

# **Nomura Individual Investor Survey**

April 2015

April 16, 2015

Global Research Division  
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 declines 1.8pt m-m to 45.4

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 45.4 in April, a decline of 1.8pt from March. The Nikkei Average reference level (6 April 2015 close) was 19,397.98, up 571.10 from the previous survey (2 March close of 18,826.88), and the number of survey respondents expecting share prices to rise declined.

### (2) Increased investor interest in domestic politics

Respondents were asked to select the factor most likely to impact the stock market in the next three months. The most-watched factor was again international affairs, but its response rate fell 2.2ppt m-m. The response rate for domestic politics saw the largest m-m rise among all the options, of 3.9ppt. There may have been some impact from the unified local elections being held in April.

### (3) Automobiles the most appealing sector, financials sector appeal wanes

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 DI for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." We think investors were attracted to the automobiles sector by the depreciation of the yen versus the dollar and by robust US new car sales. Pharmaceuticals saw the largest m-m rise in its DI, of 2.7pt. Financials marked the largest decline, of 3.5pt.

### (4) Marginal rise in proportion of investors expect yen to appreciate against dollar

On the outlook for USD/JPY over the next three months, the combined percentage of respondents expecting the yen to appreciate against the US dollar was 54.9%, up 0.1ppt from the previous month. The response rate for "rise of about ¥10 against the dollar" marked the largest m-m rise, of 0.7ppt. The response rates for "rise of more than ¥10 against the dollar" and "rise of about ¥5 against the dollar" fell 0.1ppt and 0.5ppt, respectively. The response rate for "fall of about ¥10 against the dollar" declined 0.6ppt. Overall, the number of investors expecting the yen to strengthen against the dollar rose marginally.

### (5) Investment appeal of US dollar declines, euro appeal rises

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 US dollar remained the most appealing, with a DI of 32.2, but its DI declined by the largest margin of all the currencies, of 7.0pt m-m. The Brazilian real's DI fell 4.0pt, dropping it one place in the ranking. The euro's DI rose 5.4pt, the largest rise among all the currencies.

### (6) Japanese equities remain the most appealing financial instrument

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. Japanese equities remained the most appealing financial instrument this month, but its DI declined 0.5pt m-m.

### (7) Most investors expect prices one year out to be higher

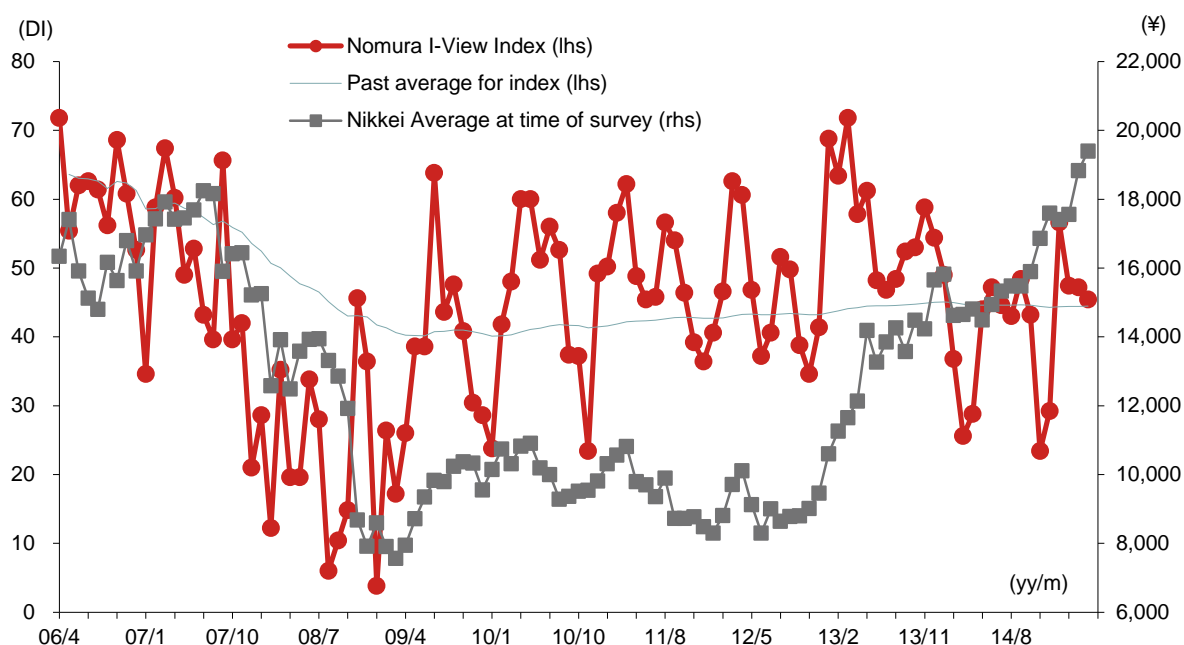
When asked for their outlook for prices of regularly purchased goods and services one year out, 62.3% of respondents said they expected prices to be higher, unchanged from the previous month. The proportion of respondents expecting lower prices rose 1.2ppt m-m, to 13.9%. The response rate for no change fell 1.2ppt m-m.

## 2. Survey results

### (1) Nomura I-View Index declines 1.8pt m-m to 45.4

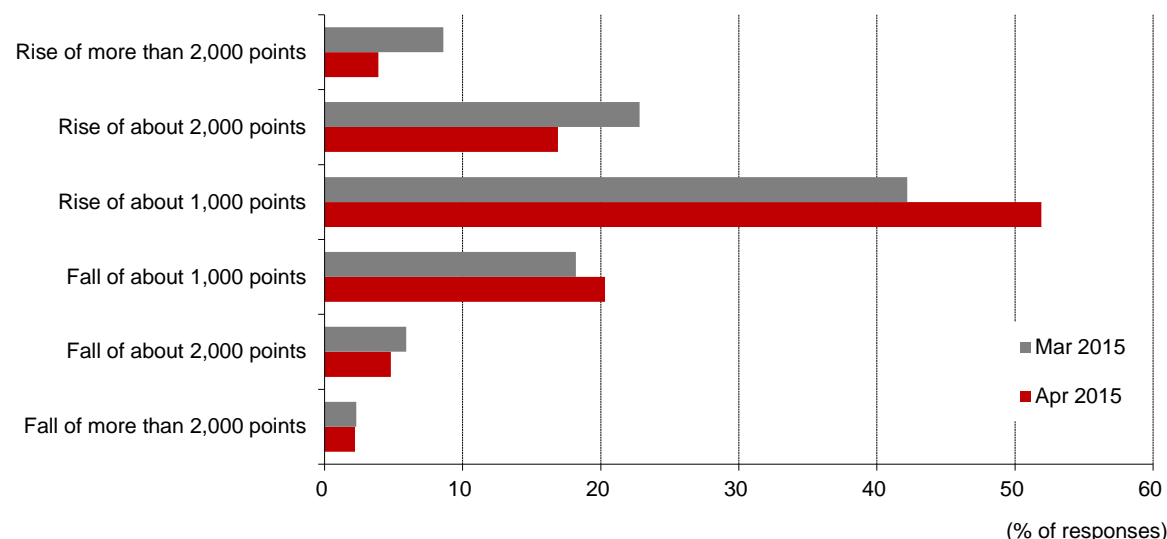
The Nomura Individual Investor Market View Index (Nomura I-View Index), based on respondents' three-month outlook for share prices and calculated by subtracting the percentage of responses for "fall" from that for "rise," was 45.4 in April, a decline of 1.8pt from March. The Nikkei Average reference level (6 April 2015 close) was 19,397.98, up 571.10 from the previous survey (2 March close of 18,826.88), and the number of survey respondents expecting share prices to rise declined.

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 DI. The calculation method is as follows:  $\frac{[(\text{Number of responses indicating expected rise in share prices in the next three months}) - (\text{number of responses indicating expected fall in share prices in the next three months})]}{\text{number of respondents}} \times 100$ . The figure for Jan 2010 used here excludes those respondents who projected that the Nikkei Average would be flat. (2) The Nomura I-View Index ranges from -100 to +100. The closer to +100, the more bullish the outlook held by individual investors. The closer to -100, the more bearish the outlook held by individual investors.

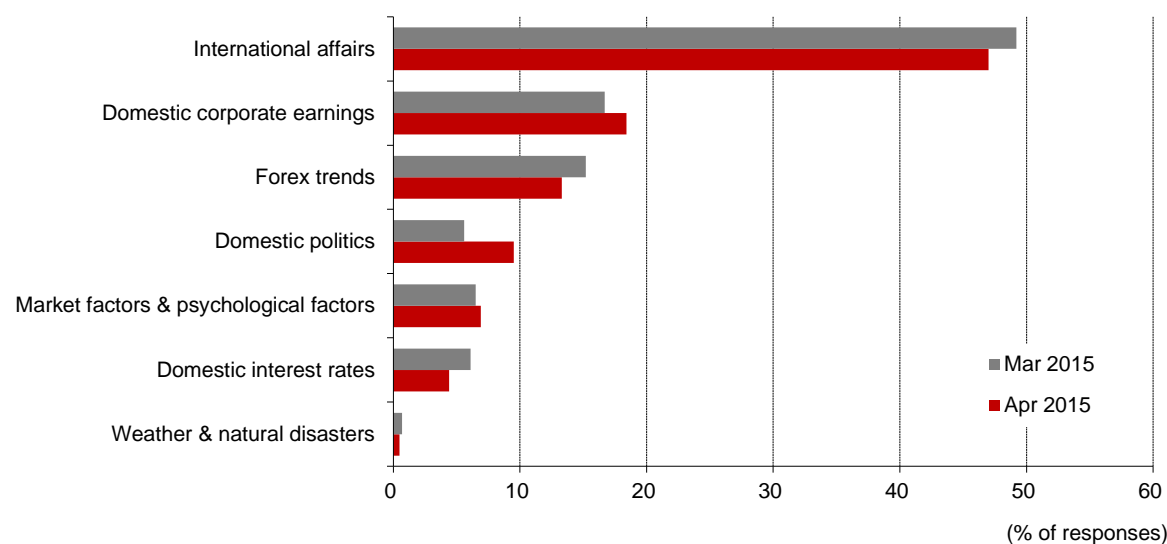
The combined proportion of respondents expecting the Nikkei Average to rise over the next three months was 72.7%, down 0.9ppt from the last survey. The proportion of respondents expecting a "rise of about 2,000 points" was down 5.9ppt m-m, the largest decline among the range of responses. The largest increase, of 9.7ppt to 51.9%, was for "rise 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 the 6 April close of 19,397. 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 investor interest in domestic politics

Respondents were asked to select the factor most likely to impact the stock market in the next three months. The most-watched factor was again international affairs, but its response rate fell 2.2ppt m-m. The response rate for domestic politics saw the largest m-m rise for all the options, of 3.9ppt. There may have been some impact from the unified local elections being held in April (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) Automobiles the most appealing sector, financials sector appeal wanes

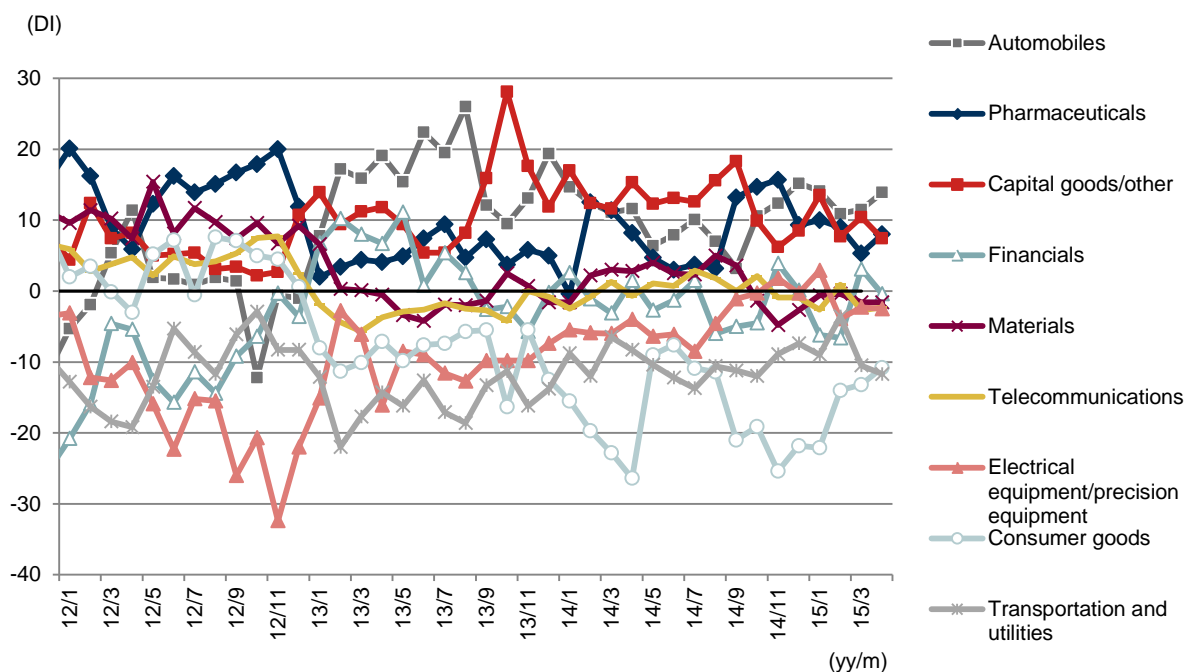
Respondents were asked to choose one sector as an "appealing" investment target and one as "unappealing" over a timeframe of about three months. We calculated a DI for each sector by subtracting the percentage of responses for "unappealing" from that for "appealing." We think investors were attracted to the automobiles sector by the depreciation of the yen versus the dollar and by robust US new car sales. Pharmaceuticals saw the largest m-m rise in its DI, of 2.7pt. Financials marked the largest decline, of 3.5pt (Figures 4 and 5).

Fig. 4: Investment appeal by sector

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Automobiles	13.9	19.1	5.2	11.5
Pharmaceuticals	8.0	14.0	6.0	5.3
Capital goods/other	7.4	11.9	4.5	10.4
Financials	-0.4	10.2	10.6	3.1
Materials	-1.6	13.3	14.9	-1.6
Telecommunications	-2.3	5.0	7.3	-2.7
Electrical equipment/precision equipment	-2.5	8.1	10.6	-2.3
Consumer goods	-10.8	12.1	22.9	-13.2
Transportation and utilities	-11.7	6.3	18.0	-10.5

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 DI 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 financial 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 in Figure 6.

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

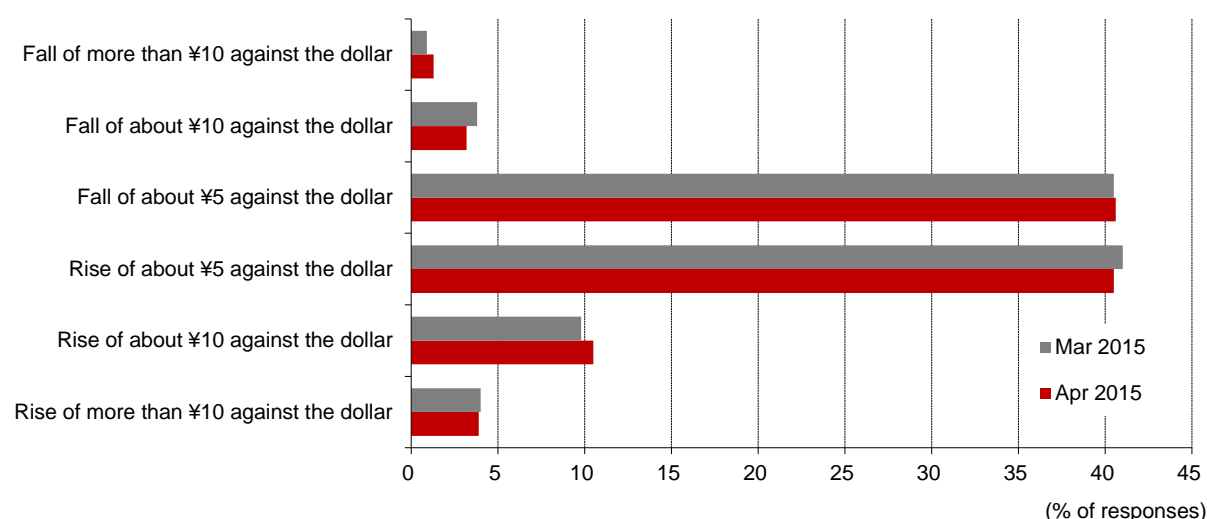
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	151	5401	Nippon Steel & Sumitomo Metal	10
4502	Takeda Pharmaceutical	23	7751	Canon	10
9984	Softbank	22	9432	Nippon Telegraph and Telephone	10
4661	Oriental Land	20	6758	Sony	10
8267	Aeon	17	8031	Mitsui & Co	9
9202	ANA Holdings	17	6502	Toshiba	9
8411	Mizuho Financial Group	17	9020	East Japan Railway	9
6752	Panasonic	15	8306	Mitsubishi UFJ Financial Group	8
6501	Hitachi	14	2931	Euglena	8
3382	Seven & i Holdings	13	2327	NS Solutions	8
4901	Fujifilm Holdings	12	3402	Toray Industries	7
8058	Mitsubishi Corp	11	7011	Mitsubishi Heavy Industries	7
6954	Fanuc	11	9501	Tokyo Electric Power	7
7261	Mazda Motor	11	4523	Eisai	7
7267	Honda Motor	10			

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

#### (5) Marginal rise in proportion of investors expect yen to appreciate against dollar

On the outlook for USD/JPY over the next three months, the combined percentage of respondents expecting the yen to appreciate against the US dollar was 54.9%, up 0.1ppt from the previous month. The response rate for "rise of about ¥10 against the dollar" marked the largest m-m rise, of 0.7ppt. The response rates for "rise of more than ¥10 against the dollar" and "rise of about ¥5 against the dollar" fell 0.1ppt and 0.5ppt, respectively. The response rate for "fall of about ¥10 against the dollar" declined 0.6ppt. Overall, the number of investors expecting the yen to strengthen against the dollar rose marginally (Figure 7).

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



Note: Respondents were asked to share their outlook for USD/JPY over the next three months, referencing a 6 April 2015 indicative rate of 119.08. They could choose one answer from a possible six responses ranging from a rise of more than ¥10 against the dollar to a fall of more than ¥10 against the dollar, with ¥5 increments in between.

### (6) Investment appeal of US dollar declines, of euro rises

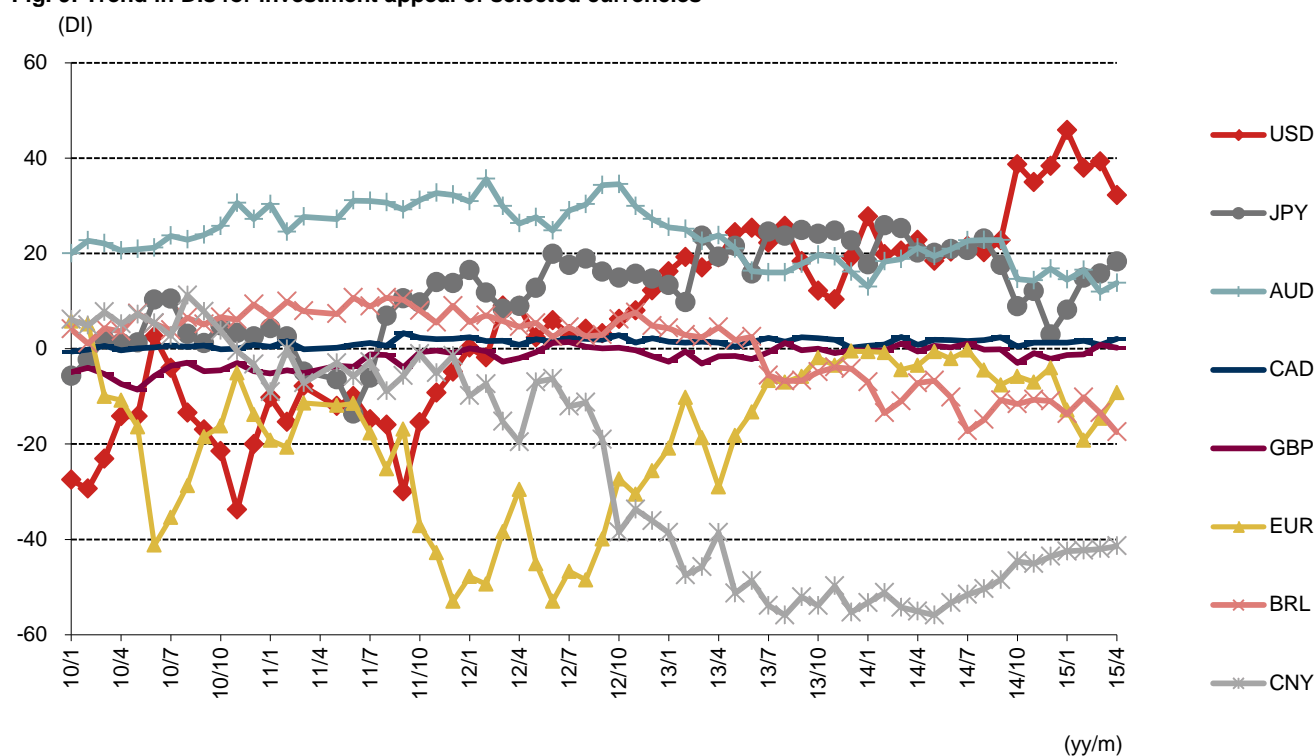
Respondents were asked to choose one currency as an "appealing" investment target and one as "unappealing" over an approximately three-month timeframe. We calculated a diffusion index for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing". The US dollar remained the most appealing, with a DI of 32.2, but its DI declined by the largest margin of all the currencies, 7.0pt m-m. The Brazilian real's DI fell 4.0pt, dropping it one place in the ranking. The euro's DI rose 5.4pt, the largest rise for all the currencies (Figures 8 and 9).

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

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
US dollar	32.2	38.5	6.3	39.2
Japanese yen	18.3	25.7	7.4	15.8
Australian dollar	13.8	16.5	2.7	11.9
Canadian dollar	2.1	2.7	0.6	0.8
Pound sterling	0.2	1.9	1.7	0.8
Euro	-9.2	6.2	15.4	-14.6
Brazilian real	-17.5	4.2	21.7	-13.5
Chinese yuan	-41.4	2.6	44.0	-42.0

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 investment appeal of selected currencies**



### (7) Japanese equities remain the most appealing financial instrument

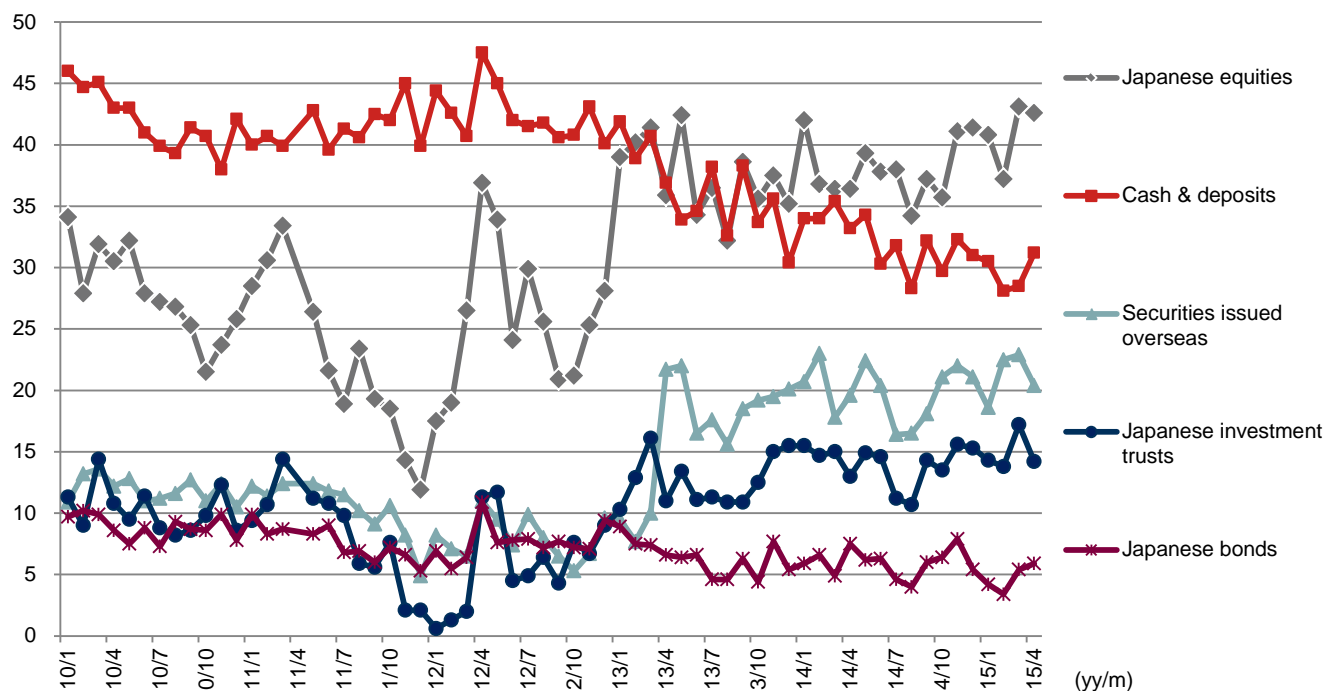
To give an indication of plans for holding financial instruments, we calculate DIs for each financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holding from the percentage planning to hold the instrument for the first time or increase their holding. Japanese equities remained the most appealing financial instrument this month, but its DI declined 0.5pt m-m (Figures 10 and 11).

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

Financial instrument	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Plan to increase	Plan to decrease	
Japanese equities	42.6	53.2	10.6	43.1
Cash & deposits	31.2	35.7	4.5	28.5
Japanese investment trusts	14.2	20.0	5.8	17.2
Foreign equities	9.4	10.5	1.1	9.7
Gold	8.7	8.9	0.2	7.6
Foreign investment trusts	6.9	7.7	0.8	7.6
Japanese bonds	5.9	8.3	2.4	5.4
Foreign bonds	4.1	5.6	1.5	5.6
Hybrid securities	2.7	2.8	0.1	2.5
Other	0.7	0.9	0.2	0.8
None	-51.1	26.5	77.6	-52.1

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). "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 Feb 2012 survey. From the Apr 2013 survey, we have divided the former category of "Securities issued overseas" into foreign equities, foreign investment trusts, and foreign bonds.

**Fig. 11: Trend in DIs for financial instruments in which investors are either seeking to increase or decrease their holdings (DI)**



Note: "Securities issued overseas" is the total for foreign equities, foreign investment trusts, and foreign bonds.



**(8) Most investors expect prices one year out to be higher**

When asked for their outlook for prices of regularly purchased goods and services one year out, 62.3% of respondents said they expected prices to be higher, unchanged from the previous month. The proportion of respondents expecting lower prices rose 1.2ppt m-m, to 13.9%. The response rate for no change fell 1.2ppt m-m (Figure 12).

**Fig. 12: Outlook for prices one year out**

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	3.1	2.8
2	Fall of 2% up to 5%	5.0	5.5
3	Fall of less than 2%	5.8	4.4
4	No change (0%)	23.8	25.0
5	Rise of less than 2%	39.4	39.2
6	Rise of 2% up to 5%	18.2	19.7
7	Rise of 5% or more	4.7	3.4
	Total	100	100

Note: Respondents were asked to select one response to the question: "How do you expect prices of regularly purchased goods and services to differ from current levels one year out?"

### 3. Nomura Individual Investor Survey

With the aim of better understanding investing activity by individuals and providing information on those trends, 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 6 April, with deadline for responses on 7 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 outlook and attractive currencies, (5) financial instruments for which investors plan to change their holdings, and (6) inflation outlook (since July 2013). Respondents are also asked spot questions each month and queries about their personal profiles.

### 4. Nomura Individual Investor Survey (April 2015) respondents

Gender: Male (84.8%), Female (15.2%)

Age: Under 30 (0.5%), 30–39 (7.6%), 40–49 (24.1%), 50–59 (32.7%), 60 and above (35.1%)

Occupation: Self-employed/fisheries, agriculture, forestry (8.3%), professional (physician/medical professional, lawyer, etc) (2.1%), company management/corporate officer (4.6%), company employee/public servant (51.7%), student (0.0%), full-time homemaker (8.0%), part-time worker/casual worker/job-hopper (4.3%), unemployed/pensioner (20.1%), other (0.9%)

Region: Kanto (50.0%), Kinki (19.0%), Tokai/Koshinetsu/Hokuriku (16.6%), Hokkaido/Tohoku (4.1%), Chugoku/Shikoku/Kyushu (10.3%)

Financial assets held: Less than ¥1,000,000 (6.9%), ¥1,000,000–¥2,999,999 (9.6%), ¥3,000,000–¥4,999,999 (10.6%), ¥5,000,000–¥9,999,999 (17.0%), ¥10,000,000–¥29,999,999 (28.9%), ¥30,000,000–¥49,999,999 (14.5%), ¥50,000,000 or more (12.5%)

Value of domestic stocks held: Less than ¥500,000 (10.2%), ¥500,000–¥999,999 (12.3%), ¥1,000,000–¥2,999,999 (22.1%), ¥3,000,000–¥4,999,999 (15.5%), ¥5,000,000–¥9,999,999 (16.4%), ¥10,000,000–¥29,999,999 (16.5%), ¥30,000,000 or more (7.0%)

Investment experience: Less than three years (2.6%), three years to less than five years (8.8%), five years to less than 10 years (22.5%), 10 years to less than 20 years (34.8%), 20 years or more (31.3%)

Investment plan for domestic stocks: Mainly for long-term holding (46.6%), pursuit of gains from short-term appreciation (13.2%), pursuit of dividends and shareholder perks (25.6%), no particular plan (14.6%)

#### Notice

The next Nomura Individual Investor Survey (May 2015) is scheduled for release on Tuesday, 19 May 2015.

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

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44% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 53% of companies with this rating are investment banking clients of the Nomura Group\*.

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As at 31 March 2015. \*The Nomura Group as defined in the Disclaimer section at the end of this report.

#### Explanation of Nomura's equity research rating system in Europe, Middle East and Africa, US and Latin America, and Japan and Asia ex-Japan from 21 October 2013

The rating system is a relative system, indicating expected performance against a specific benchmark identified for each individual stock, subject to limited management discretion. An analyst's target price is an assessment of the current intrinsic fair value of the stock based on an appropriate valuation methodology determined by the analyst. Valuation methodologies include, but are not limited to, discounted cash flow analysis, expected return on equity and multiple analysis. Analysts may also indicate expected absolute upside/downside relative to the stated target price, defined as (target price - current price)/current price.

### 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. Securities and/or companies that are labelled as '**Not rated**' or shown as '**No rating**' are not in regular research coverage. Investors should not expect continuing or additional information from Nomura relating to such securities and/or companies. Benchmarks are as follows: **United States/Europe/Asia ex-Japan**: please see valuation methodologies for explanations of relevant benchmarks for stocks, which can be accessed at: <http://go.nomuranow.com/research/globalresearchportal/pages/disclosures/disclosures.aspx>; **Global Emerging Markets (ex-Asia)**: MSCI Emerging Markets ex-Asia, unless otherwise stated in the valuation methodology; **Japan**: Russell/Nomura Large Cap.

### 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. Sectors that are labelled as '**Not rated**' or shown as '**N/A**' are not assigned ratings. Benchmarks are as follows: **United States**: S&P 500; **Europe**: Dow Jones STOXX 600; **Global Emerging Markets (ex-Asia)**: MSCI Emerging Markets ex-Asia. **Japan/Asia ex-Japan**: Sector ratings are not assigned.

#### Explanation of Nomura's equity research rating system in Japan and Asia ex-Japan prior to 21 October 2013

### 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.

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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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When Japanese government bonds (JGBs) for individual investors are purchased via public offerings, only the purchase price shall be paid, with no sales commission charged. As a rule, JGBs for individual investors may not be sold in the first 12 months after issuance. When JGBs for individual investors are sold before maturity, an amount calculated via the following formula will be subtracted from the par value of the bond plus accrued interest: (1) for 10-year variable rate bonds, an amount equal to the two preceding coupon payments (before tax) x 0.79685 will be used, (2) for 5-year and 3-year fixed rate bonds, an amount equal to the two preceding coupon payments (before tax) x 0.79685 will be used. When inflation-indexed JGBs are purchased via public offerings, secondary distributions (uridashi deals), or other OTC transactions with Nomura Securities, only the purchase price shall be paid, with no sales commission charged. Inflation-indexed JGBs carry the risk of losses, as prices fluctuate in line with changes in market interest rates and fluctuations in the nationwide consumer price index. The notional principal of inflation-indexed JGBs changes in line with the rate of change in nationwide CPI inflation from the time of its issuance. The amount of the coupon payment is calculated by multiplying the coupon rate by the notional principal at the time of payment. The maturity value is the amount of the notional principal when the issue becomes due. For JI17 and subsequent issues, the maturity value shall not undercut the face amount. Purchases of investment trusts (and sales of some investment trusts) are subject to a purchase or sales fee of up to 5.4% of the transaction amount. Also, a direct cost that may be incurred when selling investment trusts is a fee of up to 2.0% of the unit price at the time of redemption. Indirect costs that may be incurred during the course of holding investment trusts include, for domestic investment trusts, an asset management fee (trust fee) of up to 5.4% (annualized basis) of the net assets in trust, as well as fees based on investment performance. Other indirect costs may also be incurred. For foreign investment trusts, indirect fees may be incurred during the course of holding such as investment company compensation.

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