

FORECASTS STATE 50 TO 60% DROP IN GAMBLING REVENUE IN MACAO



Financial rating agency Fitch said that it expects the gambling revenue in Macao to fall by between 50 and 60 percent in the first half of 2021 compared to the same period in 2019.

For Fitch, the application and issuing of individual and group visas, suspended by the Chinese authorities at the beginning of the pandemic, varies between the Chinese provinces, making it difficult for visitors to enter Macao.

With an economy highly dependent on tourism from China, the special Chinese administrative region received about 40 million visitors in 2019, but only 4.6 million between January and October this year.

Fitch also expects growth in the second half of next year, “led by the ‘premium’ mass segment”, after a possible reduction in restrictions on travel to and from Hong Kong, and the possibility of a COVID-19 vaccine”.

Those travelling between Macao and Hong Kong are subject to a mandatory 14-day quarantine on arrival in each of China’s semi-autonomous regions.

The gambling concessions of casinos in Macao expire in 2022, but the leader of the Macanese government Ho Iat Seng may opt for “annual extensions”, Fitch added, believing that the public tender for the renewal of the six concessions and sub-concessions “will be pragmatic”.

Three concessionaires (Sociedade de Jogos de Macau, Galaxy and Wynn) and three sub-concessionaires (Venetian, MGM and Melco) operate the gambling business in Macao.

The Macanese government’s forecasts have established a deficit budget for 2021. Due to the impact of COVID-19, gambling revenue is expected to be 130 billion patacas (about 14 billion euros). In October, the accumulated gross revenue from gambling fell by 81.4%.

In 2019, casinos in Macao recorded revenues of 292.4 billion patacas (about 31 billion euros). **Of the gross gambling revenues, 35% reverts to the territory’s coffers.**

In 2021, “there will be a reduction in revenues from public finances, particularly from the reduction of the special tax on gambling”, which normally accounts for around 80 percent of all public revenues in Macao, the government said in the draft 2021 budget bill, published on the Legislative Assembly’s website.

Since the end of January, the territory has registered 46 cases of COVID-19 and has not detected any infection for over 250 days.

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