

# **Nomura Individual Investor Survey**

December 2017

21 December 2017

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 rises for first time in three months, to 28.6

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 28.6 in December 2017, up 13.4pt m-m. The Nikkei 225 reference level (11 December 2017 close) was 22,938.73, up 557.74 from the previous survey (13 November 2017 close of 22,380.99).

### (2) Increased investor interest in international affairs

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "international affairs" rose 9.4ppt m-m to 65.7%. Meanwhile, the response rate for "forex trends" fell by 3.6ppt to 12.6%, that for "domestic politics" fell 2.6ppt to 5.2% and that for "domestic corporate earnings" fell 2.4ppt to 7.9%.

### (3) Appeal of automobiles sector rises, appeal of electrical equipment/precision equipment sector falls

On the outlook for sectors over the next three months or so, we calculate a diffusion index (DI) by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the automobiles sector rose 3.6pt m-m to -1.7, the first rise in four months. In contrast, the DI for the electrical equipment/precision equipment sector fell 5.1ppt to 4.0, the first decline in three months.

### (4) Rise in proportion of investors expecting yen appreciation against US 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 62.5%, up 3.1ppt from the previous month. The response rate for "rise of about ¥5 against the dollar" rose 3.2ppt m-m to 46.7% and the response rate for "rise of about ¥10 against the dollar" rose 0.3ppt to 11.8%. The response rate for "rise of more than ¥10 against the dollar" fell 0.4ppt to 4.0%.

The response rate for "fall of about ¥5 against the dollar" fell 2.1ppt m-m to 32.5%, while the response rate for "fall of about ¥10 against the dollar" fell 0.9ppt to 3.4%. The response rate for "fall of more than ¥10 against the dollar" fell 0.1ppt to 1.6%.

### (5) Investment appeal of US dollar falls

On the outlook for different currencies over the next three months, we calculate a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month, the DI for the US dollar fell by 5.5pt m-m to 25.0. Meanwhile, the DI for pound sterling rose 3.9pt to -5.0, recovering to the highest level since February 2017.

### (6) Japanese equities attract further interest

To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for Japanese equities rose 0.8pt m-m to 43.1, the highest level since March 2015. The DI for hybrid securities rose 0.1pt to 1.8, but the DIs for all other financial instruments fell.

### (7) Lower percentage of respondents expect prices to be unchanged one year out

When asked for their outlook for prices of regularly purchased goods and services one year out, 45.3% of respondents selected a "rise" response, up 0.2ppt from the previous month. The proportion of respondents selecting the "no change" response fell 1.5ppt to 42.1%. The proportion of respondents selecting a "fall" response rose 1.3ppt m-m to 12.6%.

### (8) Themes for the Japanese equity market in 2018

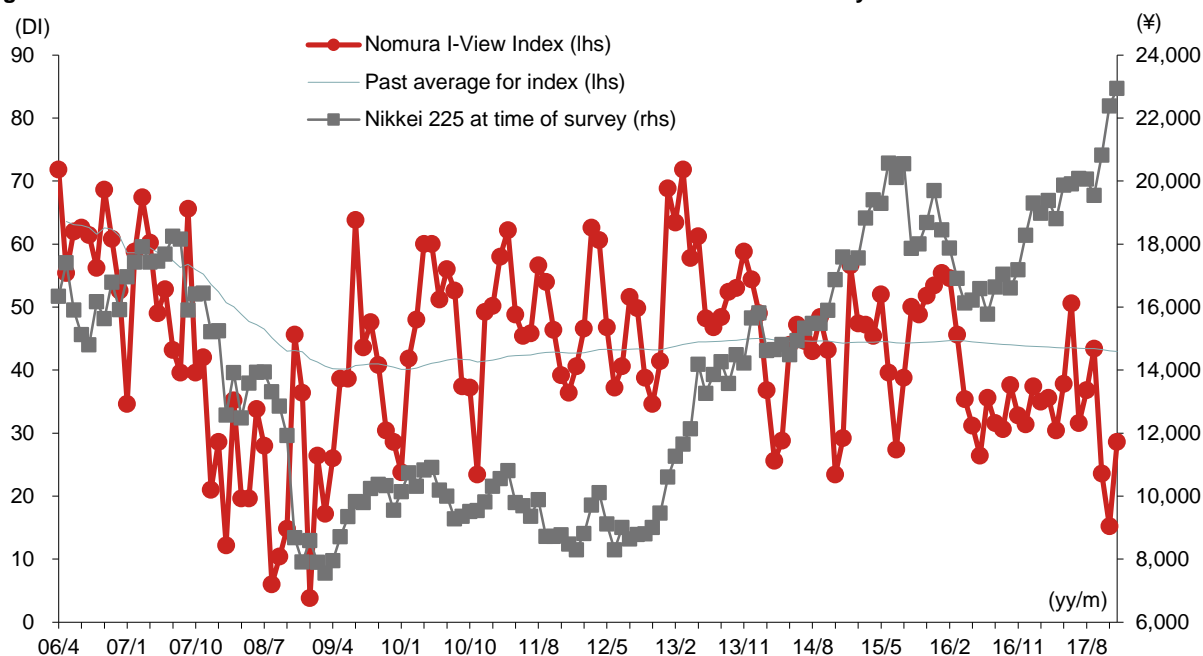
For this month's spot question, we asked about themes for the Japanese equity market in 2018. Respondents were asked to select themes on which they intended to focus particularly when making investment decisions, out of a list of themes that look likely to become key themes in the Japanese equity market in 2018 or to have an impact. US monetary policy was the most popular response, selected by 54.2% of respondents, followed by forex trends (48.5%) and the situation in North Korea (46.4%). The theme of labor shortages was selected by 15.6% of respondents, up by 8.3ppt versus the December 2016 survey, and the theme of artificial intelligence (AI) was selected by 14.4%, up by 6.7ppt.

## 2. Survey results

### (1) Nomura I-View Index rises for first time in three months, to 28.6

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 28.6 in December 2017, up 13.4pt m-m. The Nikkei 225 reference level (11 December 2017 close) was 22,938.73, up 557.74 from the previous survey (13 November 2017 close of 22,380.99) (Figure 1).

Fig. 1: The Nomura I-View Index and reference level of Nikkei 225 at time of survey

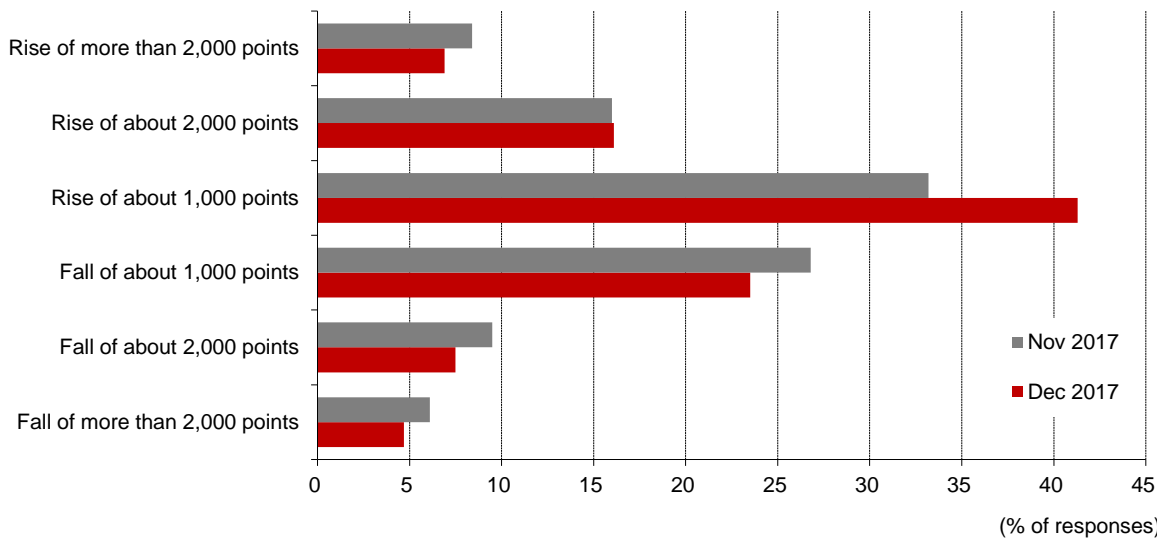


Note: (1) The Nomura I-View Index is based on data collected by this survey and expressed as a diffusion index (DI). The calculation method is as follows:  $\frac{((\text{number of responses indicating expected rise in share prices in the next three months}) - (\text{number of responses indicating expected fall in share prices in the next three months}))}{\text{divided by number of respondents}} \times 100$ . The figure for January 2010 used here excludes those respondents who projected that the Nikkei 225 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 225 to rise over the next three months was 64.3%, up 6.7ppt from 57.6% the previous month. The proportion of respondents expecting a "rise of about 1,000 points" was up 8.1ppt m-m at 41.3%, while the proportion expecting a "rise of around 2,000 points" was up 0.1ppt at 16.1%. Meanwhile, the proportion responding "rise of more than 2,000 points" fell 1.5ppt to 6.9%.

The proportion expecting a "fall of about 1,000 points" declined 3.3ppt m-m to 23.5%. The proportion expecting a "fall of about 2,000 points" was down 2.0ppt at 7.5%, while the proportion expecting a "fall of more than 2,000 points" was down 1.4ppt at 4.7% (Figure 2).

**Fig. 2: Outlook for Nikkei 225 during the next three months**

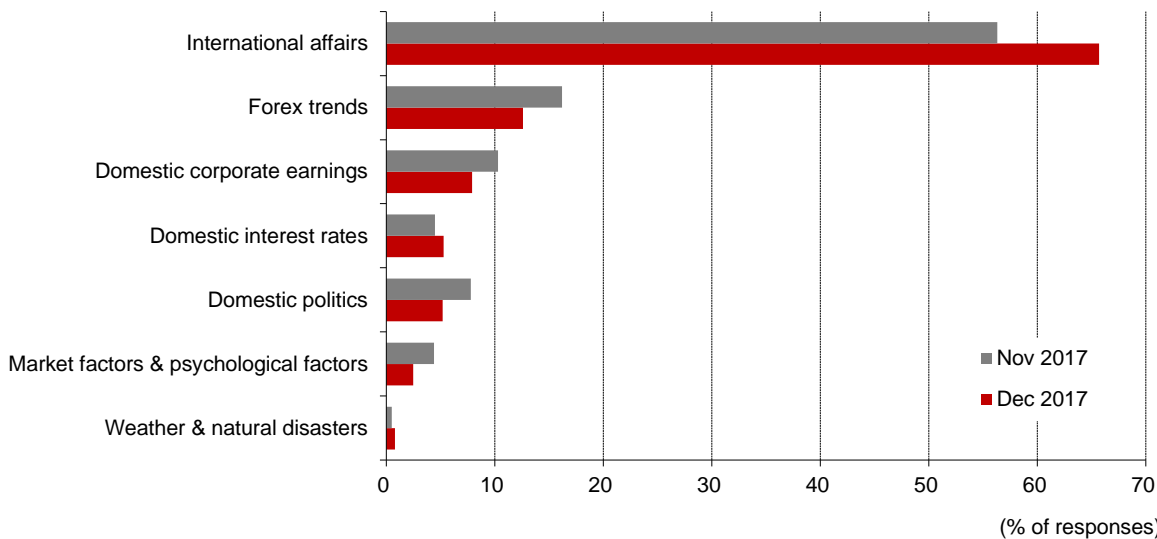


Note: Respondents were asked to share their outlook for the Nikkei 225 during the next three months based on the 11 December 2017 close of 22,938. Respondents could choose one answer from a possible six responses ranging from a rise of more than 2,000 points to a fall of more than 2,000 points, with 1,000-point increments in between.

**(2) Increased investor interest in international affairs**

Respondents were asked to select the factor most likely to affect the stock market over the next three months. The response rate for "international affairs" rose 9.4ppt m-m to 65.7%. Meanwhile, the response rate for "forex trends" fell by 3.6ppt to 12.6%, that for "domestic politics" fell 2.6ppt to 5.2% and that for "domestic corporate earnings" fell 2.4ppt to 7.9% (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) Appeal of automobiles sector rises, appeal of electrical equipment/precision equipment sector falls**

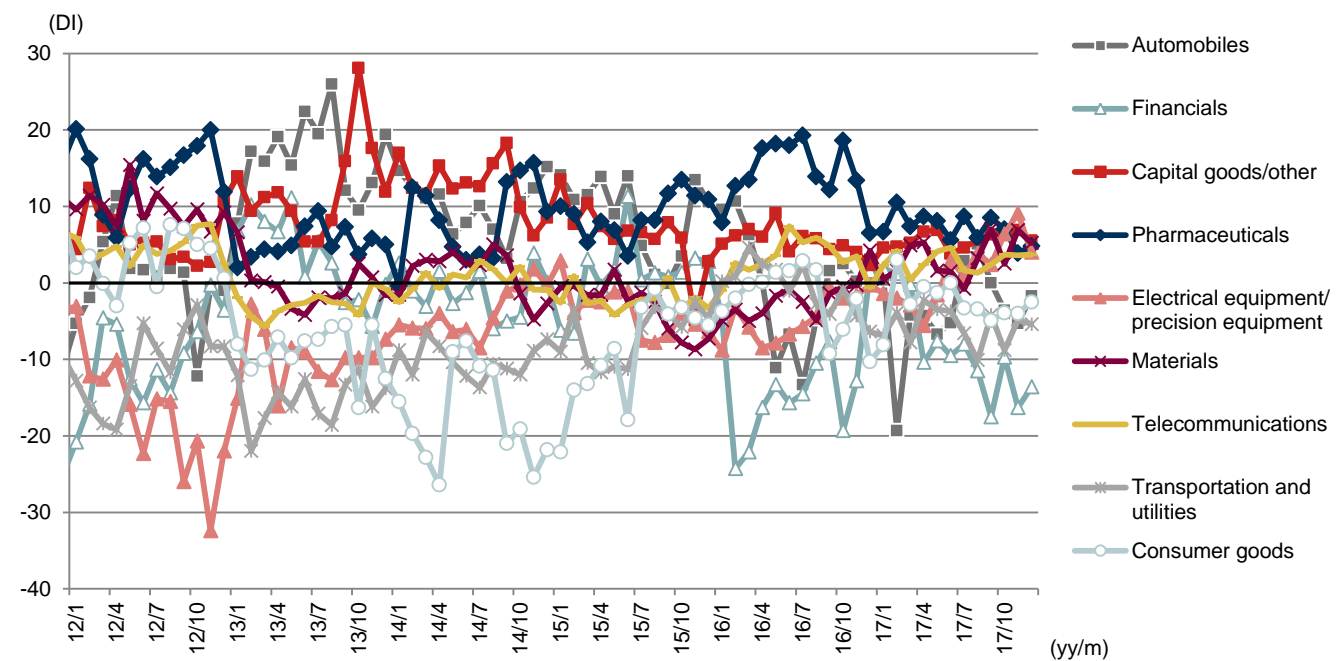
On the outlook for sectors over the next three months or so, we calculate a diffusion index (DI) by subtracting the percentage of responses for "unappealing" from that for "appealing." The DI for the automobiles sector rose 3.6pt m-m to -1.7, the first rise in four months. In contrast, the DI for the electrical equipment/precision equipment sector fell 5.1ppt to 4.0, the first decline in three months (Figures 4 and 5).

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

Sector	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Capital goods/other	5.5	11.8	6.3	6.9
Materials	5.2	15.3	10.1	6.9
Pharmaceuticals	4.8	11.1	6.3	3.9
Electrical equipment/precision equipment	4.0	12.8	8.8	9.1
Telecommunications	3.7	7.1	3.4	3.6
Automobiles	-1.7	11.8	13.5	-5.3
Consumer goods	-2.5	13.7	16.2	-4.0
Transportation and utilities	-5.4	6.1	11.5	-4.8
Financials	-13.6	10.3	23.9	-16.3

Note: Respondents were given nine sectors and asked to choose one they viewed as an appealing investment target and one they 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: Trends 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 found appealing. We show the most popular responses in Figure 6.

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

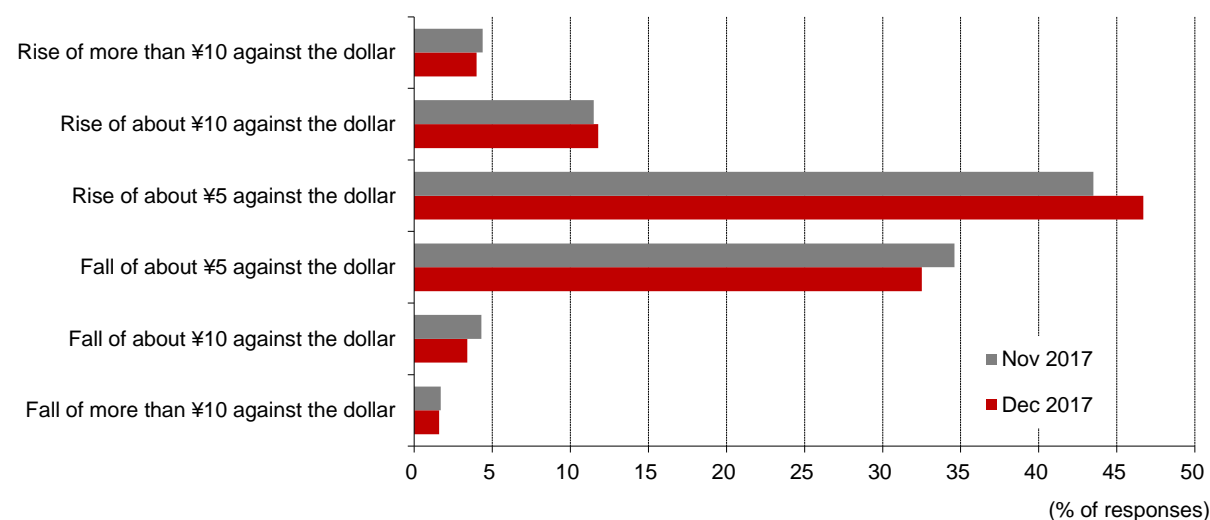
Code	Company	No. of respondents	Code	Company	No. of respondents
7203	Toyota Motor	78	7751	Canon	11
6758	Sony	24	2897	Nissin Foods Holdings	10
9984	Softbank Group	21	6594	Nidec	10
8306	Mitsubishi UFJ Financial Group	17	9432	Nippon Telegraph and Telephone	10
4661	Oriental Land	16	9437	NTT Docomo	9
8411	Mizuho Financial Group	16	1812	Kajima	8
7974	Nintendo	15	3402	Toray Industries	8
8058	Mitsubishi Corp	15	6753	Sharp	8
8267	Aeon	15	2702	McDonald's Holdings (Japan)	7
9202	ANA Holdings	15	4452	Kao	7
2811	Kagome	14	6301	Komatsu	7
6501	Hitachi	14	6502	Toshiba	7
7201	Nissan Motor	14	6902	Denso	7
4502	Takeda Pharmaceutical	12	7267	Honda Motor	7
6752	Panasonic	11	8001	Itochu	7

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

### (5) Rise in proportion of investors expecting yen appreciation against US 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 62.5%, up 3.1ppt from the previous month. The response rate for "rise of about ¥5 against the dollar" rose 3.2ppt m-m to 46.7% and the response rate for "rise of about ¥10 against the dollar" rose 0.3ppt to 11.8%. The response rate for "rise of more than ¥10 against the dollar" fell 0.4ppt to 4.0%.

The response rate for "fall of about ¥5 against the dollar" fell 2.1ppt m-m to 32.5%, while the response rate for "fall of about ¥10 against the dollar" fell 0.9ppt to 3.4%. The response rate for "fall of more than ¥10 against the dollar" fell 0.1ppt to 1.6% (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 11 December 2017 indicative rate of 113.61. They could choose one answer from six possible 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 falls

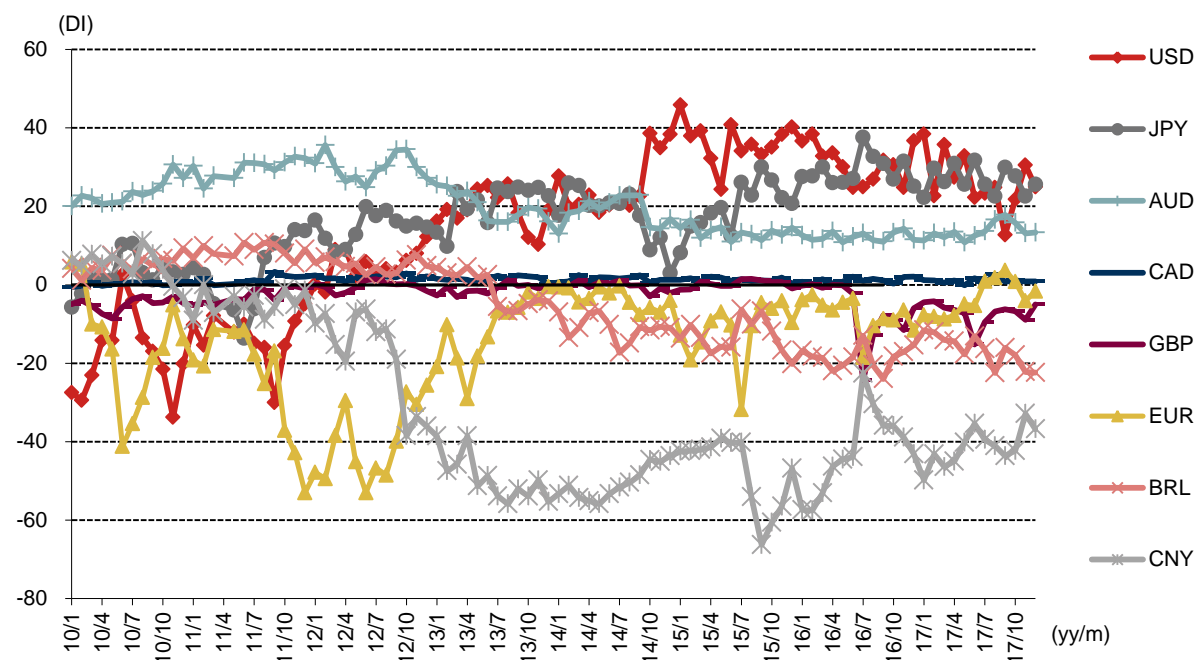
On the outlook for different currencies over the next three months, we calculate a DI for each currency by subtracting the percentage of responses for "unappealing" from that for "appealing." This month, the DI for the US dollar fell by 5.5pt m-m to 25.0. Meanwhile, the DI for pound sterling rose 3.9pt to -5.0, recovering to the highest level since February 2017 (Figures 8 and 9).

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

Currency	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Appealing	Unappealing	
Japanese yen	25.6	35.4	9.8	22.6
US dollar	25.0	32.8	7.8	30.5
Australian dollar	13.3	15.6	2.3	13.1
Canadian dollar	0.9	1.6	0.7	0.9
Euro	-1.6	5.8	7.4	-4.1
Pound sterling	-5.0	3.1	8.1	-8.9
Brazilian real	-22.4	1.8	24.2	-22.2
Chinese yuan	-36.8	2.3	39.1	-32.9

Note: Respondents were given nine possible responses, consisting of the above eight currencies and "other," and asked to choose one they viewed as an appealing investment target and one they viewed as unappealing. Those selecting "other" were asked to specify a currency.

**Fig. 9: DIs for investment appeal of selected currencies**



**(7) Japanese equities attract further interest**

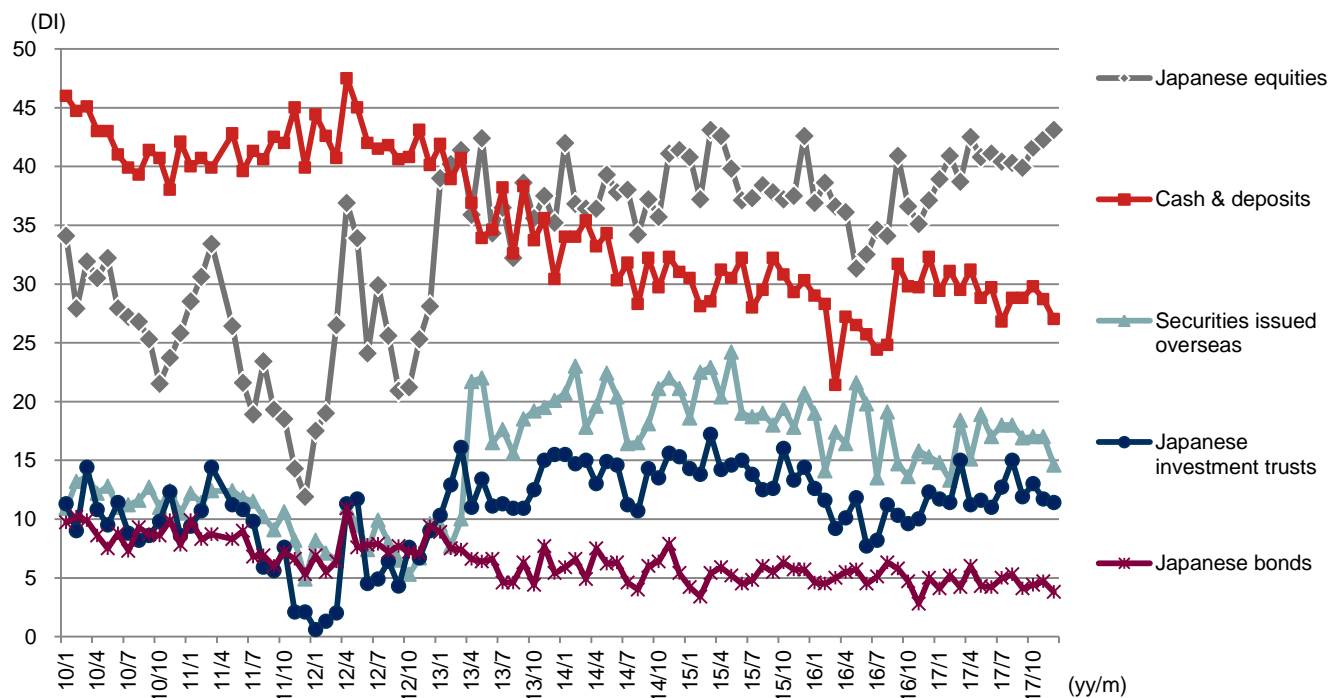
To give an indication of plans for holding financial instruments, we calculate DIs for each type of financial instrument by subtracting the percentage of respondents planning to cease holding the instrument or decrease their holdings from the percentage planning to hold the instrument for the first time or increase their holdings. The DI for Japanese equities rose 0.8pt m-m to 43.1, the highest level since March 2015. The DI for hybrid securities rose 0.1pt to 1.8, but the DIs for all other financial instruments fell (Figures 10 and 11).

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

Financial instrument	DI	Breakdown of DI (% of responses)		(Ref) Previous DI
		Plan to increase	Plan to decrease	
Japanese equities	43.1	52.2	9.1	42.3
Cash & deposits	27.0	31.8	4.8	28.7
Japanese investment trusts	11.4	17.6	6.2	11.7
Foreign equities	8.1	9.0	0.9	9.6
Gold	6.3	6.9	0.6	7.6
Foreign investment trusts	4.1	5.9	1.8	4.3
Japanese bonds	3.8	5.4	1.6	4.7
Foreign bonds	2.4	3.6	1.2	3.1
Hybrid securities	1.8	2.1	0.3	1.7
Other	0.4	0.5	0.1	0.7
None	-47.4	31.7	79.1	-47.3

Note: Respondents were given a list of 11 responses and asked to choose those financial instruments 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 holdings, while "plan to decrease" refers to instruments that investors plan to cease holding or for which they plan to decrease their holdings. Hybrid securities and gold were added to the list of choices from the February 2012 survey. Since the April 2013 survey, we have divided the former category of "Securities issued overseas" into foreign equities, foreign investment trusts, and foreign bonds.

**Fig. 11: DIs for financial instruments in which investors are planning either to increase or to decrease their holdings**



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

**(8) Lower percentage of respondents expect prices to be unchanged one year out**

When asked for their outlook for prices of regularly purchased goods and services one year out, 45.3% of respondents selected a "rise" response, up 0.2ppt from the previous month. The proportion of respondents selecting the "no change" response fell 1.5ppt to 42.1%. The proportion of respondents selecting a "fall" response rose 1.3ppt m-m to 12.6% (Figure 12).



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

	Choices	% of responses	(Ref) Previous % of responses
1	Fall of 5% or more	1.7	1.6
2	Fall of 2% up to 5%	3.8	3.1
3	Fall of less than 2%	7.1	6.6
4	No change (0%)	42.1	43.6
5	Rise of less than 2%	34.3	35.6
6	Rise of 2% up to 5%	8.6	8.0
7	Rise of 5% or more	2.4	1.5
	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?"

### (9) Themes for the Japanese equity market in 2018

For this month's spot question, we asked about themes for the Japanese equity market in 2018. Respondents were asked to select themes on which they intended to focus particularly when making investment decisions, out of a list of themes that look likely to become key themes in the Japanese equity market in 2018 or to have an impact. US monetary policy was the most popular response, selected by 54.2% of respondents, followed by forex trends (48.5%) and the situation in North Korea (46.4%). The theme of labor shortages was selected by 15.6% of respondents, up by 8.3ppt versus the December 2016 survey, and the theme of artificial intelligence (AI) was selected by 14.4%, up by 6.7ppt (Figure 13).

**Fig. 13: Themes for the Japanese equity market in 2018**

	Choices	No. of responses	% of responses
1	US monetary policy	542	54.2
2	Forex trends	485	48.5
3	Situation in North Korea	464	46.4
4	BOJ monetary policy	294	29.4
5	Crude oil prices	287	28.7
6	2020 Tokyo Olympics/Paralympics	200	20.0
7	Labor shortages	156	15.6
8	Artificial intelligence (AI)	144	14.4
9	Shareholder returns	129	12.9
10	Rising wages	91	9.1
11	Cut in corporate tax rate	89	8.9
12	Stimulation of financial and capital markets	61	6.1
13	Consumption demand from tourists visiting Japan (inbound demand)	58	5.8
14	Fintech	56	5.6
15	Escape from deflation	50	5.0
16	Renewable energy	40	4.0
17	Reform of medical/healthcare market	39	3.9
18	Increase in M&A deals	31	3.1
19	Management focused on ROE	30	3.0
20	Casino-related legislation	27	2.7
21	Employment regulatory reform	26	2.6
22	Agricultural sector regulatory reform	13	1.3
23	Promotion of social infrastructure (PPP/PFI) using private-sector capital and managed by private sector	11	1.1
24	My Number system	9	0.9
25	Other	14	1.4
	Total	1,000	100.0

Note: Note: Respondents were asked to select up to five themes on which they intended to focus particularly when making investment decisions, out of the themes listed above that look likely to become key themes in the Japanese equity market in 2018 or to have an impact.

### 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 11 December, with deadline for responses on 12 December 2017.

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 queried about their personal profiles.

### 4. Nomura Individual Investor Survey (December 2017) respondents

Gender: Male (84.0%), female (16.0%)

Age: Under 30 (0.8%), 30–39 (6.6%), 40–49 (19.2%), 50–59 (27.5%), 60 and above (45.9%)

Occupation: Self-employed/fisheries, agriculture, forestry (8.6%), professional (physician/medical professional, lawyer, etc) (2.8%), company management/corporate officer (4.2%), company employee/public servant (40.5%), student (0.0%), full-time homemaker (7.5%), part-time worker/casual worker/job-hopper (6.6%), unemployed/pensioner (28.0%), other (1.8%)

Region: Kanto (51.6%), Kinki (17.7%), Tokai/Koshinetsu/Hokuriku (16.1%), Hokkaido/Tohoku (4.4%), Chugoku/Shikoku/Kyushu (10.2%)

Financial assets held: Less than ¥1,000,000 (5.5%), ¥1,000,000–¥2,999,999 (8.6%), ¥3,000,000–¥4,999,999 (9.3%), ¥5,000,000–¥9,999,999 (16.1%), ¥10,000,000–¥29,999,999 (29.8%), ¥30,000,000–¥49,999,999 (14.7%), ¥50,000,000 or more (16.0%)

Value of domestic stocks held: Less than ¥500,000 (9.6%), ¥500,000–¥999,999 (11.0%), ¥1,000,000–¥2,999,999 (18.2%), ¥3,000,000–¥4,999,999 (18.4%), ¥5,000,000–¥9,999,999 (17.9%), ¥10,000,000–¥29,999,999 (16.6%), ¥30,000,000 or more (8.3%)

Investment experience: Less than three years (1.8%), three years to less than five years (6.0%), five years to less than 10 years (18.8%), 10 years to less than 20 years (33.7%), 20 years or more (39.7%)

Investment plan for domestic stocks: Mainly for long-term holding (46.4%), pursuit of gains from short-term appreciation (11.9%), pursuit of dividends and shareholder perks (28.1%), no particular plan (13.6%)

#### Notice

The next Nomura Individual Investor Survey (January 2018) is scheduled for release on Friday, 19 January 2018.

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

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42% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 51% of companies with this rating are investment banking clients of the Nomura Group\*. 0% of companies (which are admitted to trading on a regulated market in the EEA) with this rating were supplied material services by the Nomura Group

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As at 30 September 2017.

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### 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:

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### SECTORS

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