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Asian stocks ride wave of wall street euphoria

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Recap: Wall Street hit a record high after US unemployment slid to the lowest level since before the 2008 financial crisis, and this also bolstered Asian stock markets. A buying spree in Thai banks ahead of second-quarter earnings due this week helped push the SET index above 1,500 for the first time in 14 months before profit-taking set in.

The SET Index moved in a range of 1,484.62 and 1,504.91 and closed at 1495.83 points, up 0.85% from a week earlier, in active trade worth 41.9 billion baht a day on average. Foreign investors were net buyers of 3.44 billion baht and local institutions bought 1.05 billion more than they sold. Retail investors were net sellers of 3.51 billion baht and brokers sold 971.57 million.

Big movers: Top gainer ABC rose 91.2% to 15.20 baht and top loser EARTH fell 8.3% to 5.55 baht. BLAND was tops in trading volume, up 16.7% to 1.93 baht. The top three by value were SCB, up 5.95% to 178 baht; BBL, up 2.86% to 198 baht; and KTB, up 4.78% to 21.90 baht.

Newsmakers: US employment jumped in June by 288,000 jobs, against forecasts of 231,000, and unemployment fell to 6.1%, a level not seen since October 2008, from 6.3% in May.

The European Central Bank (ECB) kept interest rates at record low of 0.15% and kept the deposit rate at minus 0.10%, but made no moves to introduce any other stimulus measures.

The National Council for Peace and Order (NCPO) continued its economic revival campaign, approving a one-year extension of the reduction in personal and corporate income tax rates and VAT.

The University of the Thai Chamber of Commerce (UTCC) reported a rise in the consumer confidence index to 75.1 points in June, an eight-month high.

Expansion plans for Suvarnabhumi Airport were put on hold after the junta's budget monitoring committee questioned the cost. While necessary, the upgrade proposed by Airports of Thailand Plc appeared very expensive at 60 billion baht, said the committee head, Lt Gen Anantaporn Kanchanarat.

Another junta committee has put the brakes on 23 energy-related projects worth 10 billion baht. Some are likely to get the chop entirely, including solar-panel rooftops worth 1.8 billion baht for 74 city halls, and some energy conservation PR campaigns.

Piyasvasti Amranand, a former energy minister and former president of Thai Airways International, was named chairman of the energy giant PTT Plc.

The Media Agency Association Thailand forecasts a recovery in advertising spending, noting positive signs in the real estate, banking and consumer product sectors. Media spending shrank 9% year-on-year in the first five months but the association believes full-year spending will recover to 130 billion baht, the same amount as last year.

Speeding up the acquisition of bandwidth is the biggest challenge facing the new chief executive of Advanced Info Service, the country's biggest mobile operator. Somchai Lertsutiwong says AIS will have the least bandwidth among the Big Three once its concession with TOT Plc expires in September 2015.

The Thai Chamber of Commerce is recommending that the NCPO promote border trade to substitute for conventional exports. While the economy overall slowed down, it said border trade growth surged 20% last year and could exceed 1 trillion baht this year.

Millcon Steel Industries Plc has formed a partnership with SET-listed General Engineering (GEN) to develop a building materials factory in the Thilawa Special Economic Zone (SEZ) in Myanmar.

Entertainment and media (E&M) spending in Thailand is poised to rise by 33% to US\$13.3 billion a year by 2018, fuelled by surging demand for online advertising, TV subscriptions and internet access, says a PwC forecast. The Thai market will have a compound annual growth rate of 7.3% over the next five years, the second fastest in Southeast Asia after Indonesia.

Samart Corp has agreed to buy back all 1.053 billion shares, or 23.93%, of handset unit Samart I-Mobile, held by Malaysia's Axiata Group, formerly known as Telkom Malaysia. The transaction will cost 2.88 billion baht.

RS Plc, the broadcast rights holder of the World Cup, said it has been broadcasting all matches on free TV after eagle-eyed regulators at the National Broadcasting and Telecommunications Commission (NBTC) caught it skipping two games.

CIMB Thai Bank plans to increase loans to small companies as demand for financing picks up in the second half on the back of an improving economy. Smaller SMEs with credit lines of 300,000 to 20 million baht are the bank's main target customers.

Coming up this week: Thai banks begun reporting their second-quarter results as the earnings season opens.

The minutes of the June 17-18 Federal Open Market Committee (FOMC) will be released on Thursday. Due the same day is Japan's consumer confidence index for June and China's trade data in June.

The superboard established to oversee state enterprises will hold its first meeting at midweek. The filling of several positions on various state enterprise boards following a wave of resignations will top the agenda.

Stocks to watch: Capital Nomura Securities suggests investors hold 70% of their portfolio in stocks and sell when the SET index hits 1,525 to 1,550 points. Its top picks for bank plays are KTB and SCB. Other recommended buys are SCC, ADVANC, INTUCH, STEC, STPI, TTCL, CK, SPALI, QH, HEMRAJ, AMATA, MINT, ERW, CAPALL and HMPRO.

Tisco Securities recommends accumulating BECL, DEMCO, INTUCH, PTTGC, SCB, THCOM and STEC. Benefiting from positive short-term sentiment are JAS, PPP, PTL and WINNER.

Technical view: DBS Vickers Securities sees support at 1,475 and 1,450, with resistance at 1,500 and 1,520. Capital Nomura sees support at 1,483 and resistance at 1,525.