

The Bear Case for Monarch Casino & Resort Inc. (MCRI)

Written by Administrator
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Monarch Casino & Resort Inc. (MCRI) started the day with a price of \$26.72 and currently trading at \$32.09 but its shares price surged 16.90%. MCRI has active trading volume of 112449.0. Monarch Casino & Resort Inc. has outstanding shares of \$17.79M, while the company has floating shares of 12.15M, according to the latest data. 32.96% of share are held by insiders while 62.15% held by Institutions according to information provided by Thomson Reuters. MCRI's average trading volume of 140019.0 during the past month is 40.17% above its average volume over the past year, indicating that investors have been more active than usual in the stock in recent times.

Momentum indicators for MCRI Stock:

Of course, these surface-level price movements don't tell us much about the direction that Monarch Casino & Resort Inc. (MCRI) may be headed in the future. In order to predict this, technical analysts look at momentum indicators, which measure the speed and magnitude of these price movements. The idea is that as momentum slows, it may signal the approach of key support or resistance levels and a reversal of recent trends. The 20-day RSI for MCRI is 52.94, which suggests that the stock is not particularly expensive or cheap, and not predisposed to a reactive price movement based on this measure. The 20-day Stochastic %k measure, which sits at 68.40, tells a similar story, and suggests that MCRI currently trades in neutral territory.

What do the analysts think About Monarch Casino & Resort Inc. (NASDAQ: MCRI)?

Monarch Casino & Resort Inc. (MCRI) is currently undervalued by -19.77% relative to the average 1-year price target of \$40.00 taken from a group of Wall Street Analysts. The average investment recommendation on a scale of 1 to 5 (1 being a strong buy, 3 a hold, and 5 a sell) is 2.20, which implies that analysts are generally neutral in their outlook for MCRI shares over the next year.

How risky is the MCRI stock?

No study on the valuation of a stock is complete without taking into account risk. When analyzing the systematic risk associated with a stock, analysts look at beta, which measures the

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stock's volatility relative to the overall market. MCRI has a beta of 1.34, compared to a beta of 1 for the market, which implies that the stock's price movements are more extreme than the market as a whole. MCRI therefore has an above average level of market risk. During the past couple of weeks, MCRI shares average daily volatility was 92.00%, which is 31.57 percentage points lower than the average volatility over the past 100 days.

Analyzing Fundamental of Monarch Casino & Resort Inc. (MCRI):

It's generally a good idea to start with the most fundamental piece of the picture: the balance sheet. The balance sheet health of any company plays a key role in its ability to meet its obligations and maintain the faith of its investment base. For MCRI stock, the company currently has 60.54 million of cash on the books, which is offset by 20.0 million in current liabilities. The company also has 610.88 million in total assets, balanced by 269.68 million in total liabilities, which should give you a sense of the overall viability of the company under any number of imagined business contexts.

The company saw -62.12 million in free cash flow last quarter, representing a quarterly net change in cash of 30.08 million. Perhaps most importantly where cash movements are concerned, the company saw about 63.25 million in net operating cash flow.

As far as key trends that demonstrate something of the future investment potential of this stock, we need to take a closer look at the top line, first and foremost. Last quarter, Monarch Casino & Resort Inc. (MCRI) saw 62.08 million in total revenues. That represents a quarterly year/year change in revenues of -3.85%. In sequential terms, the company saw sales "decline" by 3.80%.

But what about the bottom line? After all, that's what really matters in the end. Monarch Casino & Resort Inc. (MCRI) is intriguing when broken down to its core data. For shareholders, given the total diluted outstanding shares of 18.87 billion, this means an overall earnings per share of 1.70. Note, this compares with a consensus analyst forecast of 0.44 in earnings per share for its next fiscal quarterly report.

Looking ahead at valuations, according to the consensus, the next fiscal year is forecast to bring about 2.38 in total earnings per share. If we consider a price to earnings ratio on the stock, that corresponds with a stock price of 16.12. However, one should always remember: the trends

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are more important than the forecasts. This continues to be an interesting story, and we look forward to updating it again soon.

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