

Macau Casino Revenue Forecast Raised to 30% by CLSA, Spurring Stock Rally - Bloomberg

Written by Administrator

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[Casino revenue in Macau](#), the world's biggest gambling hub, may climb 30 percent to \$30 billion this year as visitors from mainland China increase, CLSA Ltd. said.

Billionaire Stanley Ho's <a

topic_url="http://topics.bloomberg.com/sjm-holdings-ltd/" href="http://www.bloomberg.com/apps/quote?ticker=880:HK" density="sparse" title="Get Quote" ticker="880:HK" class="web_ticker">SJM Holdings Ltd. was also upgraded to "buy" from "outperform" with a new share-price estimate of HK\$18.40 at CLSA, according to a note to clients from Hong Kong-based analysts Aaron Fischer and Huei Suen Ng. The brokerage earlier predicted Macau casino gambling growth of 20 percent for 2011.

"Improvements in the macro environment as well as China's tourism push should result in higher average spending and hence revenues," Fischer and Ng wrote. The analysts increased their share-price estimate for [Sands China Ltd](#) . to HK\$28.80. [Wynn Macau Ltd](#) .'s was raised to HK\$29.30 and

[Melco Crown Entertainment Ltd](#)

. 's was lifted to \$12.20.

Wynn Macau, the unit of the casino company founded by billionaire Steve Wynn, gained 4.6 percent to HK\$21.50 at the 4 p.m. close of trading in Hong Kong, the highest since its debut in October 2009. Sands China climbed 5.1 percent to a record.

Macau's visitor arrivals rose 15 percent to 22.7 million in the first 11 months of 2010, with more than 80 percent coming from mainland China and Hong Kong, the city's [tourism agency](#) said. Tourists from mainland

[China](#)

increased 20.5 percent in the first 11 months, according to the agency's data.

Mainland China doesn't include Hong Kong, Macau or Taiwan.

Melco, SJM

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[Melco International Development Ltd](#) ., which has a joint venture with Australian billionaire James Packer's Crown Ltd., rose 4.9 percent. SJM, which has the biggest market share in Macau according to CLSA, surged 4.8 percent to HK\$14.98, the highest close since its July 2008 debut. [Galaxy Entertainment Group Ltd](#) . increased 6.8 percent.

Melco Crown's American Depositary Receipts closed at \$7.54 in U.S. trading yesterday.

Gambling revenue for the six casino operators in Macau may increase 25 percent to \$38 billion next year, the CLSA analysts wrote.

The former Portuguese colony's [casino revenue](#) rose 58 percent to 188.3 billion patacas (\$23.5 billion) last year, according to government [data](#)

. Last year's increase amounted to \$8.6 billion, which is 50 percent more than the total gambling revenue for the Las Vegas Strip, according to data compiled by Bloomberg.

Macau surpassed the Las Vegas Strip as the world's biggest gambling hub in 2006, after the government allowed the entry of overseas casino operators, ending Stanley Ho's four-decade monopoly.

SJM had a market share of 32.6 percent, trailed by Sands China with 16.5 percent and Wynn Macau at 15 percent, according to a Jan. 17 CLSA research note. Galaxy Entertainment Group Ltd. had 12.6 percent followed by Melco Crown's 11.7 percent, while [MGM Resorts International](#) 's venture with Stanley Ho's daughter Pansy Ho had 11.6 percent, according to the brokerage.

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