

Firm cuts US online gambling estimate 30 percent

March 25 2014, by Wayne Parry

Morgan Stanley lowered its estimate of the U.S. Internet gambling market on Tuesday to \$3.5 billion by 2017, down from a previous forecast of \$5 billion.

The Wall Street firm cited worse-than-expected technical issues in its projection, but said it's optimistic about the new industry's long-term prospects. It forecast an \$8 billion market by 2020 compared to its initial \$9.3 billion estimate.

"While we remain bullish on the online gaming opportunity in the U.S., we are lowering our estimates to better reflect the insights we have gained following the first few months of operations in New Jersey, Nevada and Delaware," the company wrote in a research note.

Morgan Stanley also said it sees the possibility of California and Illinois legalizing Internet [gambling](#) this year. But it said it does not expect five other states—Colorado, Louisiana, Massachusetts, Mississippi and Ohio—to do so this year.

The estimates came a day after New Jersey advanced a new Internet gambling bill to allow the state to enter into pacts with other states or countries to offer online betting. The current law restricts Internet gambling to players who are physically in New Jersey.

A New Jersey state Senate committee on Monday advanced a bill that originally began as a way to let New Jersey casino regulators oversee

foreign Internet gambling firms if they moved their operations to Atlantic City. The bill was amended to also allow for New Jersey to offer the sort of interstate [online gambling](#) compact that Nevada and Delaware agreed upon last month.

The bill, which next heads to the state Senate Budget and Appropriations Committee, would deem any bets received in Atlantic City to have been placed there, regardless of a player's physical location, so long as Internet gambling is also legal where the player is located.

New Jersey began offering Internet gambling in late November. The casinos' online operations have won \$19.7 million in the first two months of this year.

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