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Casinos Betting on Chinese New Year

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(Macau casino stocks article updated with additional analyst commentary and commentary from MGM.)

NEW YORK ([TheStreet](#)) -- The Chinese New Year is giving casinos their own reason to celebrate.

With China having two weeks off, casinos like **Wynn Resorts** ([WYNN Quote](#)), **Las Vegas Sands** ([LVS Quote](#)) and **MGM Mirage** ([MGM Quote](#)) are anticipating an uptick in traffic to Macau, the gambling enclave in China.

"The impact will be significant," says Alex Calderone, who provides turnaround and crisis management services for the gaming sector at Conway MacKenzie. "I think we'll probably see yet another month of record-breaking gaming revenues for that market."

In January, Macau saw a 63.3% surge in gaming revenue to a record \$1.58 billion.

"Chinese New Year is a 'mass market holiday.' Thus, the time period allows more high-margin gamers to Macau than traditional VIP customers," David Bain, analyst at Sterne, Agee & Leach says. "In addition, room rates rise and occupancy is typically near 100% at most casinos."

Bain says Wynn Macau is currently sold out until at least Feb. 22, while Sands' Venetian Macau is booked until Feb. 20 and MGM Macau is booked until Feb. 21.

To celebrate the Chinese holiday, MGM has several events planned including traditional Chinese food menus, displays at its Bellagio Conservatory & Botanical Gardens and a Chinese historical photo exhibit at its CityCenter resort and casino.

While gaming in Macau started off slow in February, Bain predicts revenue will be up 30% for the month year-over-year.

Bain says Sands in particular stands to benefit the most from both the Chinese New Year and the successful opening of Genting's Singapore casino. Sands plans to launch a casino in the country in May.

Looking to capitalize on Macau's robust growth, Sands and Wynn completed initial public offerings of their Macau assets last year. And following the success of these two deals, MGM is currently in the process of undergoing an IPO of its own.

But Macau isn't the only place that stands to benefit from the celebration. The Chinese New Year may also -- believe it or not -- buoy the Las Vegas strip, which continues to suffer amid a slumping economy.

It is more profitable for casinos to bring gamblers from Macau to Las Vegas where casinos only have to pay a 6.75% gaming tax on winnings as opposed to nearly 40% in Macau, Calderone says.

"It's much more profitable to bring Macau players to Las Vegas for this reason and many of the operators use the Macau operations as marketing tools to attract the high rollers to Las Vegas," Calderone says.

Bain notes that the holiday should also be a strong driver of baccarat (a casino card game) play in Las Vegas.

"Occupancy at our Strip resorts was strong throughout the weekend, especially Sunday night, with many travelers taking advantage of the three-day weekend for President's Day," Yvette Monet, spokesperson for MGM says.

Shares of Sands are up 3% to \$17.39, while Wynn is growing 2.3% to \$64.49 and MGM is increasing 0.6% to \$11.44.

-- Reported by Jeanine Poggi in New York.

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