

Casino Stocks Appear Set to Head Higher

Written by Administrator

Tuesday, 01 December 2020 16:28 -

Active traders often look to the niche market segment comprising casinos and related gaming services during periods of uncertainty and market [volatility](#). As you will read about below, after recovering from the March lows, prices of casino stocks were stuck within a sideways pattern for most of the summer months.

As of today, it appears as though sectors such as gaming are starting to regain the interest of the bulls. In this article, we will look at several charts from across the gaming industry and try to determine how traders will position themselves over the final weeks of 2020.

Key Takeaways

- Niche market segments such as casinos and gaming have underperformed so far in 2020, but the chart patterns discussed below suggest that the group could be headed higher.
- Nearby [support and resistance](#) levels are acting as guides for active traders who are seeking to determine the placement of buy and stop orders.

VanEck Vectors Gaming ETF (BJK) Active traders often turn to [exchange-traded products](#) such as the VanEck Vectors Gaming ETF ([BJK](#)) when interested in niche segments of the markets such as casinos and gaming. Fundamentally, the fund comprises 42 holdings with a gross [expense ratio](#) of 0.91%.

Looking at the chart below, you can see that the price has traded within a period of [consolidation](#) since recovering from the March selloff. The recent bounce off the support of the 200-day moving average and subsequent break beyond the psychological \$40 mark is an indication that the bulls are gaining control of the momentum. Based on this pattern, traders will likely look to buy as close to the horizontal [trendline](#) as possible and then set their short-term target prices near \$48.

StockCharts.com Caesars Entertainment, Inc. (CZR) As one of the top holdings of the BJK ETF, Caesars Entertainment, Inc. ([CZR](#)) will likely be one of the companies that capture the attention of traders in the coming weeks. Active traders will want to note how the 200-day moving average has acted as a strong level of support and resistance and how the bounce in October has acted as a catalyst for a move higher.

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The recent breakout suggests that the bulls are in control of the momentum. [Stop-loss orders](#) will likely be placed below one of the dotted trendlines or the 200-day moving average, depending on [risk tolerance](#) and outlook.

StockCharts.com Penn National Gaming, Inc. (PENN) Another top holding of the BJK ETF that could be worth a closer look by traders is Penn National Gaming, Inc. ([PENN](#)). As one of the top-performing gaming companies in 2020, the proximity to the major support levels suggests that the [risk/reward](#) setup will likely remain in the favor of the bulls for weeks or months to come.

As discussed in the scenarios above, traders will likely look to buy near current levels. From a risk-management perspective, traders may want to protect against a selloff by placing stop-losses below one of the dotted trendlines or the 200-day moving average, depending on risk tolerance and outlook.

StockCharts.com **Just one trip to Las Vegas or Atlantic City will show you the huge size of the gambling industry. In Las Vegas alone, there are numerous casino operators with [market capitalizations](#) in the multibillion-dollar range. In addition to the casino and hotel operators, there is the less sexy end of the business – maintaining the hardware to keep the casinos full. The industry also encompasses racetrack operators and sports betting companies. One thing is clear: gambling is not going away anytime soon. If anything, gambling's popularity has soared in recent years with more and more online options for placing bets.**

The Bottom Line Heading into the final weeks of 2020, followers of technical analysis will likely start to shift their focus to niche market segments that have defined risk/reward setups. In the case of the casinos and gaming industry, the recent breaks above key levels of resistance and the proximity to major levels of support make the segment a prime candidate for a strong finish to 2020 and likely a move higher over the first several months of 2021.

At the time of writing, Casey Murphy did not own a position in any of the assets mentioned.

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