

Casino operators got another dose of bad news this week, with key venues reporting little progress in getting nervous gamblers back into their gaming halls. On Wednesday, the Nevada Gaming Board reported statewide August "gaming win" revenue of just \$743 million, down more than 22% compared to 2019. Las Vegas metro posted even weaker numbers, with the Strip down 39.2% and downtown dropping 21.5%. Worse yet, the metrics showed no improvement compared to July and were just slightly better than June.

Key Takeaways

- Macao and Las Vegas just reported another month of exceptionally weak visitation.
- Shares of Las Vegas Sands Corp. ([LVS](#)) and Wynn Resorts, Limited ([WYNN](#)) topped out more than six years ago.
- Both stocks have failed to remount major [support levels](#) broken in the first quarter.

The Macao Gaming Inspection and Coordination Bureau reported even worse September results the following day, dropping an astounding 90% year over year. While marking a slight improvement compared to August's 94.5% decline, it is clear that the Asian venue has failed to resume normal operations despite fewer infections in China, with Hong Kong adding to losses due to political disruption that is keeping high rollers at home.

Fortunately for sector bulls, Wynn Resorts and Las Vegas Sands shares have barely budged in reaction to the bearish catalysts, suggesting that they are properly valued at this time. Even so, the stocks have failed to remount their 200-day [exponential moving averages](#) (EMAs), which were broken on heavy volume in the first quarter. Making matters worse, both topped out more than six years ago and entered secular declines that remain in force, exposing even lower lows in coming years.

An exponential moving average (EMA) is a type of [moving average](#) (MA) that places a greater weight and significance on the most recent data points. The exponential moving average is also referred to as the exponentially [weighted moving average](#). An exponentially weighted moving average reacts more significantly to recent price changes than a [simple moving average](#) (SMA).

Wynn Resorts Long-Term Chart (2013 – 2020) TradingView.com **Wynn Resorts**
completed a multi-year [cup and handle](#)

Casino Stocks Could Test March Lows

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breakout above

[resistance](#)

around \$160 in 2013 and posted an all-time high at \$249.31 just six months later. It sold off to a six-year low at the start of 2016 and bounced, but the uptick failed well below the prior high in the second quarter of 2018. The subsequent decline settled in the \$90s at year end, giving way to narrow range-bound action that broke to the downside in the first quarter of 2020.

The stock posted an 11-year low in the upper \$20s in March and bounced, reversing at 200-day and 200-month EMA resistance in June. Price action through September has resisted attempts to remount this formidable barrier, while intermediate range support near \$70 has held several selloff attempts. As a result, this is the price level to watch because a high-volume breakdown might not stop until the March low.

Las Vegas Sands Long-Term Chart (2013 – 2020) TradingView.com **Las Vegas Sands** nearly went bankrupt during the 2008 economic collapse due to a high debt load and bounced strongly into the new decade, stalling at the .382

[Fibonacci selloff retracement](#)

level in the \$50s. It broke out in 2013 and topped out in the \$80s in 2014, marking the highest high in the past six years. A decline into the mid-\$30s in the first quarter of 2016 completed a trading range that has contained price action for the past four and a half years.

A steady uptick into 2018 reversed just below range resistance, while the decline into March 2020 reversed at range support. In the short term, the recovery wave through the third quarter has reversed twice at the declining 200-day EMA, reinforcing a nearly impenetrable barrier just above \$50. On the flip side, six-month price action has held multiple selloffs into the low \$40s, which now marks a line in the sand that bulls must hold at all costs.

Debt load refers to the total amount of debt that a company is carrying on its books. This can be found on the company's [balance sheet](#)

The Bottom Line Casino stocks could test critical support levels following another month of weak performance in Macao and Las Vegas. *Disclosure: The author held no positions in the aforementioned securities at the time of publication.*

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