |
| 2 | Eliminating taxes on share dividends | 80 | 33.2 |
| 3 | Expanding scope of profit/loss aggregation for financial instruments | 17 | 7.1 |
| 4 | Lowering inheritance tax on equities | 12 | 5.0 |
| 5 | Expanding tax-exempt scope of defined contribution pensions | 4 | 1.7 |
| 6 | Lowering taxes on gifts of long-term shareholdings | 9 | 3.7 |
| 7 | Extending loss deferral period | 8 | 3.3 |
| 8 | Other | 0 | 0.0 |
| | Total | 241 | 100.0 |

Note: We asked the respondents who chose the "lower tax burden on equity investment" response in Figure 13 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 the 23 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 "improve corporate disclosure structures" was chosen by the largest number of respondents, accounting for 52.2% of the total (Figure 15).

**Fig. 15: Important factors for improving corporate disclosure visibility**

| | Choices | No. of respondents | % of total |
|---|---|---|---|
| 1 | More proactive IR activities | 3 | 13.0 |
| 2 | Thorough internal company education regarding insider trading | 3 | 13.0 |
| 3 | Improve corporate disclosure structures | 12 | 52.2 |
| 4 | Improve corporate governance | 5 | 21.7 |
| 5 | Other | 0 | 0.0 |
| | Total | 23 | 100 |

Note: We asked the respondents who chose the "improved visibility of corporate disclosures" response to the question in Figure 13 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 the 34 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 41.2% of the total (Figure 16).

**Fig. 16: Important factors for enhancing financial services**

| | Choices | No. of respondents | % of total |
|---|---|---|---|
| 1 | Offering attractive financial products | 14 | 41.2 |
| 2 | Improved asset consulting services | 5 | 14.7 |
| 3 | Improved face-to-face services | 5 | 14.7 |
| 4 | Improved electronic trading | 1 | 2.9 |
| 5 | Lower commissions | 9 | 26.5 |
| 6 | Other | 0 | 0.0 |
| | Total | 34 | 100 |

Note: We asked respondents who chose the "enhanced financial services" response to the question in Figure 13 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?"

We also asked about the dividend yield expected when investing in Japanese stocks. The largest response rate, at 27.9%, was for "2% or more but less than 3%." The next most popular, at 26.0%, was "3% or more but less than 4%" (Figure 17).

**Fig. 17: Expected dividend yield**

| | Choices | No. of respondents | % of total |
|---|---|---|---|
| 1 | 0% (no dividend) acceptable | 17 | 1.7 |
| 2 | Less than 1% (excluding no dividend) | 11 | 1.1 |
| 3 | 1% or more but less than 2% | 117 | 11.7 |
| 4 | 2% or more but less than 3% | 279 | 27.9 |
| 5 | 3% or more but less than 4% | 260 | 26.0 |
| 6 | 4% or more but less than 5% | 139 | 13.9 |
| 7 | 5% or more | 177 | 17.7 |
| | Total | 1,000 | 100 |

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?"

We then asked investors which company shareholder return policies they focused on when they invested in Japanese equities. The most popular response, at 76.6%, was cash dividends, followed by "shareholder perks," at 50.9% (Figure 18).

**Fig. 18: Shareholder return policies on which investors focus**

| | Choices | No. of respondents | % of total |
|---|---|---|---|
| 1 | Cash dividends | 766 | 76.6 |
| 2 | Shareholder perks | 509 | 50.9 |
| 3 | Share buybacks | 192 | 19.2 |
| 4 | Stock splits | 137 | 13.7 |
| 5 | None in particular | 50 | 5.0 |
| | Total | 1,654 | - |

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?"

Finally, we asked respondents how they view the rising number of COVID-19 cases in China and elsewhere. The most popular response, at 30.8%, was "I see investment opportunities in some sectors (selectively bullish)," followed by "I see substantial risk in some sectors (selectively bearish)" at 27.9% (Figure 19).

**Fig. 19: Respondents' views on rising number of COVID-19 cases**

| | Choices | No. of respondents | % of total |
|---|---|---|---|
| 1 | The markets are generally over-pessimistic (overall bullish) | 203 | 20.3 |
| 2 | I see investment opportunities in some sectors (selectively bullish) | 308 | 30.8 |
| 3 | The markets are generally over-optimistic (overall bearish) | 121 | 12.1 |
| 4 | I see substantial risk in some sectors (selectively bearish) | 279 | 27.9 |
| 5 | No particular view | 89 | 8.9 |
| | Total | 1,000 | 100 |

Note: Respondents were asked to select one response to the question: "How do you view the rising number of COVID-19 cases in China and elsewhere?"

## 2. Nomura Individual Investor Survey

With the aim of better understanding investing activity by individuals and providing information on those trends, Nomura Securities periodically conducts a survey—the Nomura Individual Investor Survey. The results of the survey have been published 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 2 March 2020, with deadline for responses on 3 March 2020

Survey content: Questions included each time 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 time and queried about their personal profiles.

## 3. Nomura Individual Investor Survey (March 2020) respondents

Gender: Male (85.4%), female (14.6%)

Age: Under 30 (0.3%), 30–39 (2.8%), 40–49 (16.6%), 50–59 (28.4%), 60 and above (51.9%)

Occupation: Self-employed/fisheries, agriculture, forestry (7.0%), professional (physician/medical professional, lawyer, etc) (2.6%), company management/board member (4.4%), company employee/public servant (41.6%), student (0.1%), full-time homemaker (7.1%), part-time worker/casual worker/job-hopper (7.1%), unemployed/pensioner (27.8%), other (2.3%)

Region: Kanto (51.3%), Kinki (18.5%), Tokai/Koshinetsu/Hokuriku (14.1%), Hokkaido/Tohoku (4.7%), Chugoku/Shikoku/Kyushu (11.4%)

Financial assets held: Less than ¥1,000,000 (4.2%), ¥1,000,000–¥2,999,999 (7.4%), ¥3,000,000–¥4,999,999 (10.7%), ¥5,000,000–¥9,999,999 (15.0%), ¥10,000,000–¥29,999,999 (29.0%), ¥30,000,000–¥49,999,999 (16.6%), ¥50,000,000 or more (17.1%)

Value of Japanese stocks held: Less than ¥500,000 (7.3%), ¥500,000–¥999,999 (9.7%), ¥1,000,000–¥2,999,999 (21.3%), ¥3,000,000–¥4,999,999 (17.3%), ¥5,000,000–¥9,999,999 (16.9%), ¥10,000,000–¥29,999,999 (19.5%), ¥30,000,000 or more (8.0%)

Investment experience: Less than three years (1.6%), three years to less than five years (3.0%), five years to less than 10 years (15.3%), 10 years to less than 20 years (34.0%), 20 years or more (46.1%)

Investment plan for Japanese stocks: Mainly for long-term holding (51.0%), pursuit of gains from short-term appreciation (10.2%), pursuit of dividends and shareholder perks (29.4%), no particular plan (9.4%)

Notice

The next Nomura Individual Investor Survey (June 2020) is scheduled for release on Thursday, 18 June 2020.

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

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