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## Golden Week Tarnished

By [Staff](#) Sat, Oct 14, 2017

GGR for Macau's weeklong Golden Week holiday—which lasted eight days this year—met analyst expectations, but were pronounced “disappointing” by some. The extra day may have been a negative. More people visited this year but they didn't gamble as much as expected.



### *They came, they saw, they didn't gamble*

Macau casino stocks fell October 9 in the aftermath of a disappointing Golden Week holiday. The seven-day celebration fell this year included the Mid-Autumn Festival. The holiday lasted eight days, for a so-called “Super Golden Week.”

Bernstein Research reports that gross gaming revenues from October 1 through October 8 was MOP8.5 billion (US\$1.06 billion). That was in line with estimates: 49 percent higher than September and 9 percent higher year-on-year.

Despite hitting the targets, “the mix was poorer than we had expected and mass was disappointing,” Bernstein said. It estimates GGR for the full month to fall between MOP23.7 billion and MOP24.3 billion through October 31. That would mean annual growth of 8.5 percent to 11.5 percent, reported the *Asia Gaming Brief*.

Share values for all of Macau's operators declined in the aftermath. Galaxy Entertainment took the hardest hit, down more than 3 percent. Sands China dropped 2.7 percent, the biggest decline since June 1.

In an official statement, the Macau Government Tourism Office said visitation was up 11.6 percent year-on-year for the week, with 844,522 visitor arriving during the national holiday. Data shows that 76.6 percent of the visitors came from Mainland China, an increase of 9.6 percent over the same period in 2016.

But the numbers still fell short, and business was sluggish around town. “Casinos, shops and restaurants inside the resorts were not crowded,” said Ben Lee of Asian gaming consultancy IGamiX. “It's just like a regular Saturday night performance, definitely not a ‘Golden Week’-type busy.”

According to the *Malay Mail*, while people came en masse to Macau and hotel occupancy was high, visitors simply did not gamble as much as expected. “Gaming revenue for the holiday was flat compared with last year

or only grew slightly,” confirmed Stephen Lau, president of the Power Macao Gaming Association.

“Golden Week wasn’t as golden as what we’d hoped for,” said a Monday note from analysts DS Kim and Sean Zhuang of JP Morgan Securities Asia Pacific Ltd. “We believe performances of VIP and mass were broadly similar, with underlying volumes growing at high-single-digit year-on-year” over 2016, they wrote.

They added that the extra day, instead of building revenues, actually may have curtailed them. “In hindsight, the Mid-Autumn Festival (which fell right in the middle of this Golden Week) has had bigger-than-expected negative impact, as some gamblers could’ve shortened the trip to stay at their home town for family dinner (i.e., either finishing the trip earlier or coming to Macau later than they would’ve done otherwise),” the analysts wrote.

Japanese brokerage Nomura said week-on-week, GGR rose by as much as 46 percent during Golden Week, but said the holiday “started off quieter than we expected, which we believe was due to, 1.) a tough year-on-year comparison, with estimated GGR per day through the first 10 days of October last year (MOP975 million) up approximately 20 percent year-on-year; 2.) elevated expectations, given the 19 percent year-to-date lift in GGR through September; and/or 3.) some residual weather-related slowdown from Typhoon Hato, which may have caused mainland visitors to cancel trips to Macau.” The Autumn 23 tropical cyclone caused extensive damage to property throughout Macau and killed at least 16 people in the territory.

A newly released study by Bernstein indicates that the average Chinese customer at a Macau casino is 36 years old, earns CNY19,000 (US\$2,900) per month, and has visited Macau three times in the past 12 months. The player also has a gaming budget “of at least CNY20,000” per trip, the survey added. Sixty-one percent of those patrons are male.

The “average” Chinese player in Macau is looking for high-quality accommodations and compelling non-gaming attractions.

“Due to its large hotel room presence and critical mass, properties owned by Sands are, unsurprisingly, the most frequented, while Melco and Wynn have the highest percentage of higher-income customers, while SJM customers are getting older,” said the report cited by *GGRAsia*.

“Macau is the largest premium gaming market in the world, with over US\$15 billion in VIP GGR, US\$8 billion in ‘premium mass’ GGR, and US\$9 billion in ‘base mass’ (where even a base mass player with US\$450 to US\$550 of average losses per visit can be considered a premium consumer),” according to the report. It said premium customers “remain critical for long-term Macau growth, as wealthier customers spend more and visit more frequently, and the population of this demographic is increasing.

“Over the next 10 years, Macau is estimated to have 6.4 percent compound annual growth rate in GGR, with VIP CAGR of 4.8 percent and mass CAGR of nearly 8 percent. The key driver of mass will be premiumization (overnight visitors staying longer and spending more),” the report concluded

By [Staff](#)



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