

MGM guidance on room vacancies spark another casino stock sell-off

Written by Administrator

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MGM Resorts ([MGM](#)) sparked more pain for the gambling sector when it warned Thursday that bookings and room prices in the third quarter were lower than expected.

The guidance sent shares of MGM, which also reported sharply lower second quarter earnings, down about 3% in early trading. Wynn Resorts ([WYNN](#)) and Penn National Gaming ([PENN](#)) were also trading lower on the news.

CEO Jim Murren downplayed the significance of the lag in bookings, saying the summer months are tough for Vegas hotels and that he expects a pickup at the end of the year.

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"You guys get so worked up about a couple of weeks," Murren said on a call with analysts Thursday. "Do we think there is anything structurally going on in Vegas? The answer is no. If I shared that concern, I would tell you. We're going to be stronger in the fourth quarter going into next year."

MGM's decline followed a wild day for casino stocks on Wednesday. Caesar's Entertainment ([CZR](#)) fell as much as 24% and trading was halted several times after it reported weakness in third quarter as well.

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Caesar's posted generally strong results for the quarter, and said it recovered from a large loss last year to report a narrow profit.

But during a midday call with analysts, Caesar's CFO Eric Hession mentioned that the company was seeing "rate pressure" on rooms because of weak bookings along the Las Vegas strip, and warned that revenue per room would be essentially flat in the third quarter. Other casino stocks also fell on Wednesday on the guidance.

Caesar's CEO Mark Frissora had to assure investors that the company expects a return to normal bookings at the end of the year, and that it was sticking with its full-year guidance.

"We know what the bookings look like through the end of the year. And so we don't have concern in our forecast," he said. "It's not like you look at one month or two months, and you say, 'Oh, that's it for Vegas,' right? That's not the way it works."

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