

MACAU CASINOS TO LOSE 50% OF REVENUES DUE TO CORONAVIRUS



The authorities of Macau decided to close all the local casinos on 5th Feb for the period of two weeks. The reason were two more cases coronavirus.

A total of 41 Macau casinos, as well as local theatres, cinemas, game rooms and nightclubs, will be suspended for 15 days.

Analysts expect that the closure of the businesses in Macau could result in a loss of 50% of revenues in the first quarter of this year. The recovery from the lost revenues is likely to be very slow.

It is not for the first time, when the authorities decided to close the Macau casinos, however the businesses were never closed for such a long time. In total there are 10 confirmed cases of people with coronavirus in Macau.

“I don’t think the casinos wanted to close down, but I believe they realized it was inevitable,” said Alidad Tash, the executive director of gambling company 2NT8.

The crisis however has been getting worse day after day. During the Lunar New Year, local tourism industry reported a drop of nearly 80%. During that week, Macau casinos usually fill up with thousands of tourists from mainland China. This year’s holiday was quite different.

According to the Macau authorities, it was not an easy decision to close the casinos since from the economic point of view, the closure is not good for either of the parties involved. The authorities however announced that it was a necessary measure for public health reasons.

Alidad Tash said that the last two cases of coronavirus in the territory were “very close to people inside the casinos”. “One worked in a casino [Galaxy] and the other was a bus driver” of the Sociedade de Jogos de Macau, founded by gambling magnate Stanley Ho,” said the director.

According to him, the closure will go beyond two weeks, as the coronavirus outbreak seems far from stagnant. Even if the Macau casinos open soon, Alidad Tash says that “the recovery will be very slow”. This is a problematic scenario, as the local economy is practically centralized in the gambling industry.

The government budget for 2020, completed at the end of 2019, months before the coronavirus outbreak crossed the border, proved that the local economy remains dependent on the gambling industry: the authorities expected to amass 91 billion patacas (10 billion euros) through a gambling tax. That’s about 74.5% of total revenues.

In January, the casino revenues in Macau already decreased by 11.3% compared with the same period in 2019.

Macau casinos closed 2019 with revenues of 292.46 million patacas (about 32.43 million euros),

3.4% less than the previous year.

Macau, the gaming capital of the world, is the only place in China where gambling in casinos is legal. There are six concessionaires in the territory: Sociedade de Jogos de Macau, founded by magnate Stanley Ho, Galaxy, Venetian (Sands China), Melco Resorts, Wynn and MGM.

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