

# **Nomura Individual Investor Survey**

April 2012

13 April 2012

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 down 2.0pt m-m to 60.6

The Nomura Individual Investor Market View Index (Nomura I-View Index), based on respondents' three-month outlook for share prices and calculated by subtracting the percentage of responses for "fall" from that for "rise" was 60.6, down 2.0pt from the previous month. The number of individual investors expecting stock prices to rise decreased slightly but the index remains at a high level. The proportion of respondents expecting rises of "about 2,000 points" and "more than 2,000 points" both increased, but that for "rise of about 1,000 points" fell.

### (2) Increased attention on domestic politics

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, but it marked the largest decline in the proportion of respondents selecting it, down 4.0ppt from the previous month. The largest rise was for the number-three response, domestic politics, up 5.0pt. The ranking of all factors has remained unchanged since September.

### (3) Autos becomes most attractive sector

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." Automobiles moved into first place as its DI posted the largest gain of the month (up 6.0pt). DIs declined markedly for pharmaceuticals (down 3.0pt), consumer goods (down 2.9pt), and materials (down 2.8pt).

### (4) Rising expectations of yen depreciation 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 weaken against the dollar was 67.2%, up 0.5ppt from 66.7% as of last month. The individual response with the largest increase this month (up 2.4ppt from the previous month) was a "fall of about ¥10 against the dollar," while the biggest decline (down 1.9ppt) was for a "fall of about ¥5 against the dollar".

### (5) Euro's increasing appeal

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 27th straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011), but its DI fell from the previous month. The largest decliner was the renminbi, down 4.3pt. The euro remained in last place but posted the largest gain of the month (up 8.9pt).

### (6) Appetite for equity investment continues to grow

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. The DIs for all financial instruments rose from the previous month, with equities posting the largest rise of the month, 10.4pt.

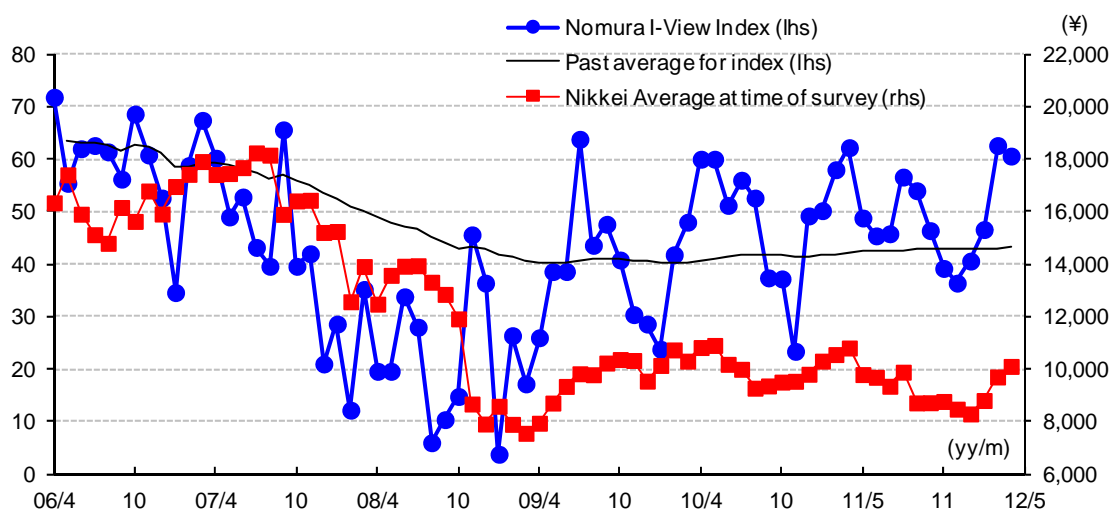
## 2. Survey results

(1) Nomura I-View Index down 2.0pt m-m to 60.6

The Nomura Individual Investor Market View Index (Nomura I-View Index), based on respondents' three-month outlook for share prices and calculated by subtracting the percentage of responses for "fall" from that for "rise" was 60.6, down 2.0pt from the previous month. The number of individual investors expecting stock prices to rise decreased slightly but the index remains at a high level (Figure 1).

The Nikkei Average reference level (2 April close) was 10,109, up 402pt from the previous survey (1 March close of 9,707).

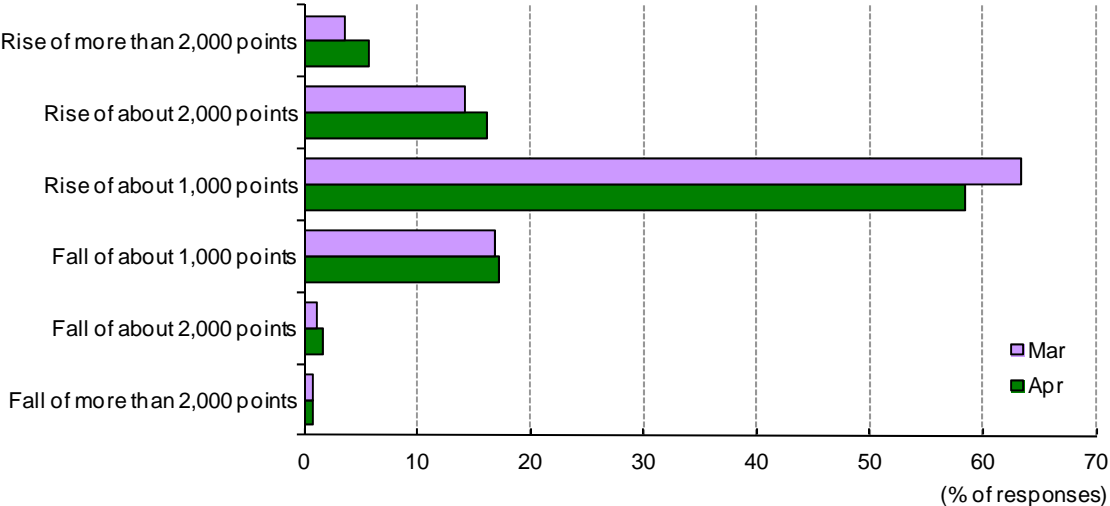
### 1. The Nomura I-View Index and reference level of Nikkei Average at time of survey



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 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 projecting the Nikkei Average would rise over the next three months was 80.3%, down 1.0ppt from 81.3% the previous month. The proportion of respondents expecting rises of "about 2,000 points" and "more than 2,000 points" both increased, but that for "rise of about 1,000 points" fell by 5.0pt, the largest decline of the month. All of the responses for falls (of "about 1,000 points," "about 2,000 points," and "more than 2,000 points") showed little change (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 2 April closing figure of 10,109. 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.

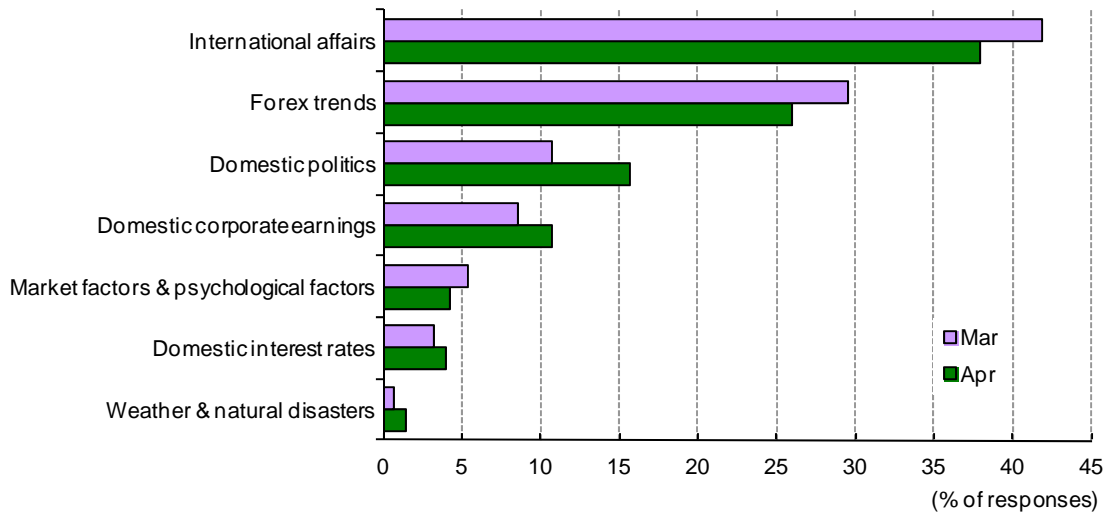
(2) Increased attention on domestic politics

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, but it marked the largest decline in the proportion of respondents selecting it, down 4.0ppt from 41.9% the previous month. Forex trends was the second most popular response again, but it fell 3.5% after the large rise of the previous month. The largest rise was for the number-three response, domestic politics, up 5.0ppt. The ranking of all factors has remained unchanged since September (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) Autos becomes most attractive sector

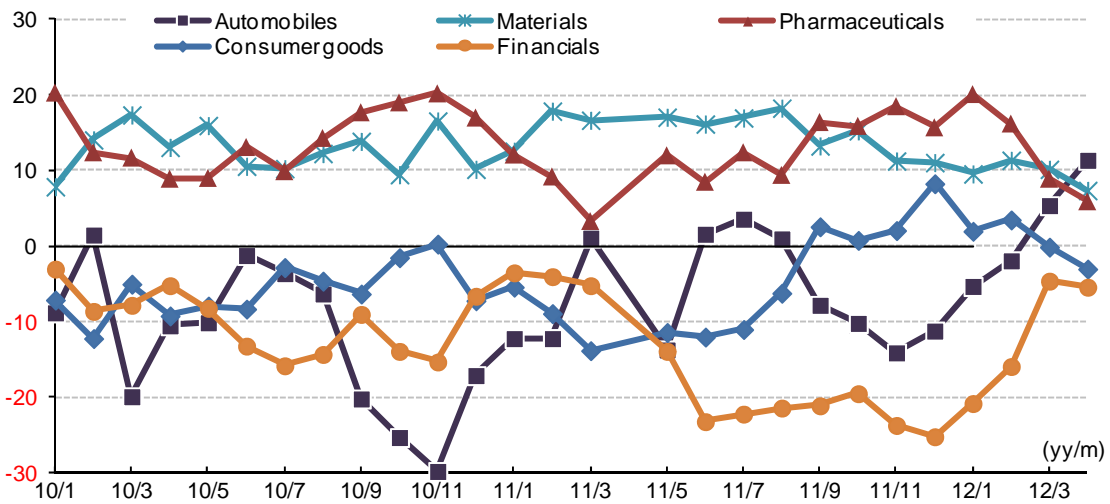
Respondents were asked to choose one sector as an “appealing” investment target and one as “unappealing.” We calculated a diffusion index for each sector by subtracting the percentage of responses for “unappealing” from that for “appealing.” Automobiles moved into first place as its DI maintained its uptrend with the largest gain of the month (up 6.0pt). DIs declined markedly for pharmaceuticals (down 3.0pt), consumer goods (down 2.9pt), and materials (down 2.8pt). Financials also fell, despite posting the largest gain in the previous month’s survey (Figures 4, 5).

**4. Investment appeal by sector**

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Automobiles	11.4	18.5	7.1	5.4
Capital goods/other	8.2	12.7	4.5	7.4
Materials	7.4	16.2	8.8	10.2
Pharmaceuticals	5.9	10.1	4.2	8.9
Telecommunications	4.8	8.6	3.8	3.8
Consumer goods	-3.0	10.4	13.4	-0.1
Financials	-5.4	10.4	15.8	-4.6
Electrical equipment/precision equipment	-10.1	9.6	19.7	-12.6
Transportation and utilities	-19.2	3.5	22.7	-18.4

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)

Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	96	9437	NTT Docomo	12
8411	Mizuho Financial Group	27	6501	Hitachi	11
8058	Mitsubishi Corp	22	9501	Tokyo Electric Power	11
9984	Softbank	21	6301	Komatsu	10
4502	Takeda Pharmaceutical	19	7011	Mitsubishi Heavy Industries	10
2702	McDonald's Holdings (Japan)	18	6758	Sony	9
8306	Mitsubishi UFJ Financial Group	18	7261	Mazda Motor	9
9202	All Nippon Airways	17	7751	Canon	9
7267	Honda Motor	16	3402	Toray Industries	8
4755	Rakuten	15	8604	Nomura Holdings	8
6752	Panasonic	15	5401	Nippon Steel	7
8267	Aeon	15	8113	Unicharm	7
6753	Sharp	13	8750	Dai-ichi Life Insurance	7
4661	Oriental Land	12	4523	Eisai	6
7201	Nissan Motor	12	7974	Nintendo	6

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

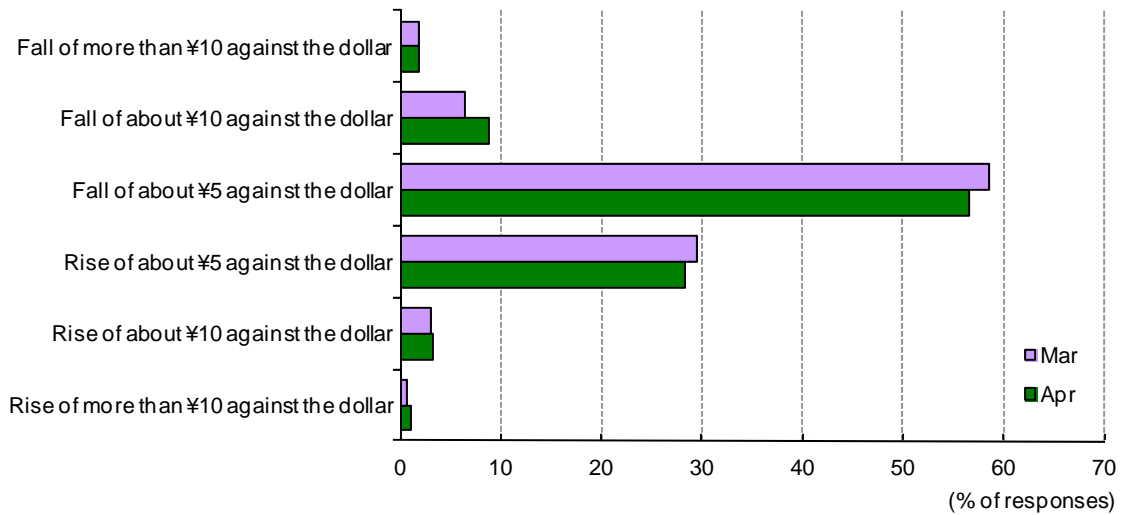
(5) Rising expectations of yen depreciation versus US dollar

On the outlook for the USD/JPY rate over the next three months, the total percentage of respondents expecting the yen to weaken against the dollar was 67.2%, up 0.5ppt from 66.7% as of last month. The individual response with the largest increase this month (up 2.4ppt from the previous month) was a "fall of about ¥10 against the dollar," while the biggest decline (down 1.9ppt) was for a "fall of about ¥5 against the dollar" (Figure 7). At the time of the latest survey (2 April), the noon indicative USD/JPY rate was 83.16, indicating a weaker yen than at the time of the previous survey (81.08 as of 1 March).

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**7. Respondents' three-month outlook for the USD/JPY 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 2 April indicative rate of US\$1=¥83.16. 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) Euro's increasing appeal

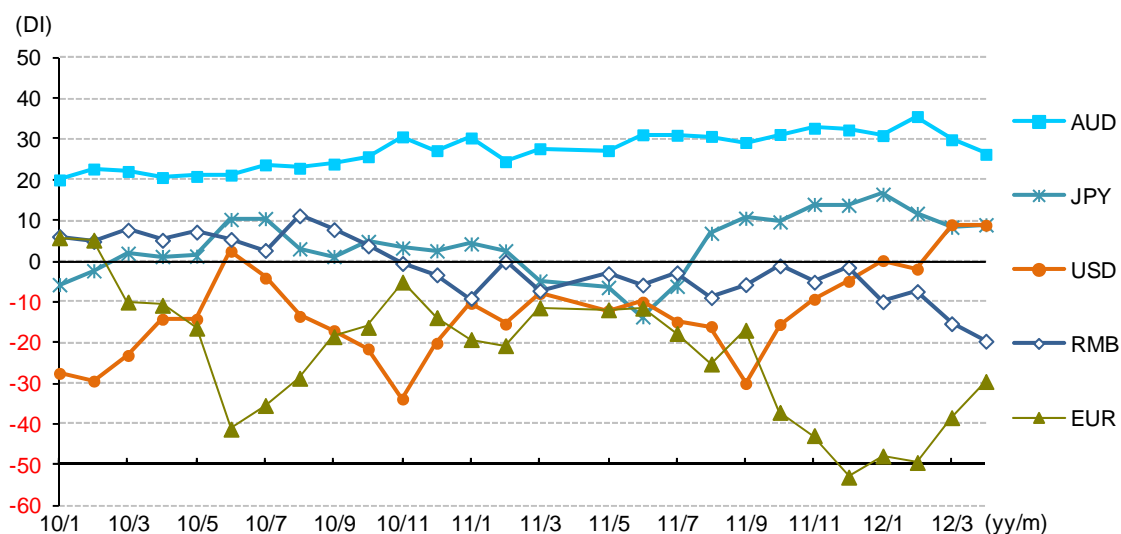
Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing." We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." The Australian dollar was the most appealing currency for the 27th straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011), but its DI fell 3.6pt to 26.3. The largest decliner was again the renminbi, down 4.3pt from the previous month. The euro remained in last place but posted the largest gain of the month (up 8.9pt) (Figures 8, 9).

**8. Investment appeal by currency**

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Australian dollar	26.3	28.1	1.8	29.9
Japanese yen	9.0	22.8	13.8	8.4
US dollar	8.9	18.4	9.5	9.0
Brazilian real	4.6	10.4	5.8	5.8
Canadian dollar	0.8	1.7	0.9	1.7
Pound sterling	-2.0	2.6	4.6	-2.7
Chinese renminbi	-19.6	7.3	26.9	-15.3
Euro	-29.5	7.0	36.5	-38.4

Note: Respondents were given nine possible responses, consisting of the above eight currencies and "other," 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.

**9. Trend in DIs for select currencies**



(7) Appetite for equity investment continues to grow

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. The DIs for all financial instruments rose from the previous month, with equities posting the largest rise of the month, 10.4pt (Figure 10).

**10. 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	47.5	50.0	2.5	40.7
Equities	36.9	52.9	16.0	26.5
Gold	15.3	16.0	0.7	9.6
Investment trusts	11.3	23.1	11.8	2.0
Securities issued overseas	11.0	12.7	1.7	6.5
Bonds	10.9	13.9	3.0	6.4
Hybrid securities	3.4	3.8	0.4	1.4
Other	1.1	1.4	0.3	0.8
None	-48.3	21.7	70.0	-36.5

Note: Respondents were given a selection of nine 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. Hybrid securities and gold were added to the list of choices from the February 2012 survey.

### 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 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 April with deadline for responses on 3 April.

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 (April 2012) respondents

Gender: Male (80.4%), Female (19.6%)

Age: Under 30 (2.7%), 30–39 (16.6%), 40–49 (29.0%), 50–59 (29.5%), 60 and above (22.2%)

Occupation: Self-employed/fisheries, agriculture, forestry (8.1%), Professional (physician/medical professional, lawyer, etc) (2.5%), Company management/corporate officer (5.2%), Company employee/public servant (53.5%), Housewife (9.3%), Part-time worker/casual worker/job-hopper (6.2%), Unemployed/pensioner (13.0%), Other (2.2%)

Region: Kanto (47.4%), Kinki (19.1%), Tokai/Koshinetsu/Hokuriku (17.7%), Hokkaido/Tohoku (6.2%), Chugoku/Shikoku/Kyushu (9.6%)

Financial assets held: Less than ¥1,000,000 (6.8%), ¥1,000,000–¥2,999,999 (11.3%), ¥3,000,000–¥4,999,999 (14.1%), ¥5,000,000–¥9,999,999 (22.5%), ¥10,000,000–¥29,999,999 (26.1%), ¥30,000,000–¥49,999,999 (9.9%), ¥50,000,000 or more (9.3%)

Value of domestic stocks held: Less than ¥500,000 (16.5%), ¥500,000–¥999,999 (13.7%), ¥1,000,000–¥2,999,999 (26.6%), ¥3,000,000–¥4,999,999 (14.8%), ¥5,000,000–¥9,999,999 (14.7%), ¥10,000,000–¥29,999,999 (10.4%), ¥30,000,000 or more (3.3%)

Investment experience: Less than three years (9.8%), Three years to less than five years (16.6%), Five years to less than 10 years (27.1%), 10 years to less than 20 years (25.7%), 20 years or more (20.8%)

Investment plan for domestic stocks: Mainly for long-term holding (49.7%), Pursuit of gains from short-term appreciation (14.6%), Pursuit of dividends and shareholder perks (22.3%), No particular plan (13.4%)

#### Notice

The next Nomura Individual Investor Survey (May 2012) is scheduled for release on Friday, 18 May 2012.

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

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#### SECTORS

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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 in Japan and Asia ex-Japan

##### STOCKS

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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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