

# **Nomura Individual Investor Survey**

November 2011

2 November 2011

Equity Research Department  
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 at 39.2, down 7.2pt from previous survey

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 that for "fall" was 39.2, down 7.2pt from 46.4 the previous month. The number of respondents anticipating a decline in share prices increased. The majority response was again for the Nikkei Average to rise by around 1,000pt, but the ratios of individual investors expecting rises of more than 2,000pt, about 2,000pt, and about 1,000pt all fell.

(2) Sharp increase in selection of international affairs as the factor most likely to impact the Japanese stock market

Respondents were asked to select the factor most likely to impact the stock market in the next three months. International affairs was again the most popular response, selected by a record-high 60.6% of respondents, up a substantial 13.1ppt from last month. The ranking of responses for other factors has been unchanged since the month before last.

(3) Pharmaceuticals the most appealing sector for third straight month

We calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." For the third straight month, the DI was highest for pharmaceuticals. The steepest decline in DI was for financials (-4.2pt), which was the most unappealing sector this month (at -23.7).

(4) Rising expectations of yen appreciation versus US dollar

On the outlook for the USD/JPY rate over the next three months, the total percentage of respondents expecting the yen to strengthen against the dollar increased to 47.5%, from 43.6% last month. The proportions of respondents expecting a rise of more than ¥10, about ¥10, and about ¥5 all rose. The biggest decline in response ratio (-2.8ppt) was for those expecting the yen to weaken by about ¥5 against the dollar.

(5) View of euro continues to deteriorate

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 22nd straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011), and its DI was a record-high 32.7. The euro's DI again declined the most of any currency, by 5.7pt. Although this fall was narrower than the 20.2pt slide last month, the DI nonetheless marked a record low of -42.8.

(6) Reduced appetite for increasing purchases of marketable securities

To give an indication of plans for holding financial instruments, we calculate DIs for each financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holding from the percentage planning to hold the instrument for the first time or increase their holding. DIs for marketable securities all decreased from last month.

## 2. Survey results

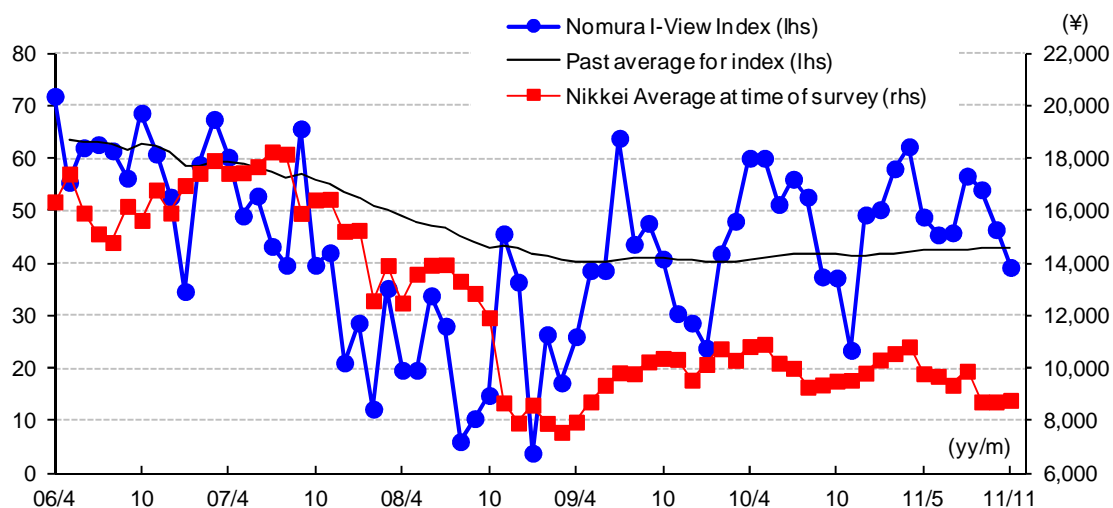
(1) Nomura I-View Index at 39.2, down 7.2pt from previous survey

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 that for "fall," was 39.2, down 7.2pt from 46.4 the previous month. The number of respondents anticipating a decline in share prices increased (Figure 1). The Nikkei Average reference level (19 October close) was 8,772, up marginally from the time of the previous survey (20 September close of 8,721).

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

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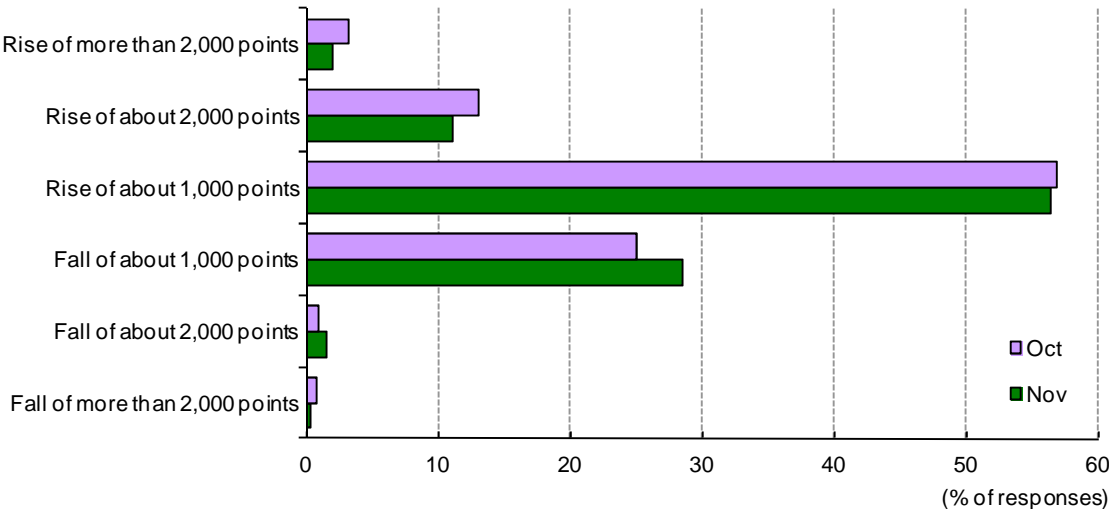


Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index. The calculation method is as follows: [(Number of responses indicating expected rise in share prices in the next three months) minus (number of responses indicating expected fall in share prices in the next three months) divided by number of respondents] X 100. The figure for January 2010 used here excludes respondents who projected the Nikkei Average would 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 69.6%, down 3.6pt from 73.2% last month. The majority response was again for the Nikkei Average to rise by around 1,000pt, but the ratios of individual investors expecting rises of more than 2,000pt, about 2,000pt, and about 1,000pt all fell. The largest increase in response ratio (up 3.5ppt from last month) was for a decline of around 1,000pt (Figure 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 19 October closing figure of 8,772. 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.

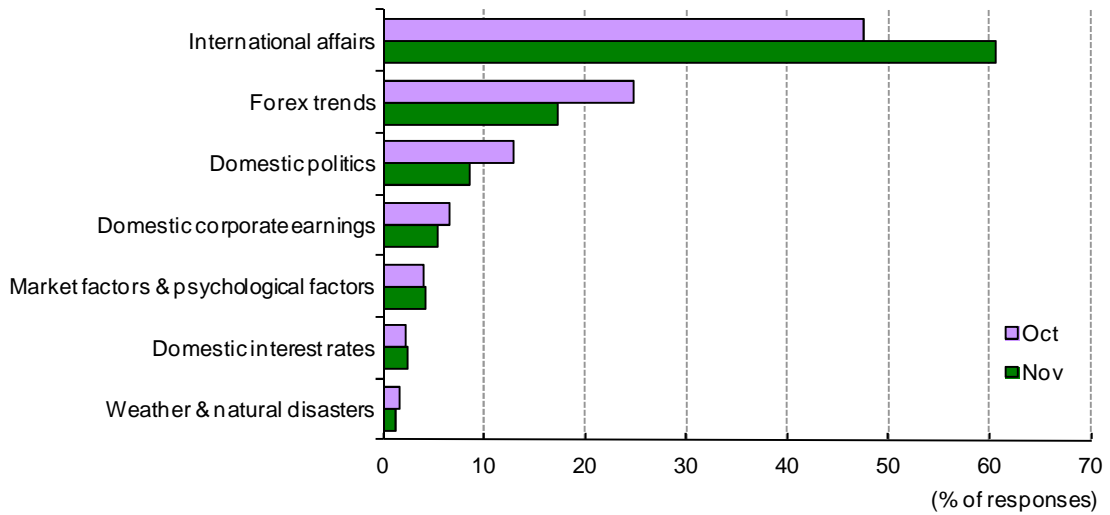
(2) Sharp increase in selection of international affairs as the factor most likely to impact the Japanese stock market

Respondents were asked to select the factor most likely to impact the stock market in the next three months. International affairs was again the most popular response, selected by a record-high 60.6% of respondents, up a substantial 13.1ppt from last month. Forex trends again ranked second as it did last month, but the ratio of responses fell 7.5ppt, the largest decline among the possible choices. Response ratios for other factors either rose or fell slightly. The ranking of responses for all factors has been unchanged since the month before last (Figure 3).

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### 3. Impact of factors on the stock market

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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) Pharmaceuticals the most appealing sector for third straight month

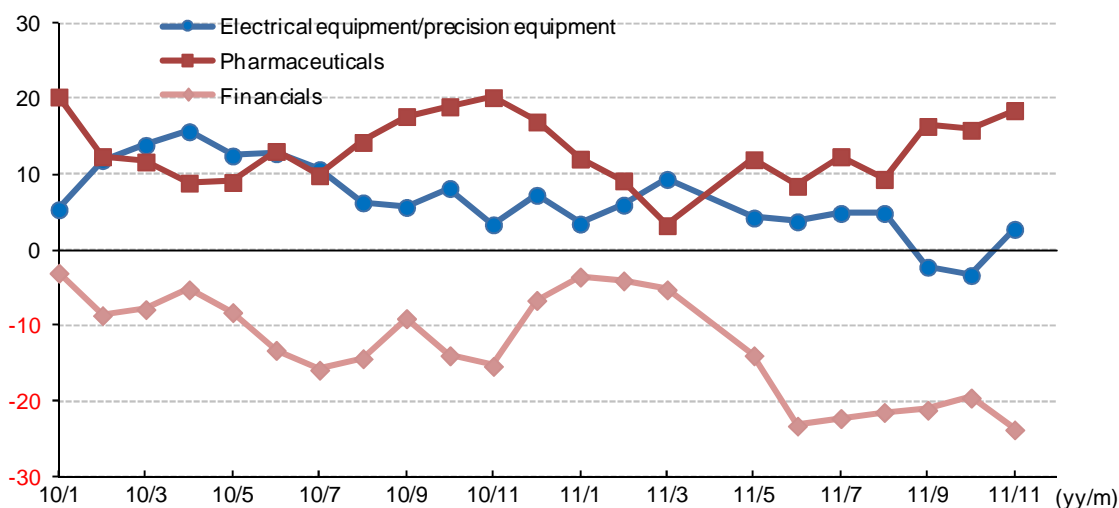
We calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." For the third straight month, the DI was highest for pharmaceuticals, up 2.6pt at 18.5. The DI for electrical equipment/precision equipment increased 6.1pt from last month to move back into positive territory with the largest advance among all sectors. The steepest decline in DI was for financials (-4.2pt), which was the most unappealing sector this month at -23.7 (Figures 4, 5).

**4. Investment appeal by sector**

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	18.5	19.8	1.3	15.9
Materials	11.3	16.7	5.4	15.3
Telecommunications	8.4	11.2	2.8	3.4
Capital goods/other	6.4	11.8	5.4	9.7
Electrical equipment/precision equipment	2.8	9.6	6.8	-3.3
Consumer goods	2.1	13.3	11.2	0.8
Transportation and utilities	-11.7	5.2	16.9	-12.1
Automobiles	-14.1	6.9	21.0	-10.2
Financials	-23.7	5.5	29.2	-19.5

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.

**5. Trend in 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 find appealing. We show the most popular responses below (Figure 6).

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

<b>Code</b>	<b>Company</b>	<b>No. of respondents</b>	<b>Code</b>	<b>Company</b>	<b>No. of respondents</b>
7203	Toyota Motor	59	8306	Mitsubishi UFJ Financial Group	12
4502	Takeda Pharmaceutical	54	3402	Toray Industries	11
9984	Softbank	25	4661	Oriental Land	11
9437	NTT Docomo	21	2811	Kagome	10
6301	Komatsu	17	4543	Terumo	10
8267	Aeon	17	9501	Tokyo Electric Power	10
2702	McDonald's Holdings (Japan)	15	2432	DeNA	9
8411	Mizuho Financial Group	15	4523	Eisai	9
6752	Panasonic	14	7267	Honda Motor	9
6758	Sony	14	7751	Canon	9
9433	KDDI	14	4503	Astellas Pharma	8
8058	Mitsubishi Corp	13	5401	Nippon Steel	8
9202	All Nippon Airways	13	8316	Sumitomo Mitsui Financial Group	8
6502	Toshiba	12			

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

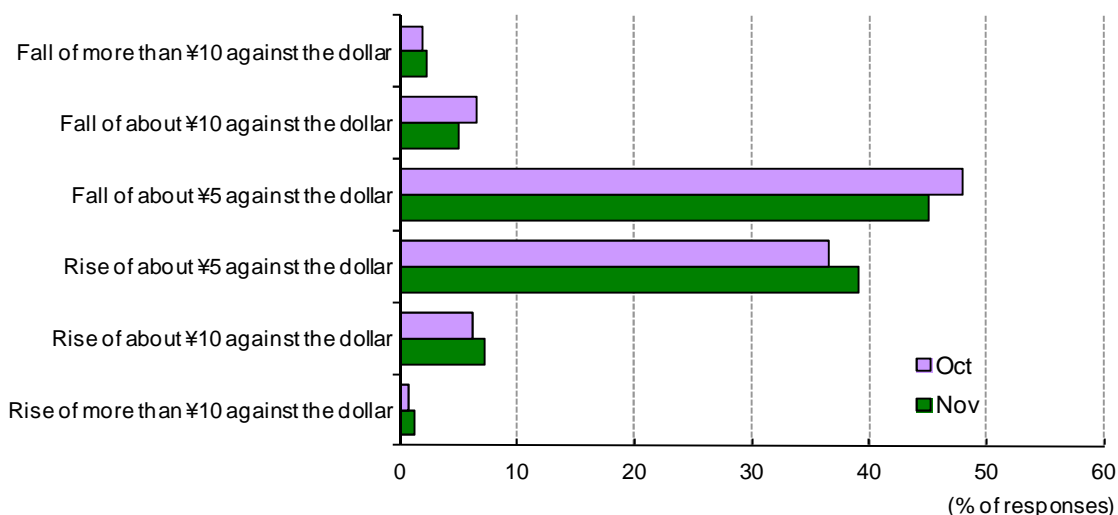
(5) Rising expectations of yen appreciation versus US dollar

On the outlook for the USD/JPY rate over the next three months, the total percentage of respondents expecting the yen to strengthen against the dollar increased to 47.5%, from 43.6% last month. The proportions of respondents expecting a rise of more than ¥10, about ¥10, and about ¥5 all rose. A combined 52.5% of respondents expect the yen to weaken, down from 56.4% last month but still more than 50%. The biggest decline in response ratio (-2.8ppt) was for those expecting the yen to weaken by about ¥5 against the dollar (Figure 7). At the time of the latest survey (19 October), the noon indicative USD/JPY rate was 76.69, as strong as at the time of the previous survey (76.45, 20 September).

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

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Note: Respondents were asked to share their outlook for the USD/JPY rate during the next three months, referencing a 19 October indicative rate of US\$1=¥76.69. 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) View of euro continues to deteriorate

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 22nd straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011), and its DI was a record-high 32.7. Also at a record high was the DI of 14.0 for the yen, which was the second most appealing currency again this month. The DI for the US dollar was negative again at -9.3, but for a second consecutive month it improved more than any other currency DI, by 6.2pt, following its sharp climb of 14.5pt last month. The euro's DI again declined the most of any currency, by 5.7pt. Although this fall was narrower than the 20.2pt slide last month, the DI nonetheless marked a record low of -42.8 (Figure 8).

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**8. Investment appeal by currency**

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Australian dollar	32.7	34.2	1.5	31.2
Japanese yen	14.0	24.3	10.3	9.7
Brazilian real	5.5	10.2	4.7	8.0
Canadian dollar	2.0	2.7	0.7	2.3
Pound sterling	-0.4	1.4	1.8	-0.7
Chinese renminbi	-5.1	9.2	14.3	-1.1
US dollar	-9.3	8.8	18.1	-15.5
Euro	-42.8	5.7	48.5	-37.1

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.

(7) Reduced appetite for increasing purchases of marketable securities

To give an indication of plans for holding financial instruments, we calculate DIs for each financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holding from the percentage planning to hold the instrument for the first time or increase their holding. DIs for marketable securities all decreased from last month. Although more respondents said they planned to increase weightings than reduce them for all categories of marketable security, individual investors appear less keen to step up purchases (Figure 9).

**9. Financial instruments for which investors are either seeking to increase or decrease their holdings**

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Plan to increase	Plan to decrease	
Cash & deposits	45.0	47.5	2.5	42.0
Equities	14.3	40.2	25.9	18.5
Securities issued overseas	8.2	11.3	3.1	10.6
Bonds	6.6	9.2	2.6	7.2
Investment trusts	2.1	16.8	14.7	7.6
Other	0.9	1.2	0.3	1.2
None	-30.7	30.9	61.6	-34.0

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 Equity Research Department 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 19 October with deadline for responses on 20 October.

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 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 (November 2011) respondents

Gender: Male (76.2%), Female (23.8%)

Age: Under 30 (0.8%), 30–39 (14.8%), 40–49 (27.3%), 50–59 (28.8%), 60 and above (28.3%)

Occupation: Self-employed/fisheries, agriculture, forestry (12.8%), Professional (physician/medical professional, lawyer, etc) (2.1%), Company management/corporate officer (5.7%), Company employee/public servant (44.5%), Housewife (13.1%), Part-time worker/casual worker/job-hopper (5.0%), Unemployed/pensioner (15.0%), Other (1.8%)

Region: Kanto (45.8%), Kinki (20.6%), Tokai/Koshinetsu/Hokuriku (16.5%), Hokkaido/Tohoku (6.4%), Chugoku/Shikoku/Kyushu (10.7%)

Financial assets held: Less than ¥1,000,000 (6.9%), ¥1,000,000–¥2,999,999 (11.1%), ¥3,000,000–¥4,999,999 (11.8%), ¥5,000,000–¥9,999,999 (18.1%), ¥10,000,000–¥29,999,999 (29.4%), ¥30,000,000–¥49,999,999 (12.8%), ¥50,000,000 or more (9.9%)

Value of domestic stocks held: Less than ¥500,000 (11.9%), ¥500,000–¥999,999 (13.8%), ¥1,000,000–¥2,999,999 (25.2%), ¥3,000,000–¥4,999,999 (16.5%), ¥5,000,000–¥9,999,999 (14.7%), ¥10,000,000–¥29,999,999 (13.4%), ¥30,000,000 or more (4.5%)

Investment experience: Less than three years (1.4%), Three years to less than five years (10.7%), Five years to less than 10 years (31.2%), 10 years to less than 20 years (30.0%), 20 years or more (26.7%)

Investment plan for domestic stocks: Mainly for long-term holding (46.9%), Pursuit of gains from short-term appreciation (11.4%), Pursuit of dividends and shareholder perks (27.9%), No particular plan (13.8%)

#### Notice

The next Nomura Individual Investor Survey (December 2011) is scheduled for release on Friday, 2 December 2011.

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

### Important Disclosures

#### Conflict-of-interest disclosures

Important disclosures may be accessed through the following website:

<http://go.nomuranow.com/research/globalresearchportal/pages/disclosures/disclosures.aspx>. If you have difficulty with this site or you do not have a password, please contact your Nomura Securities International, Inc. salesperson (1-877-865-5752) or email [grpsupport-eu@nomura.com](mailto:grpsupport-eu@nomura.com) for assistance.

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39% have been assigned a Buy rating which, for purposes of mandatory disclosures, are classified as a Buy rating; 8% of companies with this rating are investment banking clients of the Nomura Group\*.

54% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 3% of companies with this rating are investment banking clients of the Nomura Group\*.

7% 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 30 September 2011. \*The Nomura Group as defined in the Disclaimer section at the end of this report.

#### Distribution of ratings (Global)

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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, target price and estimates have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including, but not limited to, 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://go.nomuranow.com/research/globalresearchportal>); **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 (Target Price - Current Price) / 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. Securities and/or companies that are labelled as **'Not rated'** or shown as **'No rating'** are not in regular research coverage of the Nomura entity identified in the top banner. Investors should not expect continuing or additional information from Nomura relating to such securities and/or companies.

## 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.

## 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 (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. 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

A Target Price, if discussed, reflect in part the analyst's estimates for the company's earnings. The achievement of any target price may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings differ from estimates.

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