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 6.8pt m-m to 41.4
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 41.4 for December, up 6.8pt m-m for the first rise in four month, since August. The largest proportion of respondents, 58.0% said they expect a rise of "about 1,000 points," and this response rate was up 5.2ppt from the previous month. The category "fall of about 1,000 points" garnered 27.4% from November.

(2) Domestic politics attracts greatly increased attention
Respondents were asked to select the factor most likely to impact the stock market in the next three months. Domestic politics attracted a greatly increased amount of attention, with its proportion of respondents up 18.4ppt m-m to 39.8%, putting it in the top position for the first time since July 2011. Forex trends also showed a marked increase, of 3.7ppt. The biggest decliner of the month was international affairs, down 16.4ppt.

(3) Most appealing sectors pharmaceuticals, capital goods, and materials
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 once again the most attractive sector this month, but its DI fell 8.1pt m-m to 11.9. Capital goods/other rose to 10.7 and materials to 9.2. Electrical equipment/precision equipment remained in last place, but its DI showed the biggest improvement, of 10.4pt.

(4) Greatly increased expectations of yen depreciation 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 weaken against the dollar was 63.6%, up 13.9ppt from 49.7% the previous month. The response "fall of about ¥5 against the dollar" saw the largest rise in response rate, of 9.0ppt, while "fall of about ¥10 against the dollar" saw a 4.6ppt rise.

(5) Appeal of US dollar highest since this question introduced in January 2010
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 35th straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011), but its DI fell for a second consecutive month. Notable improvements in DIs came from the euro and the US dollar, with the US dollar posting its highest DI since this question was introduced.

(6) Decreased interest in cash & deposits, increased interest in equities
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 rose m-m for securities issued overseas, equities, bonds, and investment trusts, but fell for "none" and cash & deposits.
2. Survey results

(1) Nomura I-View Index up 6.8pt m-m to 41.4
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 41.4 for December, up 6.8pt m-m for the first rise in four months, since August. More individual investors said they expected share prices to rise (Figure 1).

The Nikkei Average reference level (3 December close) was 9,458, up 451pt from the last survey (5 November close of 9,007).

The combined proportion of respondents expecting the Nikkei Average to rise over the next three months was 70.7%, up 3.4ppt from 67.3% the previous month. The largest proportion of respondents, 58.0%, said they expect a rise of “about 1,000 points,” and this response rate was up 5.2ppt from the previous month. The category "fall of about 1,000 points" garnered 27.4% of responses, down 3.0ppt from 30.4% in November (Figure 2).

Note: Respondents were asked to share their outlook for the Nikkei Average during the next three months based on a 3 December closing figure of 9,458. 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) Domestic politics attracts greatly increased attention
Respondents were asked to select the factor most likely to impact the stock market in the next three months. Domestic politics attracted a greatly increased amount of attention, with its proportion of respondents up 18.4ppt m-m to 39.8%, putting it in the top position for the first time since July 2011. Forex trends also showed a marked increase, of 3.7ppt to 23.6%, overtaking international affairs for second place. The biggest decliner of the month was international affairs, down 16.4ppt, while domestic corporate earnings was the second biggest decliner, down 6.2ppt, and the lowest-ranked category (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) Most appealing sectors pharmaceuticals, capital goods, and materials
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 once again the most attractive sector this month, but its DI fell 8.1pt m-m to 11.9. The DI for capital goods/other rose 8.0pt to 10.7, catapulting it to second place, from fifth last month. Materials saw a 2.5pt rise to 9.2. Electrical equipment/precision equipment remained in last place, with a DI of -22.0, but this was 10.4pt higher than last month for the biggest improvement (Figures 4, 5).

Fig. 4: Investment appeal by sector

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/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: 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)

<table>
<thead>
<tr>
<th>Code</th>
<th>Company</th>
<th>No. of respondents</th>
<th>Code</th>
<th>Company</th>
<th>No. of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>7203</td>
<td>Toyota Motor</td>
<td>70</td>
<td>7201</td>
<td>Nissan Motor</td>
<td>12</td>
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<tr>
<td>9984</td>
<td>Softbank</td>
<td>45</td>
<td>7751</td>
<td>Canon</td>
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<tr>
<td>4502</td>
<td>Takeda Pharmaceutical</td>
<td>39</td>
<td>6502</td>
<td>Toshiba</td>
<td>10</td>
</tr>
<tr>
<td>4661</td>
<td>Oriental Land</td>
<td>23</td>
<td>7267</td>
<td>Honda Motor</td>
<td>10</td>
</tr>
<tr>
<td>2702</td>
<td>McDonald's Holdings (Japan)</td>
<td>21</td>
<td>6501</td>
<td>Hitachi</td>
<td>9</td>
</tr>
<tr>
<td>8267</td>
<td>Aeon</td>
<td>19</td>
<td>9983</td>
<td>Fast Retailing</td>
<td>9</td>
</tr>
<tr>
<td>8058</td>
<td>Mitsubishi Corp</td>
<td>18</td>
<td>8316</td>
<td>Sumitomo Mitsui Financial Group</td>
<td>8</td>
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<tr>
<td>6752</td>
<td>Panasonic</td>
<td>17</td>
<td>8473</td>
<td>SBI Holdings</td>
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<tr>
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<td>2327</td>
<td>NS Solutions</td>
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<td>Sony</td>
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<td>4503</td>
<td>Astellas Pharma</td>
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<td>9202</td>
<td>All Nippon Airways</td>
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<td>4755</td>
<td>Rakuten</td>
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<td>Mazda Motor</td>
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<td>9437</td>
<td>NTT Docomo</td>
<td>7</td>
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<tr>
<td>3402</td>
<td>Toray Industries</td>
<td>12</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

Note: Not included in valid responses were answers of "none" or clearly mistaken responses.
(5) Greatly increased expectations of yen depreciation 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 weaken against the dollar was 63.6%, up 13.9ppt from 49.7% the previous month. "Fall of about ¥5 against the dollar" saw the largest rise in response rate, of 9.0ppt, while the response rate for "fall of about ¥10 against the dollar" rose 4.6ppt. In contrast, "rise of about ¥5 against the dollar" fell 13.8ppt, to 31.8% (Figure 7). At the time of the latest survey (3 December), the noon indicative USD/JPY rate was 82.37, indicating a weaker yen than at the time of the previous survey (80.51 as of 5 November).

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

(6) Appeal of US dollar highest since this question introduced in January 2010

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 35th straight time since this survey question was introduced in January 2010 (no survey was conducted in April 2011), but its DI fell for the second straight month, by 2.7pt m-m. Notable improvements in DIs came from the euro (+4.9pt) and the US dollar (+4.2pt), with the US dollar posting its highest DI since this question was introduced. The DI for the renminbi declined 2.4pt m-m to -36.1, putting the Chinese currency in last place for a third straight month (Figures 8, 9).

Fig. 8: Investment appeal by currency

<table>
<thead>
<tr>
<th>Currency</th>
<th>DI</th>
<th>Breakdown of DI (% of responses)</th>
<th>(Ref) Previous DI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Appealing</td>
<td>Unappealing</td>
</tr>
<tr>
<td>Australian dollar</td>
<td>27.2</td>
<td>28.1</td>
<td>0.9</td>
</tr>
<tr>
<td>Japanese yen</td>
<td>14.7</td>
<td>26.0</td>
<td>11.3</td>
</tr>
<tr>
<td>US dollar</td>
<td>12.2</td>
<td>19.9</td>
<td>7.7</td>
</tr>
<tr>
<td>Brazilian real</td>
<td>4.8</td>
<td>10.5</td>
<td>5.7</td>
</tr>
<tr>
<td>Canadian dollar</td>
<td>2.2</td>
<td>3.1</td>
<td>0.9</td>
</tr>
<tr>
<td>Pound sterling</td>
<td>-1.6</td>
<td>1.8</td>
<td>3.4</td>
</tr>
<tr>
<td>Euro</td>
<td>-25.6</td>
<td>4.5</td>
<td>30.1</td>
</tr>
<tr>
<td>Chinese renminbi</td>
<td>-36.1</td>
<td>3.7</td>
<td>39.8</td>
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</table>

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

![Graph showing trend in DIs for selected currencies]

(7) Decreased interest in cash & deposits, increased interest in equities
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 decreased m-m for none (-5.5pt) and cash & deposits (-3.0pt) but rose for securities issued overseas (+2.9pt), equities (+2.8pt), bonds (+2.3pt), and investment trusts (+2.3pt) (Figure 10).

Fig. 10: Financial instruments for which investors are either seeking to increase or decrease their holdings

<table>
<thead>
<tr>
<th>Currency</th>
<th>DI</th>
<th>Breakdown of DI (% of responses)</th>
<th>(Ref)</th>
<th>Previous DI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Plan to increase</td>
<td>Plan to decrease</td>
<td></td>
</tr>
<tr>
<td>Cash &amp; deposits</td>
<td>40.1</td>
<td>44.1</td>
<td>4.0</td>
<td>43.1</td>
</tr>
<tr>
<td>Equities</td>
<td>28.1</td>
<td>46.2</td>
<td>18.1</td>
<td>25.3</td>
</tr>
<tr>
<td>Gold</td>
<td>13.2</td>
<td>13.7</td>
<td>0.5</td>
<td>13.8</td>
</tr>
<tr>
<td>Securities issued overseas</td>
<td>9.6</td>
<td>11.2</td>
<td>1.6</td>
<td>6.7</td>
</tr>
<tr>
<td>Bonds</td>
<td>9.4</td>
<td>11.8</td>
<td>2.4</td>
<td>7.1</td>
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<tr>
<td>Investment trusts</td>
<td>9.0</td>
<td>20.0</td>
<td>11.0</td>
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<tr>
<td>Hybrid securities</td>
<td>3.1</td>
<td>3.4</td>
<td>0.3</td>
<td>3.1</td>
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<tr>
<td>Other</td>
<td>0.9</td>
<td>1.1</td>
<td>0.2</td>
<td>1.8</td>
</tr>
<tr>
<td>None</td>
<td>-44.7</td>
<td>26.1</td>
<td>70.8</td>
<td>-39.2</td>
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</table>

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 3 December with deadline for responses on 4 December.

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 (December 2012) respondents

Gender: Male (78.8%), Female (21.2%)

Age: Under 30 (1.3%), 30–39 (16.0%), 40–49 (29.5%), 50–59 (26.7%), 60 and above (26.5%)

Occupation: Self-employed/fisheries, agriculture, forestry (7.4%), Professional (physician/medical professional, lawyer, etc) (3.2%), Company management/corporate officer (3.9%), Company employee/public servant (51.0%), Housewife (9.6%), Part-time worker/casual worker/job-hopper (6.4%), Unemployed/pensioner (16.4%), Other (2.1%)

Region: Kanto (46.8%), Kinki (19.0%), Tokai/Koshinetsu/Hokuriku (17.2%), Hokkaido/Tohoku (4.9%), Chugoku/Shikoku/Kyushu (12.1%)

Financial assets held: Less than ¥1,000,000 (7.7%), ¥1,000,000–¥2,999,999 (13.6%), ¥3,000,000–¥4,999,999 (14.3%), ¥5,000,000–¥9,999,999 (19.4%), ¥10,000,000–¥29,999,999 (26.6%), ¥30,000,000–¥49,999,999 (10.6%), ¥50,000,000 or more (7.8%)

Value of domestic stocks held: Less than ¥500,000 (16.6%), ¥500,000–¥999,999 (16.0%), ¥1,000,000–¥2,999,999 (25.1%), ¥3,000,000–¥4,999,999 (15.6%), ¥5,000,000–¥9,999,999 (13.2%), ¥10,000,000–¥29,999,999 (10.3%), ¥30,000,000 or more (3.2%)

Investment experience: Less than three years (7.8%), Three years to less than five years (13.4%), Five years to less than 10 years (29.6%), 10 years to less than 20 years (28.9%), 20 years or more (22.3%)

Investment plan for domestic stocks: Mainly for long-term holding (47.0%), Pursuit of gains from short-term appreciation (12.4%), Pursuit of dividends and shareholder perks (26.7%), No particular plan (13.9%)

Notice

The next Nomura Individual Investor Survey (January 2013) is scheduled for release on Friday, 18 January 2013.
Any Authors named on this report are Research Analysts unless otherwise indicated

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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 in Japan and Asia ex-Japan
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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 '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.

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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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