

Double dip! Such an opportunity you have once in **5 years** only maybe.

Putting aside the sharp domestic growth confirmed upturn (3,1 % real annualized growth rate in the three months to March) the fall of 20 % from 17th of April intraday high was due to large US funds redemptions.

On the 14th and 15th new growth markets (M.O.T.H.E.R.S, HERAKLES) and second sections showed relatively better performance. This accelerated on the 16th although foreign investors remained net sellers on that vary day. Domestic players including individuals and investment trusts went long which is not surprising considering the advance/declines low on 11 years registered the 9th of June.

Technically speaking my view is that this is a rock hard double bottom, 14454,8 (previous week SQ low) on the 9th of June and finally 14218,6 the 13th. Again foreigners' selling has focused on very large global and high priced shares weighting heavily in indexes therefore no surprise.

Based on the 1 to 3 years cycles as Kimura San pointed at a solid recovery at 1500 for Nikkei and 1680 for TOPIX must be achieved. This said on individual stock basis value can be found on all sections.

Now what to buy?

Reviewing previous picks on weakness I reiterate a buy on (8692) Daiko Clearing corp around 1,690 yen on the 14th close. Point number one that's just below net shareholder's equity (1,694.26 Yen) and trading at 18,33 x FY07 earnings which is at par with current average Per for main indexes.

As earlier mentioned the step down of Murakami fund does not mean that shareholder activism or value search (both are the same philosophy) has stopped. Based on the 5 % rule declaration Steel Partners Ltd has increased positions in cheap large caps like (7762) Citizen watch, (6448) Brother industries which are trading at par or lower than current forecasted FY 07 Per for Nikkei 225 (17,71x at 16th June closing).

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