

# **Nomura Individual Investor Survey**

October 2012

October 12, 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 11.0pt m-m to 38.8

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 38.8 for October, down 11.0pt m-m and below its historical average. The largest proportion of respondents, 54.2%, said they expect a rise of "about 1,000 points," although that proportion was down 4.6ppt from the previous month, representing the largest m-m decline among all responses. The response rates increased m-m in all categories that assume future share price declines.

### (2) International affairs attracts increased attention

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, and that proportion increased by 4.3ppt m-m—the largest rise among all categories. The largest decrease, at 3.2ppt, was for domestic politics. The ranking order of all factors remained unchanged from last month.

### (3) Pharmaceuticals still 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 m-m. The month's biggest gainer was electrical equipment/precision equipment, the DI for which rose 5.3pt. This month's biggest decliner was automobiles, which saw a 13.6pt fall in its DI.

### (4) More investors expecting yen appreciation versus US dollar

On the outlook for the USD/JPY rate over the next three months, the combined proportion of respondents expecting the yen to strengthen against the dollar was 39.6%, up 5.6ppt from the previous month. The response "rise of about ¥5 against the dollar" saw the largest rise in response rate, of 5.2ppt, while response rates declined in all three 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").

### (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 33rd straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011). Its DI rose 0.2pt m-m. The euro's DI rose by 12.6pt m-m. This was the largest increase for any currency and lifted the euro off the bottom of the table. The DI for the renminbi saw the largest decline, of 19.4pt, as it fell to an all-time low.

### (6) Increased interest in 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 3.3pt from the previous survey, the biggest rise of any category.

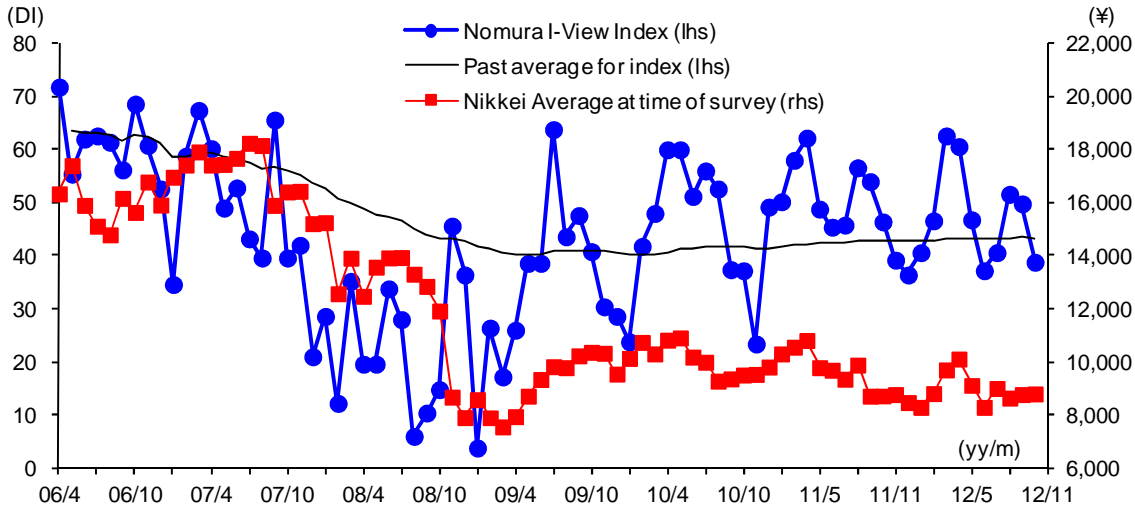
## 2. Survey results

### (1) Nomura I-View Index down 11.0pt m-m to 38.8

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 38.8 for October, down 11.0pt m-m and below its historical average. Fewer individual investors said they expect share prices to rise (Figure 1).

The Nikkei Average reference level (1 October close) was 8,796, up 21pt from the previous survey (4 September close of 8,775).

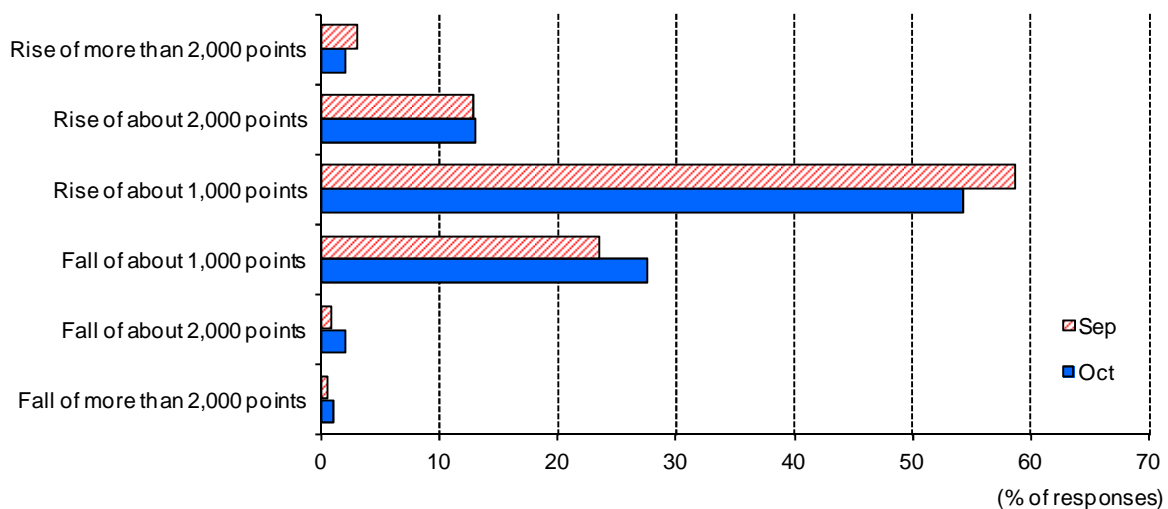
**Fig. 1: The Nomura I-View Index and reference level of Nikkei Average at time of survey**



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 expecting the Nikkei Average to rise over the next three months was 69.4%, down 5.5ppt from 74.9% in the last survey. The largest proportion of respondents, 54.2%, said they expect a rise of "about 1,000 points," although that proportion was down 4.6ppt from the previous month, representing the largest m-m decline among all responses. Response rates rose m-m in all categories that assume future share price declines ("fall of about 1,000 points," "fall of about 2,000 points," and "fall of more than 2,000 points"), with the largest (3.9ppt) for "fall of about 1,000 points" (Figure 2).

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

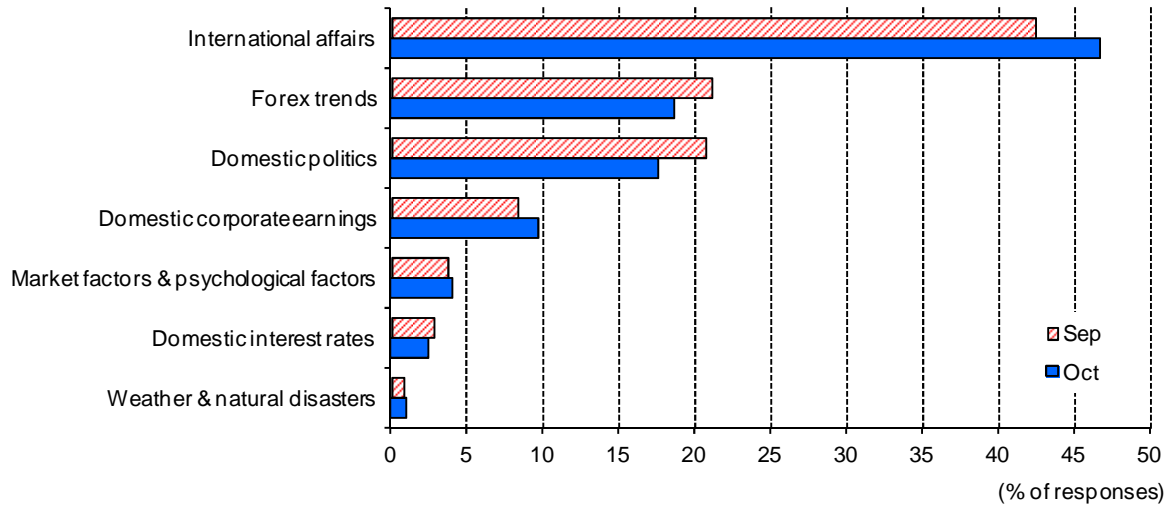


Note: Respondents were asked to share their outlook for the Nikkei Average during the next three months based on a 1 October closing figure of 8,796. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points with 1,000-point increments in between.

**(2) International affairs attracts increased attention**

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, and that proportion increased by 4.3ppt m-m, the most of any category. The largest decrease, at 3.2ppt, was for domestic politics. The ranking order of all factors remained unchanged from last month (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 still the most attractive sector**

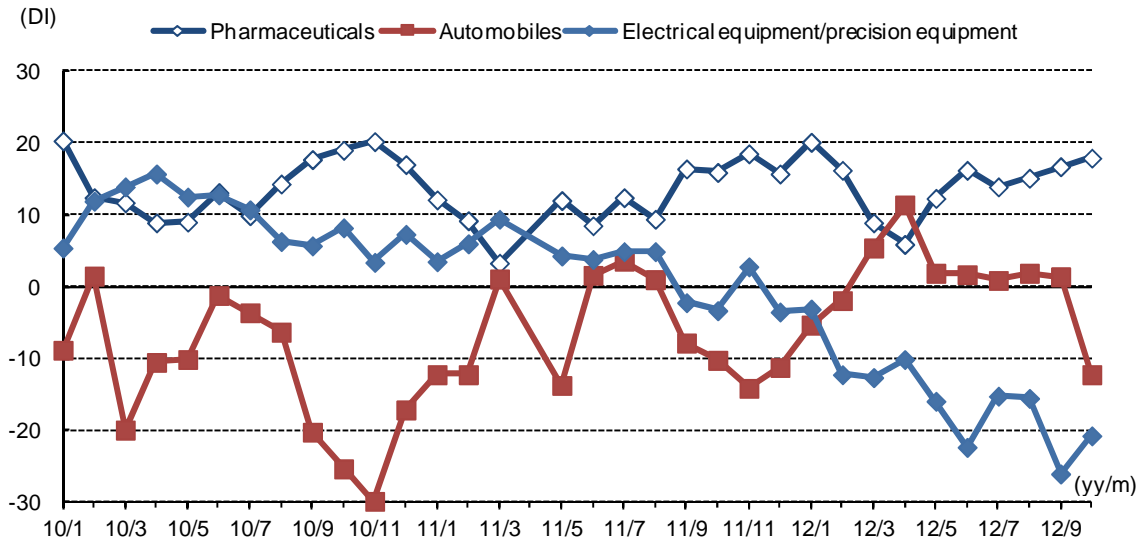
Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We calculated a diffusion index for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." Pharmaceuticals was again the most attractive sector, with its DI rising 1.2pt m-m. The month's biggest gainer was electrical equipment/precision equipment, the DI for which rose 5.3pt, although it remained in negative territory. This month's biggest decliner was automobiles, the DI for which fell by 13.6pt m-m, to -12.2 (Figures 4, 5).

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

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Pharmaceuticals	17.9	20.1	2.2	16.7
Materials	9.6	16.7	7.1	7.4
Telecommunications	7.5	10.8	3.3	5.3
Consumer goods	5.0	14.9	9.9	7.1
Capital goods/other	2.2	9.1	6.9	3.4
Transportation and utilities	-2.9	7.3	10.2	-6.1
Financials	-6.4	7.6	14.0	-9.2
Automobiles	-12.2	7.7	19.9	1.4
Electrical equipment/precision equipment	-20.7	5.8	26.5	-26.0

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).

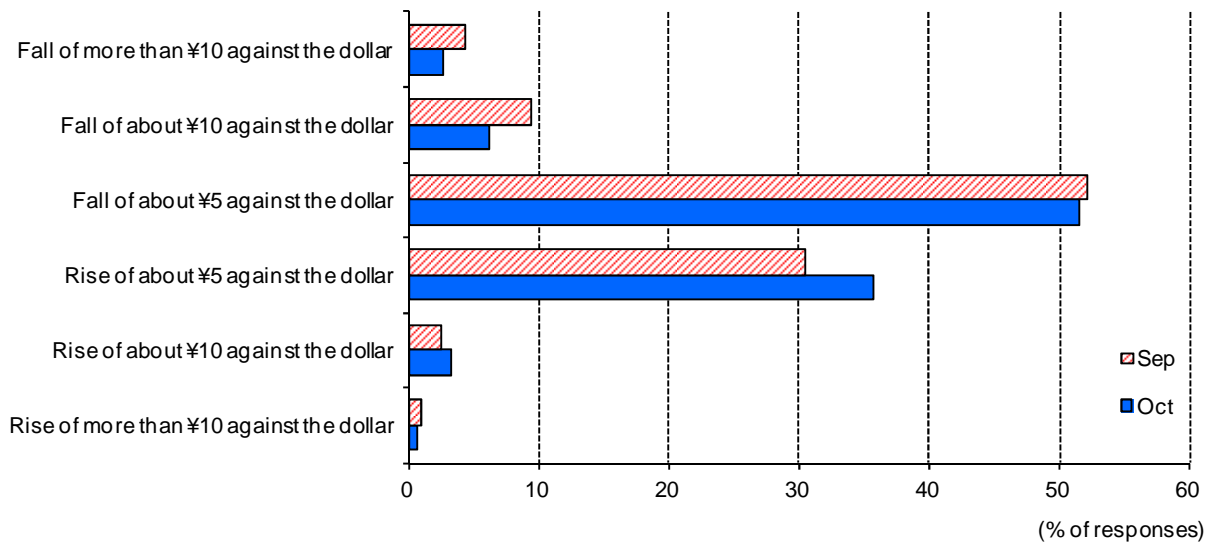
Fig. 6: Name a stock with appeal (1,000 valid responses)

Code	Company	No. of respondents	Code	Company	No. of respondents
9984	Softbank	47	6753	Sharp	12
7203	Toyota Motor	44	9437	NTT Docomo	12
4502	Takeda Pharmaceutical	38	7011	Mitsubishi Heavy Industries	10
4661	Oriental Land	22	8306	Mitsubishi UFJ Financial Group	10
9201	Japan Airlines	22	2712	Starbucks Coffee Japan	9
8267	Aeon	19	4503	Astellas Pharma	9
2702	McDonald's Holdings (Japan)	18	6752	Panasonic	9
8411	Mizuho Financial Group	15	7751	Canon	8
3402	Toray Industries	14	8473	SBI Holdings	8
6758	Sony	14	8750	Dai-ichi Life Insurance	8
7267	Honda Motor	14	2788	Apple International	7
9202	All Nippon Airways	14	4523	Eisai	7
8058	Mitsubishi Corp	13	6502	Toshiba	7
8604	Nomura Holdings	13	7550	Zensho Holdings	7
6501	Hitachi	12			

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

#### (5) More investors expecting yen appreciation versus US dollar

On the outlook for the USD/JPY rate over the next three months, the combined proportion of respondents expecting the yen to strengthen against the dollar was 39.6%, up 5.6ppt from 34.0% the previous month. The response "rise of about ¥5 against the dollar" saw the largest increase in response rate, of 5.2ppt, while response rates declined in all three 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") (Figure 7). At the time of the latest survey (1 October), the noon indicative USD/JPY rate was 77.90, indicating a stronger yen than at the time of the previous survey (78.32 as of 4 September).

**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 October indicative rate of US\$1=¥77.90. 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 remains the most appealing currency

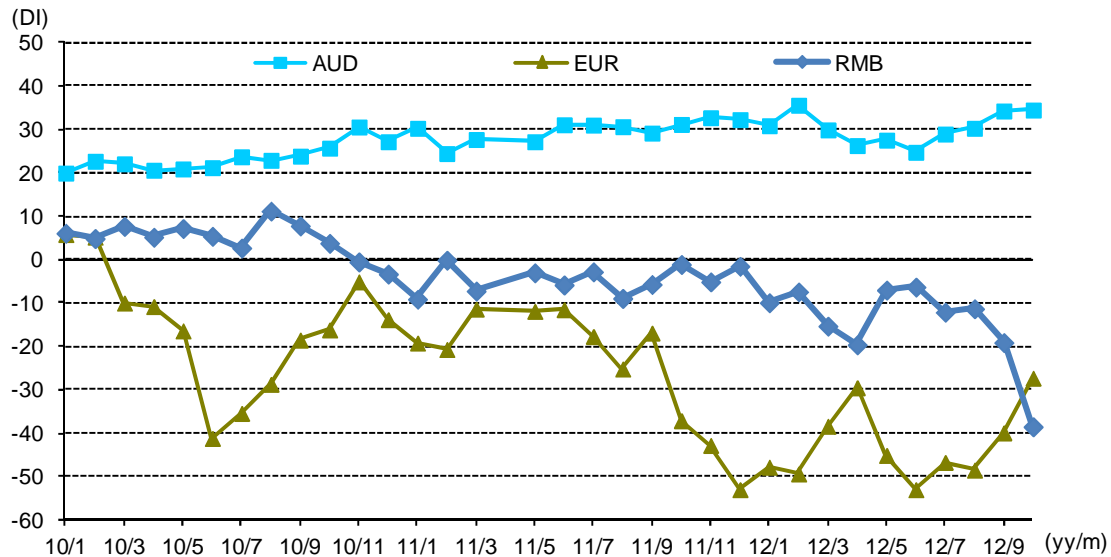
Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over an approximately three-month timeframe. We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." The Australian dollar was the most appealing currency for the 33rd straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011). Its DI rose 0.2pt m-m. The euro's DI rose by 12.6pt. This was the largest rise for any currency and lifted the euro off the bottom of the table for the first time since the July 2011 survey. The DI for the renminbi saw the largest decline, of 19.4pt, as it fell to an all-time low (Figures 8, 9).

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

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Australian dollar	34.5	36.1	1.6	34.3
Japanese yen	14.9	23.8	8.9	16.2
Brazilian real	6.2	10.3	4.1	2.9
US dollar	6.2	14.7	8.5	3.2
Canadian dollar	2.9	3.3	0.4	1.9
Pound sterling	0.2	1.9	1.7	0.1
Euro	-27.3	5.1	32.4	-39.9
Chinese renminbi	-38.5	3.8	42.3	-19.1

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 interest in 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 3.3ppt from the previous survey, the biggest rise of any category (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	40.8	43.9	3.1	40.6
Equities	21.2	40.8	19.6	20.9
Gold	12.7	13.9	1.2	14.0
Investment trusts	7.6	18.8	11.2	4.3
Bonds	7.2	10.5	3.3	7.7
Securities issued overseas	5.3	8.5	3.2	6.5
Hybrid securities	2.1	2.6	0.5	2.0
Other	0.9	1.0	0.1	0.4
None	-34.7	31.6	66.3	-36.8

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 October with deadline for responses on 2 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 (October 2012) respondents

Gender: Male (81.1%), Female (18.9%)

Age: Under 30 (1.4%), 30–39 (15.7%), 40–49 (29.9%), 50–59 (27.7%), 60 and above (25.3%)

Occupation: Self-employed/fisheries, agriculture, forestry (7.4%), Professional (physician/medical professional, lawyer, etc) (2.4%), Company management/corporate officer (4.2%), Company employee/public servant (53.4%), Housewife (9.6%), Part-time worker/casual worker/job-hopper (5.2%), Unemployed/pensioner (15.0%), Other (2.8%)

Region: Kanto (44.5%), Kinki (23.8%), Tokai/Koshinetsu/Hokuriku (15.3%), Hokkaido/Tohoku (5.6%), Chugoku/Shikoku/Kyushu (10.8%)

Financial assets held: Less than ¥1,000,000 (8.2%), ¥1,000,000–¥2,999,999 (13.5%), ¥3,000,000–¥4,999,999 (13.7%), ¥5,000,000–¥9,999,999 (20.9%), ¥10,000,000–¥29,999,999 (26.6%), ¥30,000,000–¥49,999,999 (9.2%), ¥50,000,000 or more (7.9%)

Value of domestic stocks held: Less than ¥500,000 (19.5%), ¥500,000–¥999,999 (15.1%), ¥1,000,000–¥2,999,999 (25.5%), ¥3,000,000–¥4,999,999 (16.4%), ¥5,000,000–¥9,999,999 (12.2%), ¥10,000,000–¥29,999,999 (8.6%), ¥30,000,000 or more (2.7%)

Investment experience: Less than three years (8.3%), Three years to less than five years (13.0%), Five years to less than 10 years (29.9%), 10 years to less than 20 years (28.8%), 20 years or more (20.0%)

Investment plan for domestic stocks: Mainly for long-term holding (45.2%), Pursuit of gains from short-term appreciation (11.6%), Pursuit of dividends and shareholder perks (27.3%), No particular plan (15.9%)

#### Notice

The next Nomura Individual Investor Survey (November 2012) is scheduled for release on Friday, 16 November 2012.



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##### STOCKS

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