

# **Nomura Individual Investor Survey**

August 2012

August 14, 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 up 11.0pt m-m at 51.6

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 51.6 for August, up 11.0pt m-m and above the historical average for the first time in three months. The proportion of individual investors saying they expect a rise of "about 1,000 points" was up 7.8ppt compared with the previous month, while all other response categories were either flat or declined.

### (2) Greater attention on forex

Respondents were asked to select the factor most likely to impact the stock market in the next three months. International affairs was again selected by the largest proportion of respondents, but was down marginally from last month. The biggest decliner among the different factors was domestic politics (-6.5ppt m-m), while the biggest advancer was forex trends (+5.0ppt m-m).

### (3) Pharmaceuticals again the most attractive sector

Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Pharmaceuticals was the most attractive sector this month, as last month, with its DI rising 1.2pt from the previous month. The consumer goods DI marked the largest increase among all sectors, of 8.1pt, and moved back into positive territory. This month's biggest decliner was transportation and utilities (-3.1pt m-m).

### (4) Rising expectations of yen depreciation versus US dollar

On the outlook for the USD/JPY rate over the next three months, the percentage of respondents expecting the yen to weaken against the dollar was 59.9%, up 10.0ppt from the previous month. The proportion of responses rose m-m for all of the weaker yen categories: "fall of about ¥5 against the dollar," "fall of about ¥10 against the dollar," and "fall of more than ¥10 against the dollar." Percentages of respondents expecting the yen to rise against the dollar were either flat or down m-m for the various categories.

### (5) Australian dollar still the most appealing currency

Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over an approximately three-month timeframe. 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 31st straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011). Its DI rose 1.3pt m-m, the largest rise among the categories alongside the yen. This month, DIs for all currencies were either up or down by no more than 2pt m-m.

### (6) Growing investment appetite for investment trusts

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 DI for investment trusts was up 1.5pt m-m, the biggest rise of any category of financial instrument.

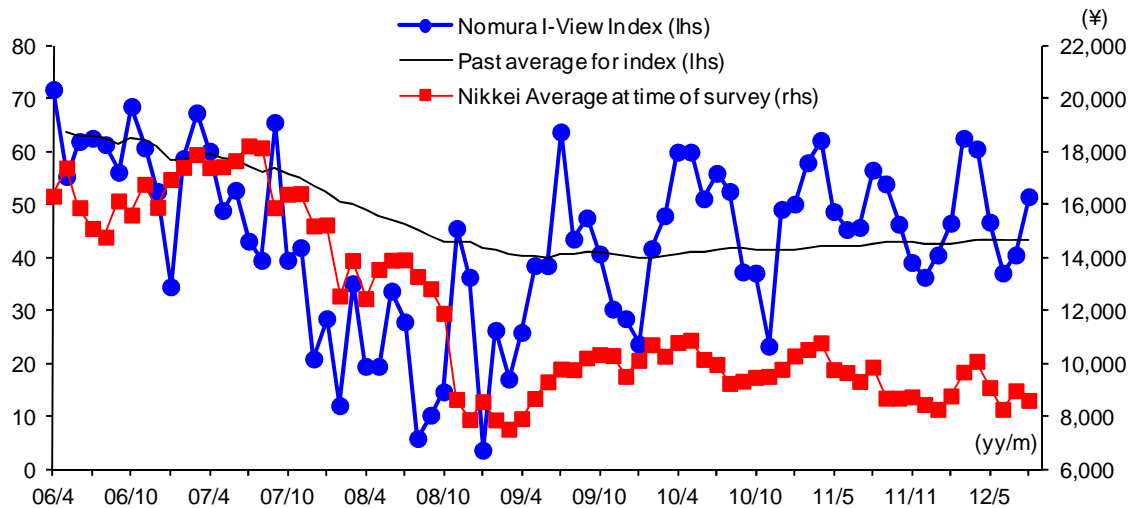
## 2. Survey results

### (1) Nomura I-View Index up 11.0pt m-m at 51.6

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 51.6 for August, up 11.0pt m-m and above the historical average for the first time in three months. It seems that more individual investors are expecting share prices to rise (Figure 1).

The Nikkei Average reference level (1 August close) was 8,641, down 362pt from the previous survey (2 July close of 9,003).

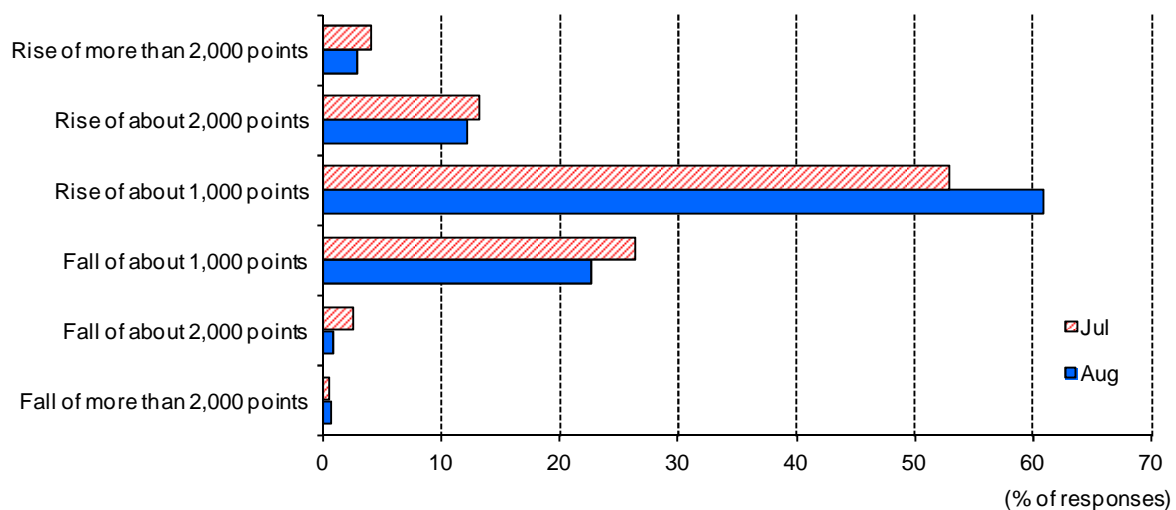
**Fig. 1: The Nomura I-View Index and reference level of Nikkei Average at time of survey**



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 75.8%, up 5.5ppts from 70.3% the previous month. The proportion of individual investors saying they expect a rise of "about 1,000 points" was up 7.8ppts compared with the previous month, while all other response categories were either flat or declined (Figure 2).

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

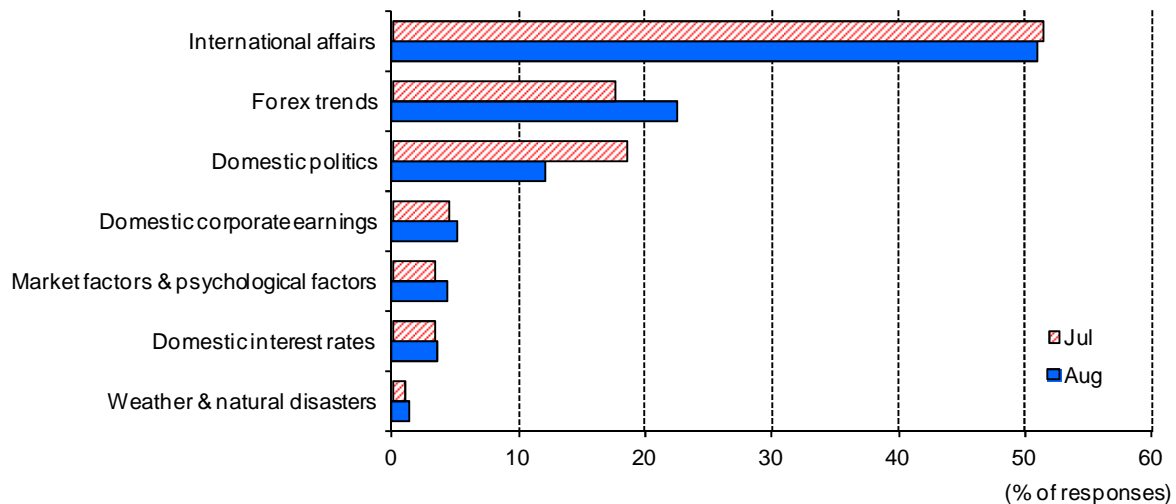


Note: Respondents were asked to share their outlook for the Nikkei Average during the next three months based on a 1 August closing figure of 8,641. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points with 1,000-point increments in between.

## (2) Greater attention on forex

Respondents were asked to select the factor most likely to impact the stock market in the next three months. International affairs was again selected by the largest proportion of respondents, but was down marginally from last month. The biggest decliner among the different factors was domestic politics (-6.5ppt m-m), while the biggest advancer was forex trends (+5.0ppt m-m), which rose from third to second in the ranking (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) Pharmaceuticals again the most attractive sector

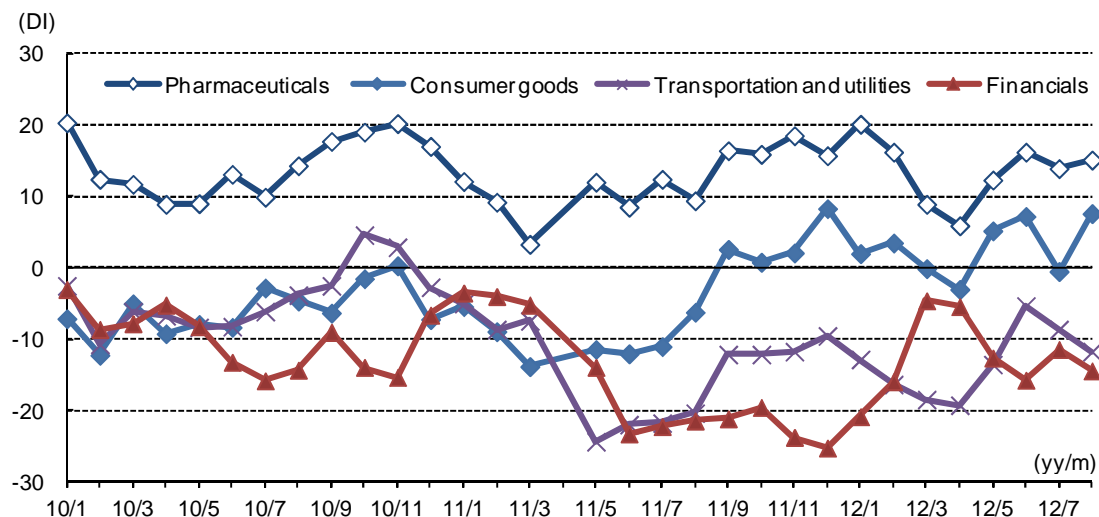
Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Pharmaceuticals was the most attractive sector this month, as last month, with its DI rising 1.2pt from the previous month. The consumer goods DI marked the largest increase among all sectors, of 8.1pt, and moved back into positive territory. This month's biggest decliner was transportation and utilities (-3.1pt m-m), followed by financials (-3.0ppt) (Figures 4, 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	15.1	17.1	2.0	13.9
Materials	9.7	16.7	7.0	11.7
Consumer goods	7.6	17.0	9.4	-0.5
Telecommunications	4.2	7.4	3.2	3.8
Capital goods/other	3.1	9.0	5.9	5.4
Automobiles	1.9	12.8	10.9	0.9
Transportation and utilities	-11.7	5.9	17.6	-8.6
Financials	-14.4	7.5	21.9	-11.4
Electrical equipment/precision equipment	-15.5	6.6	22.1	-15.2

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.

Fig. 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).

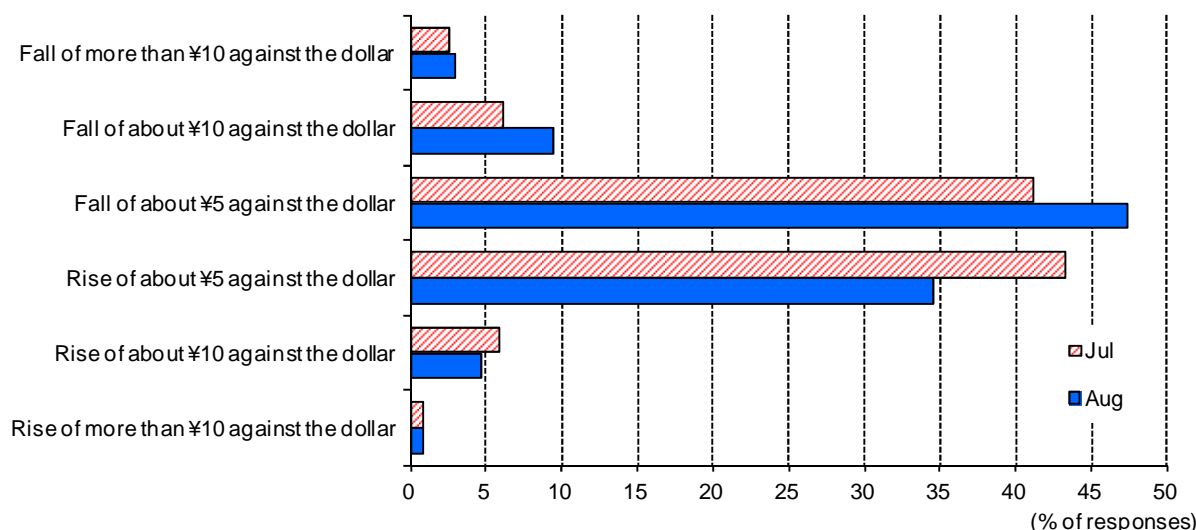
Fig. 6: Name a stock with appeal (1,000 valid responses)

Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	74	8306	Mitsubishi UFJ Financial Group	11
4502	Takeda Pharmaceutical	43	3407	Asahi Kasei	9
9984	Softbank	38	4755	Rakuten	9
4661	Oriental Land	27	7751	Canon	9
9202	All Nippon Airways	21	9020	East Japan Railway	9
2702	McDonald's Holdings (Japan)	18	6301	Komatsu	8
2811	Kagome	18	6502	Toshiba	7
6752	Panasonic	18	6701	NEC	7
6758	Sony	17	7267	Honda Motor	7
8267	Aeon	16	8473	SBI Holdings	7
8058	Mitsubishi Corp	13	3402	Toray Industries	6
8411	Mizuho Financial Group	12	6954	Fanuc	6
4503	Astellas Pharma	11	9437	NTT Docomo	6
7201	Nissan Motor	11			

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 percentage of respondents expecting the yen to weaken against the dollar was 59.9%, up 10.0ppt from the previous month. The proportion of responses rose m-m for all of the weaker yen categories, with the largest increase for "fall of about ¥5 against the dollar." Percentages of respondents expecting the yen to rise against the dollar were either flat or down m-m for the various categories. The percentage of respondents expecting a "rise of about ¥5 against the dollar" marked the largest decline, of 8.8pt (Figure 7). At the time of the latest survey (1 August), the noon indicative USD/JPY rate was 77.98, indicating a stronger yen than at the time of the previous survey (79.74 as of 2 July).

**Fig. 7: Respondents' three-month outlook for the USD/JPY rate**

Note: Respondents were asked to share their outlook for the USD/JPY rate during the next three months, referencing a 1 August indicative rate of US\$1=¥77.98. 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) Australian dollar still the most appealing currency

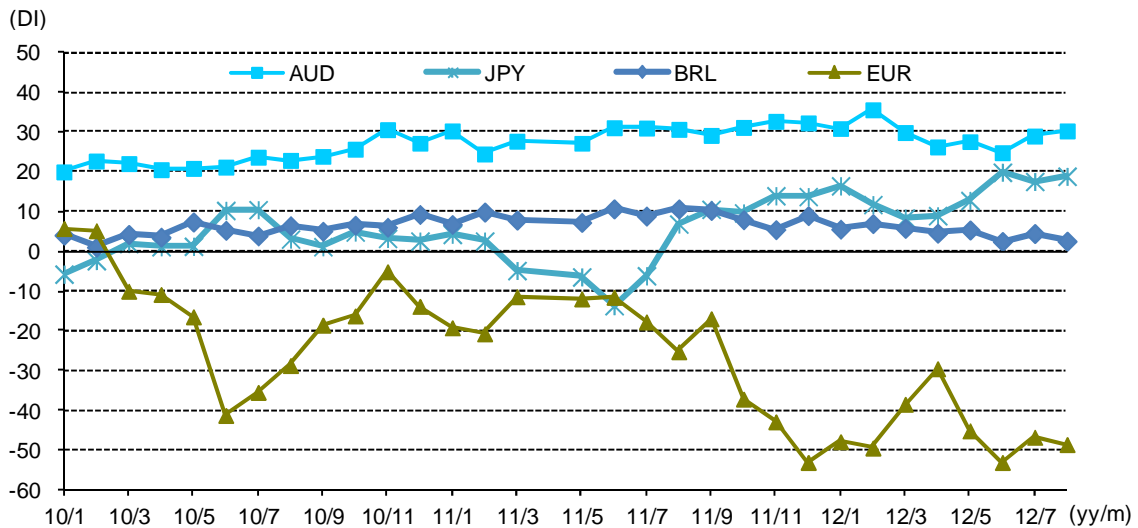
Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over an approximately three-month timeframe. We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." The Australian dollar was the most appealing currency for the 31st straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011). Its DI rose 1.3pt m-m, the largest rise among the categories alongside the yen. The DI for the Brazilian real was the largest decliner (-1.9pt), followed by the euro DI (-1.8pt). This month, DIs for all currencies were either up or down by no more than 2pt m-m (Figures 8, 9).

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

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Australian dollar	30.3	32.2	1.9	29.0
Japanese yen	18.9	26.6	7.7	17.6
US dollar	4.1	12.4	8.3	3.0
Brazilian real	2.6	9.1	6.5	4.5
Canadian dollar	2.1	2.9	0.8	2.2
Pound sterling	0.4	3.2	2.8	1.4
Chinese renminbi	-11.3	7.9	19.2	-12.1
Euro	-48.5	4.2	52.7	-46.7

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.

**Fig. 9: Trend in DIs for selected currencies**



**(7) Growing investment appetite for investment trusts**

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 DI for investment trusts was up 1.5pt m-m, the biggest rise of any category of financial instrument (Figure 10).

**Fig. 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	41.8	45.5	3.7	41.5
Equities	25.6	45.4	19.8	29.9
Gold	13.3	14.5	1.2	16.0
Securities issued overseas	8.0	10.7	2.7	9.9
Bonds	7.2	10.3	3.1	7.9
Investment trusts	6.4	18.7	12.3	4.9
Hybrid securities	2.9	3.5	0.6	2.5
Other	1.0	1.3	0.3	0.9
None	-39.6	27.5	67.1	-41.1

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 1 August with deadline for responses on 2 August.

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 (August 2012) respondents

Gender: Male (79.1%), Female (20.9%)

Age: Under 30 (2.7%), 30–39 (17.1%), 40–49 (29.1%), 50–59 (29.2%), 60 and above (21.9%)

Occupation: Self-employed/fisheries, agriculture, forestry (7.4%), Professional (physician/medical professional, lawyer, etc) (3.1%), Company management/corporate officer (3.8%), Company employee/public servant (50.6%), Housewife (8.8%), Part-time worker/casual worker/job-hopper (6.3%), Unemployed/pensioner (17.3%), Other (2.7%)

Region: Kanto (45.6%), Kinki (21.8%), Tokai/Koshinetsu/Hokuriku (15.9%), Hokkaido/Tohoku (6.3%), Chugoku/Shikoku/Kyushu (10.4%)

Financial assets held: Less than ¥1,000,000 (9.3%), ¥1,000,000–¥2,999,999 (11.7%), ¥3,000,000–¥4,999,999 (14.2%), ¥5,000,000–¥9,999,999 (17.7%), ¥10,000,000–¥29,999,999 (29.1%), ¥30,000,000–¥49,999,999 (10.5%), ¥50,000,000 or more (7.5%)

Value of domestic stocks held: Less than ¥500,000 (17.9%), ¥500,000–¥999,999 (16.2%), ¥1,000,000–¥2,999,999 (24.8%), ¥3,000,000–¥4,999,999 (13.7%), ¥5,000,000–¥9,999,999 (13.5%), ¥10,000,000–¥29,999,999 (11.8%), ¥30,000,000 or more (2.1%)

Investment experience: Less than three years (10.7%), Three years to less than five years (14.6%), Five years to less than 10 years (27.9%), 10 years to less than 20 years (26.5%), 20 years or more (22.4%)

Investment plan for domestic stocks: Mainly for long-term holding (43.8%), Pursuit of gains from short-term appreciation (12.0%), Pursuit of dividends and shareholder perks (26.0%), No particular plan (20.8%)

Notice

The next Nomura Individual Investor Survey (September 2012) is scheduled for release on Friday, 14 September 2012.



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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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