

## Macau Casino Stocks Tumble as Gamblers Get Lucky at the Tables

Written by Administrator

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When high rollers are the biggest drivers of Macau's casino revenue, it's much harder for analysts to predict betting results.

The hub's casino stocks tumbled Tuesday, with [Wynn Resorts Ltd.](#)'s Macau unit dropping the most in more than a year intraday on news that gaming revenue missed the median estimate of a 20 percent increase in a Bloomberg survey. Gaming receipts

[rose](#)

almost 15 percent in December to 22.7 billion patacas (\$2.8 billion). The results also sent Wynn's U.S. shares down.

Analysts attributed the unexpected slower growth to bad luck for casinos as gamblers took home greater-than-expected winnings. Many of those winning gamblers were high rollers. High stakes players will continue to dominate in 2018, and these smaller groups of elite players are expected to bring gaming revenue turbulence with them.

### Volatile Bet

Macau casino revenue deviated from analyst estimates in 2017 as VIPs drove market

Source: Macau's Gaming Inspection and Coordination Bureau, Bloomberg

"This volatility can be driven by the luck factor or even by the timing of VIP trips, especially on the part of some of the biggest VIP players," said Grant Govertsen, an analyst with Macau-based Union Gaming Securities Asia Ltd. "Since the growth in the market is being driven by VIP, it re-introduces the concept of volatility to monthly and quarterly results."

That may leave casinos such as [Wynn Macau Ltd](#) . facing more volatility given its reliance on the high-end gambling segment. The gaming operator outperformed in the VIP segment last year, contributing over half of the segment's growth for the first nine months, according to Daiwa Capital Markets Hong Kong Ltd.'s analyst Jamie Soo.

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High rollers drove revenue at a faster pace than casual gamblers for most of last year. As they continued their return to Macau after a Beijing crackdown on corruption kept them away from the tables, actual monthly gaming revenue deviated from analysts' estimates. In nine separate months, actual casino receipts growth showed more than a three percentage point difference from analyst estimates, according to Bloomberg calculations.

### 2018 Optimism

Analysts also had a harder time forecasting during peak seasons, especially when VIPs delayed their trips. One surprise example: revenue for the popular eight-day Golden week holiday in October was [lower than expected](#). The overall monthly receipts hit a three-year high, [beating](#) analysts estimates and was driven by a post-holiday push by high rollers.

Despite the the weaker-than-expected performance in December, analysts are still optimistic about the gaming market in 2018. "We're not too concerned about the December results given that we believe volumes remain quite strong across all segments," said Govertsen.

[Wynn Macau Ltd.](#) pared losses to 2.8 percent Tuesday in Hong Kong. [Sands China Ltd.](#) trimmed its drop to 2.1 percent. The benchmark Hang Seng Index gained 2 percent.

In the U.S., Wynn shares declined as much as 2.9 percent. They fell 2.4 percent to \$164.59 at 9:41 a.m. in New York. Las Vegas Sands Corp. decreased less than 1 percent, as did the American depository receipts of Melco Resorts & Entertainment Ltd.

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