

MONEX GROUP

Twenty-Sixth Monex Global Retail Investor Survey, December 2018

The forecast DI for the world stock markets rose sharply in all three regions

Tokyo, Florida and Hong Kong, December 19, 2018 – Monex, Inc. (“Monex”), TradeStation Securities, Inc. (“TradeStation”) and MONEX Boom Securities (H.K.) Limited (“BOOM”), group companies of Monex Group, Inc. (TSE: 8698), surveyed retail investors with accounts held in the respective companies about their perceptions of the market environment. The Monex Global Retail Investor Survey is a report summarizing their responses.

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For Immediate Release

Monex, Inc.
TradeStation Securities, Inc.
Monex Boom Securities (H.K.) Limited

Twenty-Sixth Monex Global Retail Investor Survey, December 2018

Expectations for U.S. stocks were the highest among retail investors in all three regions.

Monex, Inc. (Minato-ku, Tokyo; Oki Matsumoto, President; hereinafter “Monex, Inc.”) conducted the twenty-sixth Monex Global Retail Investor Survey* in collaboration with Group companies TradeStation Securities, Inc. (Florida, the U.S.; Peter Korotkiy, President) and Monex Boom Securities (H.K.) Limited [China (Hong Kong), Ivan Law, COO] from November 26 to December 7, 2018.

Global stock markets have crashed since October on concerns about an economic slowdown resulting from interest rate hikes in the U.S. and trade tensions between the U.S. and China. This survey also underscores that sentiment among retail investors in all three regions has been worsened from the impact of falling stock prices. Against this backdrop, expectations for U.S. stocks were the highest among retail investors in all three regions, indicating that it is still the case that expectations for U.S. stocks are relatively high because of the current buoyancy of the U.S. economy.

Summary Findings

1. Global Survey Results: Survey of Retail Investors in Japan, U.S. and China (H.K.)

The forecast DI (*) for world stock markets fell in Japan and the U.S. but returned to positive territory in China (Hong Kong).

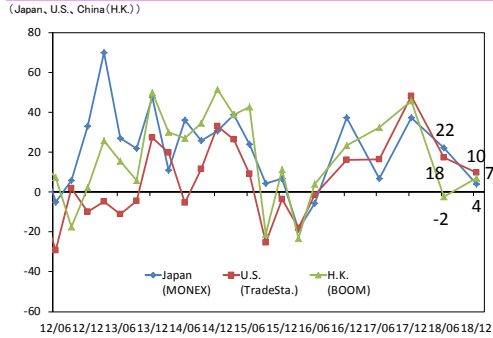
[Figures 1 on Page 2(Exhibit)]

We asked retail investors in each region about their views on world stock markets for the coming three months. Among retail investors in Japan and the U.S., the DI fell from the previous survey (conducted between May and June 2018). Among retail investors in China (Hong Kong), however, the DI improved 9 percentage points, returning to positive territory. The recent global stock market correction appears to have worsened sentiment among retail investors in Japan and the U.S. but the improvement in the DI among retail investors in China (Hong Kong) was a slightly unexpected result.

【The forecast DI for world stock markets】

[Japan]	June 2018: 22→Dec. 2018: 4 (-18points)
U.S.]	June 2018: 18→ Dec. 2018: 10 (-8points)
[China (H.K.)]	June 2018: -2 → Dec. 2018: 7 (+9 points)

Figure1: Outlook on Stocks Globally for the Next 3 Months



Source: Monex, Inc.

DI (diffusion index):

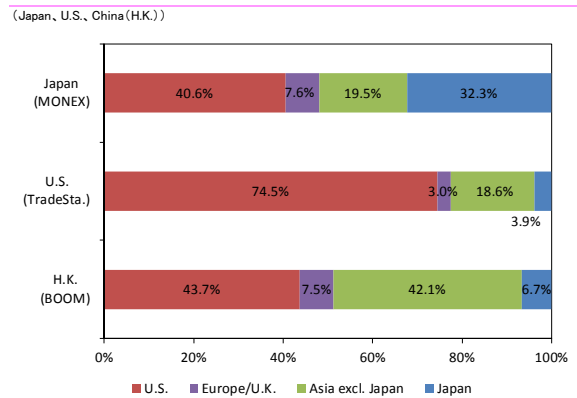
The percentage of respondents who answered “will rise or improve” minus the percentage of respondents who answered “will fall or deteriorate”

Expectations for U.S. stocks were highest among retail investors in all three regions.

[Figures 2-1 ~2-4 on Page 3 (Exhibit)]

Retail investors in all three regions answered that the U.S. is the region with the greatest likelihood of stock price appreciation in the coming three months. It still appears to be the case that expectations for U.S. stocks are relatively high because of the current buoyancy of the U.S. economy.

Figure2-1: Expectation for Areas of Best Equity Performance for the Next 3 Months



Source: Monex, Inc.

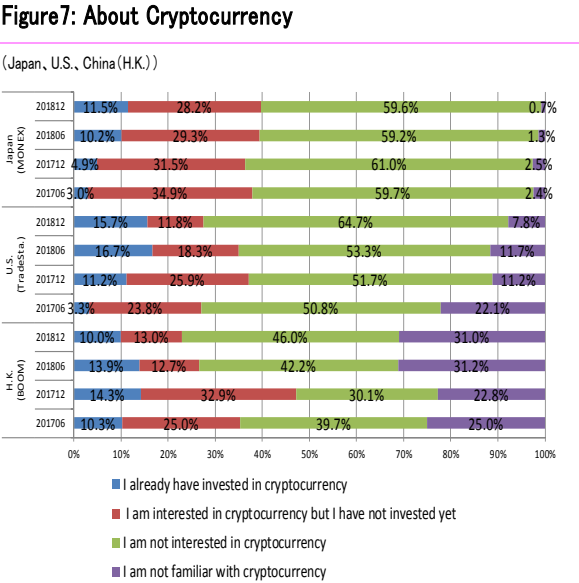
【Expectations for stock markets in the coming three months】

[Japan] U.S.: 40.6% Europe/U.K.: 7.6% Asia excl. Japan: 19.5% Japan: 32.3%
 [U.S.] U.S.: 74.5% Europe/U.K.: 3.0% Asia excl. Japan: 18.6% Japan: 3.9%
 [China (H.K.)] U.S.: 43.7% Europe/U.K.: 7.5% Asia excl. Japan: 42.1% Japan: 6.7%

The percentage of retail investors in Japan investing in cryptocurrency reached its highest level

[Figures 7 on Page 6(Exhibit)]

We asked retail investors about much-talked-about “cryptocurrency” such as Bitcoin, with respect to their experience with and willingness to invest in . The percentage of retail investors in Japan answering that they had already invested in cryptocurrency was 11.5%, the highest level since this question was introduced. However, the percentage of retail investors in the U.S. and China (Hong Kong) answering that they had already invested in cryptocurrency fell from the previous survey. The recent fall in the value of cryptocurrency may have had a negative impact on investment in cryptocurrency.



Source: Monex, Inc.

2. Japan Specific Quarterly Survey Results: Survey of Retail Investors in Japan

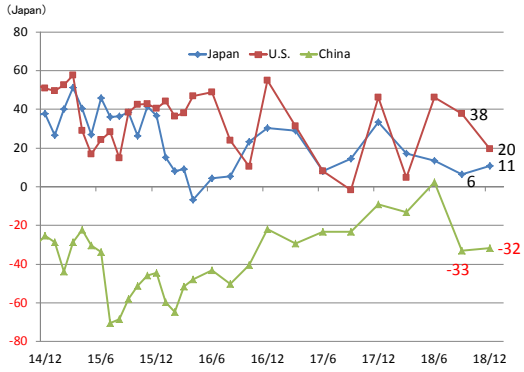
Although the DIs for Japanese stocks and Chinese stocks rose, the DI for U.S. stocks fell sharply.

[Figures 8-1,8-2 on Page 7(Exhibit)]

We asked Japanese retail investors about their outlook for the stock markets in Japan, the U.S. and China in the coming three months. The DIs for Japanese stocks and Chinese stocks both rose from the previous survey (conducted in September 2018), but the DI for Chinese stocks is still deep in negative territory. Meanwhile, the DI for U.S. stocks plunged 18 percentage points from the previous survey. While appetite to invest in Japanese stocks, – which, based on the stock index, seem relatively cheap–is increasing, there appears to be a reluctance to invest in U.S. and Chinese stocks due to trade tensions between the two countries.

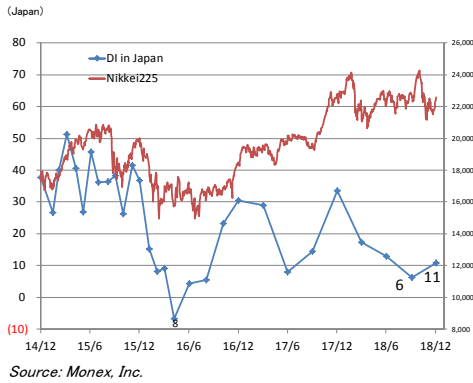
[Japanese Stocks DI] Sep. 2018: 6 → Dec. 2018: 11 (+5points)
 [U.S. Stocks DI] Sep. 2018: 38 → Dec. 2018: 20 (-18 points)
 [China stocks DI] Sep. 2018: -33 → Dec. 2018:-32 (+1 points)

Figure8-1: Outlook on Stocks for the Next 3 Months



Source: Monex, Inc.

Figure8-2: Japanese Investor's Domestic DI and Nikkei 225



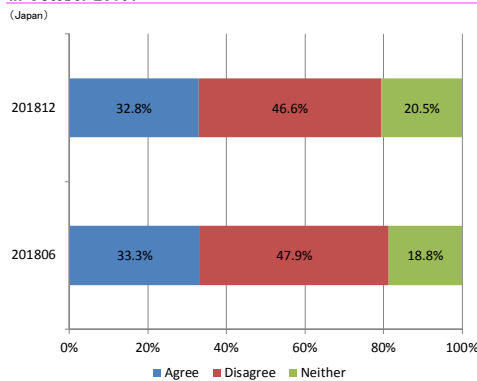
Source: Monex, Inc.

Almost half of Japanese retail investors surveyed are oppose the consumption tax hike planned in October 2019.

[Figures 11 on Page 9(Exhibit)]

We asked Japanese retail investors about the consumption tax hike planned in October 2019. When asked if they were for or against the consumption tax hike, almost half answered that they were against, while around 30% answered that they were for. Besides unease that the consumption tax hike will squeeze household budgets, many retail investors may be concerned that the consumption tax rate hike will lead to a recession in Japan, because there was a slump in consumption when the tax rate was raised from 5% to 8%.

Figure11:Do you agree or disagree with the consumption tax hike in October 2019?



Source: Monex, Inc.

Please refer to the details of the results of the survey in the attached report.

An outline of the survey conducted in Japan, the U.S. and China (H.K.):

	Japan	U.S.	China (H.K.)
Survey period	Nov.26 to Dec.7, 2018.	Nov.26 to Dec.7, 2018.	Nov.26 to Dec.7, 2018.
Number of responses	564	102	375

Monex, Inc. has been surveying retail investors about their attitudes regarding financial market conditions, providing you with the survey results as the “Monex Retail Investor Survey” since October 2009. In addition to Japan, as our group has established securities businesses in the U.S. and China (Hong Kong), we expanded this retail investor survey geographically and added the U.S. and China (Hong Kong) in order to compile the "Monex Global Retail Investor Survey" since June 2011. Monex, Inc., TradeStation Securities, Inc. and Monex Boom Securities (H.K.) Limited have been jointly conducting this survey and observing retail investors’ attitudes about financial market conditions in Japan, the U.S. and in China (Hong Kong) on a regular basis.

Monex Global Retail Investor Survey

December 2018

Executive Summary

Yutaka Masushima, Market Analyst, Monex Inc.

We are pleased to bring you results of our twenty-sixth Monex Global Retail Investor Survey.

Global stock markets have crashed since October on concerns about an economic slowdown resulting from of interest rate hikes in the U.S. and trade tensions between the U.S. and China. This survey also underscores that sentiment among retail investors in all three regions has been worsened from the impact of falling stock prices.

With no end in sight to the standoff between the U.S. and China, the impact of this tension on the real economy is expected to become the focus in the future. In an uncertain environment, there may be times when retail investors are unable to decide what to do. However, Monex Group will continue to disseminate information on the latest developments that will serve as a useful reference for retail investors.

With your assistance, we have been able to compile and analyze extremely valuable data. We greatly appreciate your cooperation and hope that this survey will be of some aid in your investment decisions.

(Written as of December 11, 2018)

Summary

1. Global Survey Results: Survey of Retail Investors in Japan, U.S. and China (H.K.)

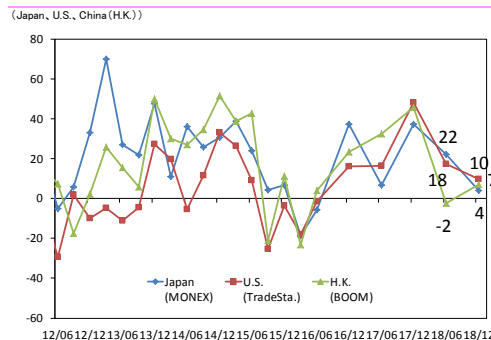
(1-1) The forecast DI (*) for world stock markets fell in Japan and the U.S. but returned to positive territory in China (Hong Kong).

We asked retail investors in each region about their views on world stock markets for the coming three months. Among retail investors in Japan and the U.S., the DI fell from the previous survey (conducted between May and June 2018). Among retail investors in China (Hong Kong), however, the DI improved 9 percentage points, returning to positive territory. The recent global stock market correction appears to have worsened sentiment among retail investors in Japan and the U.S. but the improvement in the DI among retail investors in China (Hong Kong) was a slightly unexpected result.

【The forecast DI for world stock markets】

[Japan]	June 2018: 22→Dec. 2018: 4 (-18points)
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Figure1: Outlook on Stocks Globally for the Next 3 Months



Source: Monex, Inc.

* DI (diffusion index): The percentage of respondents who answered “will rise or improve” minus the percentage of respondents who answered “will fall or deteriorate.”

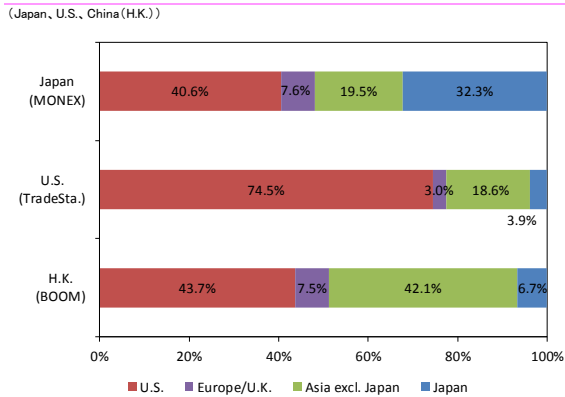
(1-2) Expectations for U.S. stocks were highest among retail investors in all three regions.

Retail investors in all three regions answered that U.S. was the region where there is the greatest likelihood of stock price appreciation in the coming three months. It still appears to be the case that expectations of U.S. stocks are relatively high because of the current buoyancy of the U.S. economy.

【Expectations for stock markets in the coming three months】

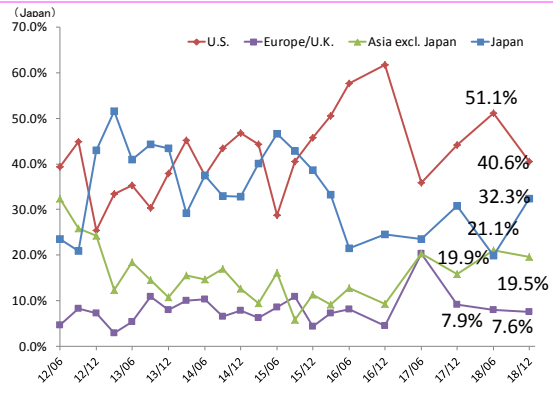
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 [China (H.K.)] U.S.: 43.7% Europe/U.K.: 7.5% Asia excl. Japan: 42.1% Japan: 6.7%

Figure2-1: Expectation for Areas of Best Equity Performance for the Next 3 Months



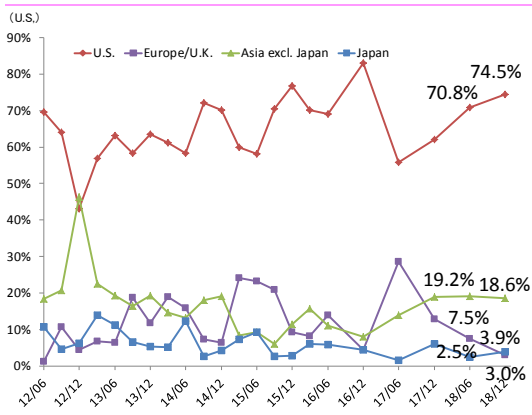
Source: Monex, Inc.

Figure2-2: Expectation for Areas of Best Equity Performance for the Next 3 Months



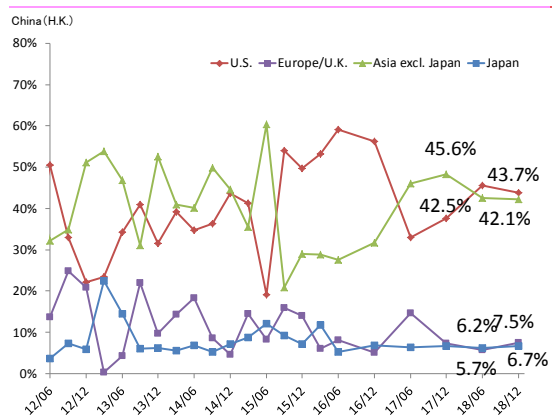
Source: Monex, Inc.

Figure2-3: Expectation for areas of Best Equity Performance for the Next 3 Months



Source: Monex, Inc.

Figure2-4: Expectation for areas of Best Equity Performance for the Next 3 Months

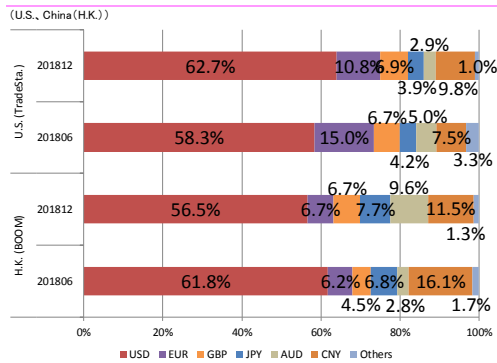


Source: Monex, Inc.

(1-3) Among retail investors in the U.S. and China, the percentage expecting a stronger U.S. dollar was highest.

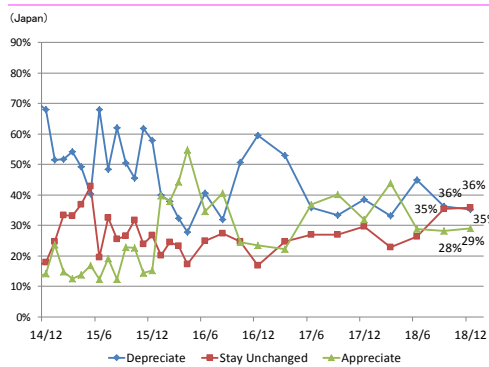
In both the U.S. and China (Hong Kong), the currency that retail investors consider most likely to increase in value in the coming three months is U.S. dollar. However, the percentage of retail investors in China (Hong Kong) who so answered fell slightly from the previous survey. There was no major change in the USD/JPY forecast for the coming three months among Japanese retail investors compared to the previous survey (conducted in September 2018).

Figure3-1: Strongest Currency Over the Next 3 Months(vs Previous survey)



Source: Monex, Inc.

Figure3-2: JPY Against the Dollar for the Next 3 Months



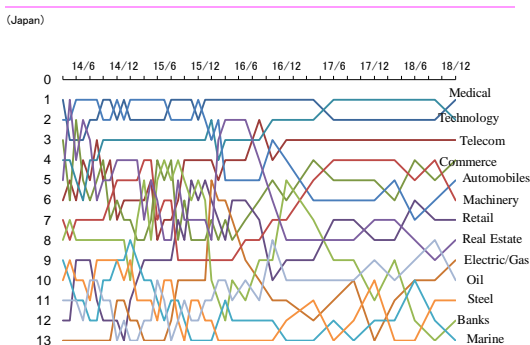
Source: Monex, Inc.

*Figure 3-1 shows a comparison with the previous survey (between May and June 2018) for retail investors in the U.S. and China (Hong Kong). Figure 3-2 shows changes in USD/JPY forecast among Japanese retail investors from December 2014 to the present. Japanese retail investors were surveyed every month from the start of the survey to April 2016, every two months from June 2016 to December 2016, and every quarter from March 2017 to the present.

(1-4) On the list of most attractive sectors, “Technology” fell from the top in all three regions.

On the list of the most attractive sectors, “Medical” ranked tops among retail investors in Japan while “Healthcare” ranked tops among retail investors in the U.S. and China (Hong Kong). “Technology” had been on the top of the list of the most attractive sectors among retail investors in all three regions since June 2017, but there appears to have been a change in the preferences of retail investors following the sharp drop in FANG stocks recently, among other factors.

Figure4-1: Attractive Sectors



Source: Monex, Inc.

Figure4-2: Attractive Sectors



Source: Monex, Inc.

(In parentheses previous ranking)

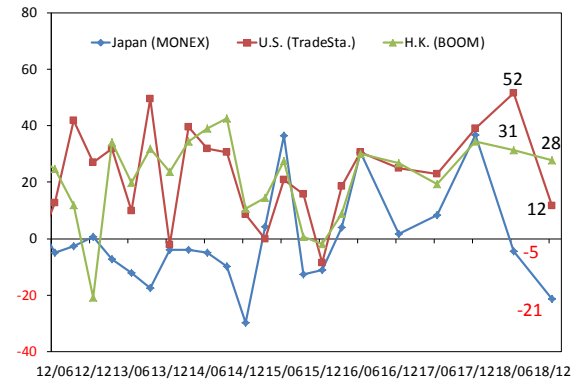
* Figure 4-1 shows changes in the ranking among Japanese retail investors from March 2014 to the present. Japanese retail investors were surveyed every month from the start of the survey to April 2016, every two months from June 2016 to December 2016, and every quarter from March 2017 to the present. Figure 4-2 shows a comparison of rankings with the previous survey (conducted between May and June 2018) for retail investors in the U.S. and China (Hong Kong).

(1-5) The Crude Oil DI and the Metals DI fell in all three regions.

The Crude Oil DI and the Metals DI fell among retail investors in all three regions. The recent sharp drop in crude oil futures prices appears to have had a strong impact.

Figure5-1: Crude Oil DI

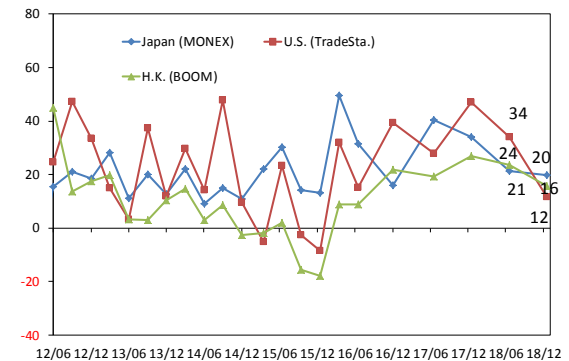
(Japan, U.S., China (H.K.))



Source: Monex, Inc.

Figure5-2: Metals DI

(Japan, U.S., China (H.K.))



Source: Monex, Inc.

[Expectations for Crude Oil]

- [Japan] June 2018 : -5 → Dec. 2018 : -21 (-16points)
- [U.S.] June 2018 : 52 → Dec. 2018 : 12 (-40points)
- [China (Hong Kong)] June 2018 : 31 → Dec. 2018 : 28 (-3points)

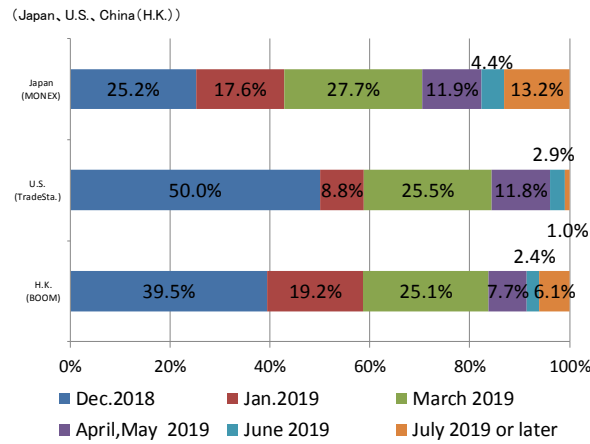
[Metals]

- [Japan] June 2018 : 21 → Dec. 2018 : 16 (-5points)
- [U.S.] June 2018 : 34 → Dec. 2018 : 12 (-22points)
- [China (Hong Kong)] June 2018 : 24 → Dec. 2018 : 20 (-4points)

(1-6) In contrast to the market view, the percentage of retail investors in Japan forecasting a further rate hike in the U.S. in December was low.

The percentage of retail investors in Japan who answered that the timing of the FRB’s next rate hike would be March 2019 was the highest, which was in contrast to the market view that a December rate hike is almost certain. Meanwhile, 50% of retail investors in the U.S. and around 40% of retail investors in China (Hong Kong) forecast a further rate hike in December 2018.

Figure6: When will the Fed start to raise interest rates next time?

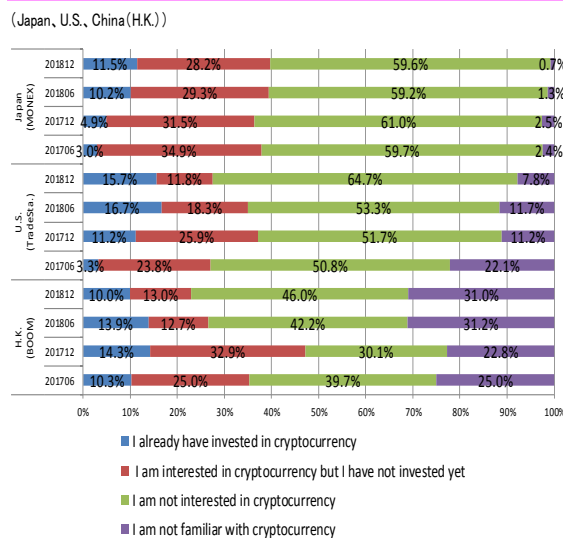


Source: Monex, Inc.

(1-7) The percentage of retail investors in Japan investing in cryptocurrency reached its highest level

We asked retail investors about much-talked-about “cryptocurrency” such as Bitcoins, with respect to their experience with and willingness to invest in. The percentage of retail investors in Japan answering that they had already invested in cryptocurrency was 11.5%, the highest level since this question was introduced. However, the percentage of retail investors in the U.S. and China (Hong Kong) answering that they had already invested in cryptocurrency fell from the previous survey. The recent fall in the value of cyptocurrency may have had a negative impact on investment in cryptocurrency.

Figure7: About Cryptocurrency



Source: Monex, Inc.

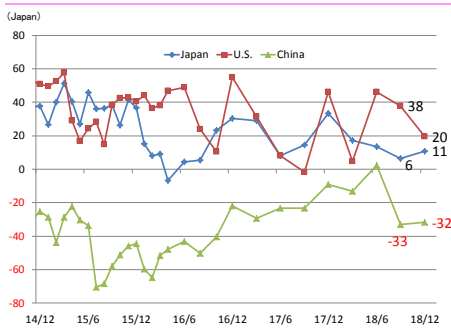
2. Japan Specific Quarterly Survey Results: Survey of Retail investors in Japan

(2-1) Although the DIs for Japanese stocks and Chinese stocks rose, the DI for U.S. stocks fell sharply.

We asked Japanese retail investors about their outlook for stock markets in Japan, the U.S. and China in the coming three months. The DIs for Japanese stocks and Chinese stocks both rose from the previous survey (conducted in September 2018), but the DI for Chinese stocks is still deep in negative territory. Meanwhile, the DI for U.S. stocks plunged 18 percentage points from the previous survey. While appetite to invest in Japanese stocks – which, based on the stock index, seem relatively cheap – is increasing, there appears to be a reluctance to invest in U.S. and Chinese stocks due to trade tensions between the two countries.

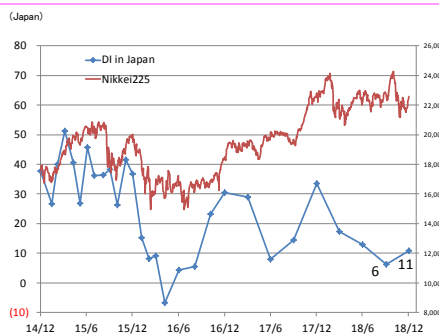
[Japanese Stocks DI]	Sep. 2018: 6 → Dec. 2018: 11 (+5points)
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Figure8-1: Outlook on Stocks for the Next 3 Months



Source: Monex, Inc.

Figure8-2: Japanese Investor's Domestic DI and Nikkei 225



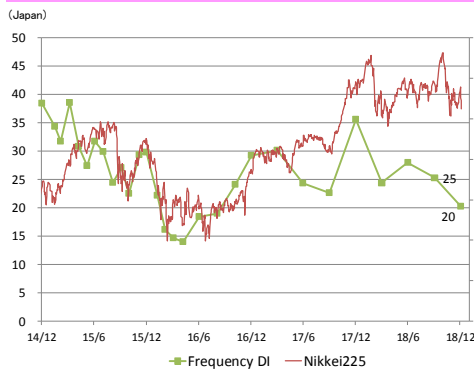
Source: Monex, Inc.

(2-2) DIs for “trading frequency,” “investment amount” and “number of stocks held” for Japanese stocks were mixed.

Although the DIs for “trading frequency” and “investment amount” for Japanese stocks fell from the previous survey, the DI for “number of stocks held” remained flat. A wait-and-see attitude about Japanese stocks seems to be taking hold.

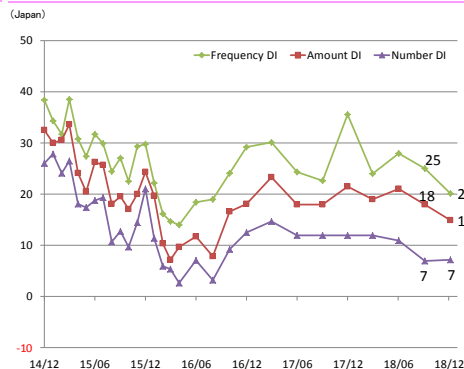
[DI of trading frequency]	Sep. 2018: 25→ Dec. 2018: 20 (-5points)
[DI of investment amount]	Sep. 2018: 18→ Dec. 2018: 15 (-3points)
[DI of the number of stocks held]	Sep. 2018: 7→ Dec. 2018: 7 (0points)

Figure9-1: Investment Willingness for the Next 3 Months and Nikkei225



Source: Monex, Inc.

Figure9-2: Investment Willingness for the Next 3 Months



Source: Monex, Inc.

(2-3) The Chinese economy is receiving greater attention.

The topic that received the greatest attention among Japanese retail investors was “corporate earnings” in Japan. However, the percentage fell slightly from the previous survey. The topic that showed the biggest increase in attention compared with the previous survey was “Macroeconomics” of China (including Hong Kong). Interest in the Chinese economy is increasing due to the trade tensions between the U.S. and China.

Figure10-1: Topic

	Japan	U.S.	Europe	China (incl.HK.)	Emerging country (excl.China)
Corporate earnings	78.5%	50.9%	13.6%	17.7%	11.2%
Macroeconomics	50.9%	65.0%	24.1%	31.0%	17.4%
Exchange rate trend	59.9%	70.1%	19.4%	12.3%	11.8%
Rate movements	41.5%	75.2%	15.4%	7.4%	8.9%
Monetary policy	53.4%	68.5%	21.8%	17.1%	11.0%
Politics,diplomacy	51.6%	74.5%	36.5%	54.4%	20.7%

Source: Monex, Inc.

Figure10-2: Topic (Change From Previous Survey)

	Japan	U.S.	Europe	China (incl.HK.)	Emerging country (excl.China)
Corporate earnings	-2.3	-3.5	-0.5	3.1	1.5
Macroeconomics	-4.3	0.6	2.5	7.1	1.1
Exchange rate trend	-5.7	5.5	-1.4	-0.4	-3.5
Rate movements	-7.0	6.4	-0.6	-2.1	-4.5
Monetary policy	-8.0	3.4	-3.9	-1.7	0.7
Politics,diplomacy	-11.7	-1.6	3.1	6.2	-1.4

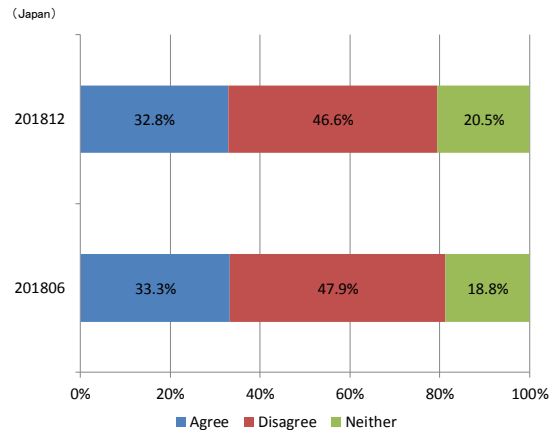
Source: Monex, Inc.

(point)

(2-4) Almost half of Japanese retail investors surveyed oppose the consumption tax hike planned in October 2019.

We asked Japanese retail investors about the consumption tax hike planned in October 2019. When asked if they were for or against the consumption tax hike, almost half answered that they were against, while around 30% answered that they were for. Besides unease that the consumption tax hike will squeeze household budgets, many retail investors may be concerned that the consumption tax rate hike will lead to a recession in Japan, partly because there was a slump in consumption when the tax rate was raised from 5% to 8%.

Figure11:Do you agree or disagree with the consumption tax hike in October 2019?

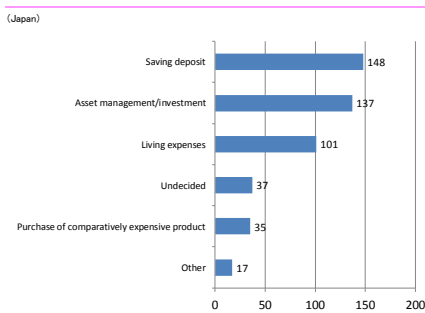


Source: Monex, Inc.

(2-5) Regarding the use of bonuses, "deposits/savings"and"asset management" ranked highest

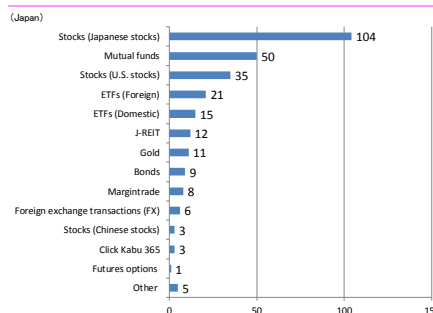
We asked Japanese retail investors how they would use their bonus this winter. The most common answer was “saving deposit,” closely followed by “asset management/investment”. The number of retail investors has increased who intend to apply their bonus to a saving deposit or asset management/investment rather than spending it. We asked the Japanese retail investors who answered that they would use their bonus for “asset management/investment” about the financial instruments they would like to invest in, and an overwhelming majority answered Japanese stocks.

Figure12-1:Use of Bonus



Source: Monex, Inc.

Figure12-2:Preferred Products/Services for Investment of Bonus



Source: Monex, Inc.

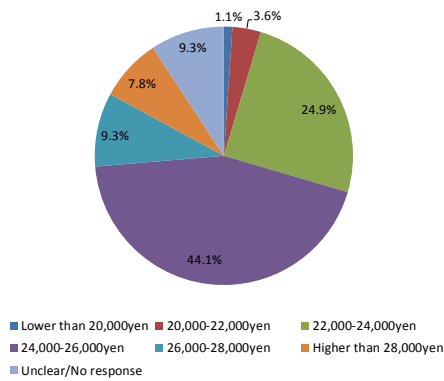
(2-6) The highest percentage of investors, about 44%, forecast the 2019 high for the Nikkei average to be about 24,000 to 26,000 yen.

We asked Japanese retail investors about their forecast of 2019 highs and lows of the Nikkei Stock Average and the Dow Jones Industrial Average. The percentage forecasting that the 2019 high of the Nikkei Stock Average would be 24,000 yen - 26,000 yen was highest, at around 44%. The

percentage forecasting a 2019 low of 19,000 yen - 21,000 yen was highest, again at around 44%. The percentage forecasting that the 2019 high of the Dow Jones Industrial Average would be 26,000 \$ - 28,000 \$ was highest, at around 32%, while the percentage forecasting a 2019 low of 22,000 \$ - 24,000 \$ was highest, at round 31%. Partly due to the unfavorable market environment of late, retail investors in Japan were not very bullish in their forecasts.

Figure13-1:Forecast High of Nikkei 225

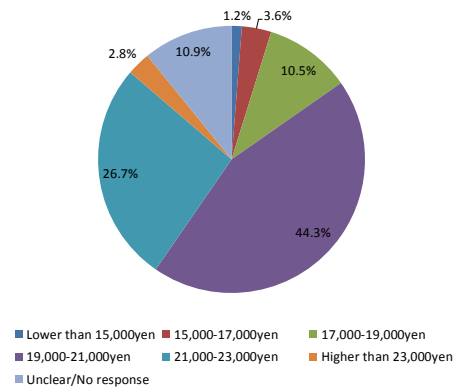
(Japan)



Source: Monex,Inc.

Figure13-2:Forecast Low of Nikkei 225

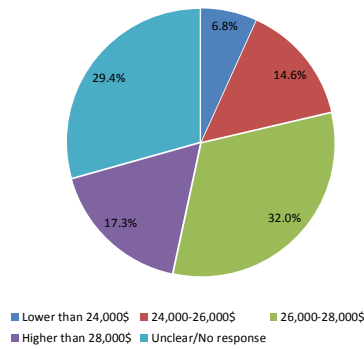
(Japan)



Source: Monex,Inc.

Figure13-3:Forecast Low of Dow Jones Industrial Average Average

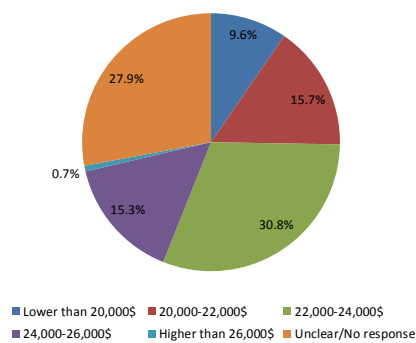
(Japan)



Source: Monex,Inc.

Figure13-4:Forecast Low of Dow Jones Industrial Average Average

(Japan)



Source: Monex,Inc.

Outline of Survey & Characteristics of Respondents

(Japan)

Method: Online survey
 Respondents: Customers of Monex, Inc.
 # of Responses: 564
 Period: Nov.26 to Dec.7, 2018.

[Gender]

Male	Female
85.6%	14.4%

[Age]

Minor	20s	30s	40s	50s	60s	70s or over
0.2%	1.6%	9.6%	24.5%	27.5%	22.9%	13.8%

[Financial assets]

Under JPY 5 million	JPY 5 ~10 million	JPY 10 ~ 20 million	JPY 20 ~ 50 million	JPY 50 ~ 100 million	Over JPY 100 million
25.0%	18.3%	20.7%	20.7%	9.8%	5.5%

[Frequency of trading]

Day trading	Several times a week	Several times a month	Once every few months	Fewer than that
6.9%	16.1%	32.6%	28.4%	16.0%

[Experience with stock investment]

Less than a year	1 ~ 5 years	5 ~ 10 years	Over 10 years
8.2%	23.6%	18.3%	50.0%

(United States)

Method: Online survey
 Respondents: Customers of TradeStation Securities, Inc.
 # of Responses: 102
 Period: Nov.26 to Dec.7, 2018.

(Hong Kong)

Method: Online survey
 Respondents: Customers of Monex BOOM Securities (H.K.) Limited
 # of Responses: 375
 Period: Nov.26 to Dec.7, 2018.

The Monex Global Retail Investor Survey measures customer sentiment based upon answers to specific questions received from a random sampling of customers of Monex, Inc., TradeStation Securities, Inc. and Monex Boom Securities (H.K.) Limited. Details of the methodology used to conduct the survey are available upon request. Accuracy and completeness of the data derived from the survey are not guaranteed.

The Monex Retail Investor Survey has been published since October 2009, and the Monex Global Retail Investor Survey since June 2011.

*About the survey

-Monex Global Retail Investor Surveys were conducted every quarter from June 2011 to June 2016, and every six months from June 2016.

- Retail investor surveys limited to Japan were conducted every month from October 2009 to April 2016, every two months from June 2016 to December 2016, and every quarter from March 2017 to the present.

The information contained herein should not be construed as investment research or an offer or solicitation to buy or sell securities, securities derivatives, or futures products or services. Investor sentiment derived from the survey responses is no guarantee of future performance or success.