

Gaming stocks

[<< Back](#)



[\[Enlarge Image\]](#)

By Gene Koprowski

Posted: 2006/04/25

Gaming stocks have been moving the market, both on Wall Street and on overseas bourses, during the last month. The first week in April, the stocks powered a rally on the (FTSE)

...and are continuing to have an impact now, stock market analysts are telling [OnlineCasinoCrawler.com](#).

The reason? Very simply, gaming is a growth industry, and investors are taking advantage of that growth.

“The gaming industry represents one of the few sectors showing spectacular growth,” said Jordan Kimmel, market strategist for the National Securities Corp., and portfolio manager for the Magnet Investment Group, based near Boston, told [OnlineCasinoCrawler.com](#), in an interview. “A lot of what had led the market for the last year or two was energy and basic materials. Cyclical industries. But the gaming industry will continue to expand both domestically and internationally for years to come. It’s no longer the gaming industry of the Las Vegas niche.”

That’s because states, throughout the U.S., and countries on nearly every continent are building gaming facilities, and resorts, which attract gaming enthusiasts from around the globe. “Countries are solving the debt problems by legalizing gambling,” said Kimmel.

Another analyst, Mal Polley, who is the chief investment officer at Indiana, Pa.-based S&T Wealth Management Group, which manages \$1.2 billion in assets, told [OnlineCasinoCrawler.com](#) that these countries are creating “adult play lands” that attract and engage clients. “The industry, particularly Las Vegas, has been undergoing a bit of a transformation from that of ‘family destinations’ to more of an ‘adult play land,’” said Polley. Driving this is the aging of the Baby Boom generation, which, after sending the kids off to college, now has more disposable income than ever.

“Wall Street loves to see unit growth and expansion,” added Kimmel.

There are a number of hot stocks that are both energizing the trend on Wall Street, and benefiting from increased investor interest.

The hottest stocks can be broken down, analysts say, into two categories – operators of

casinos and resorts and suppliers of those operators. “As far as the operators go, the largest continue to dominate,” said Kimmel. “Harrah’s Entertainment (Ticker Symbol: HET), Las Vegas Sands (Ticker Symbol: SNDS) and Wynn Resorts (Ticker Symbol: WYNN) continue to expand.”

The industry is abuzz with talk that Macau, the former Portuguese colony in Southeast Asia, may eclipse Las Vegas in the coming years as the go-to destination for gamblers. Experts say that potential investors should eye companies with expansion plans there.

Suppliers of the gaming industry are growing too, perhaps even more rapidly than some of the resort and casino operators. “There are only a few of them, International **Game Technology** (Ticker Symbol: IGT) is the overall leader and dominates in slot machines,” said Kimmel. “Shuffle Master (Ticker Symbol: SHFL) is next and dominates the table equipment with shufflers, chips and interactive technology.”

Another player, one which Kimmel’s company is invested in, is called Gaming Partners International (Ticker Symbol: GPIC) has the exclusive license to manufacture and distribute Radio Frequency Identification (RFID) chips in the U.S. “and a non-exclusive license to distribute worldwide,” said Kimmel. “This technology is being widely adopted and is enabling casinos to enhance profits.”

Look for casino, resort and gaming to continue to grow. One thing that could have a braking effect is if gas prices continue to go up in the U.S. “TO the extent that there is uncertainty within the market about whether or not disposable income will be negatively affected by high energy costs, these, and many consumer discretionary stocks, may come under pressure,” said Polley.

Sincerely,

Mr. Gene Koprowski (M.A., The University of Chicago)
Columnist
United Press International