

# [***Trump's Stock Gets a Warning From Jim Cramer***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6BN6-T9D1-JBR6-9000-00000-00&context=1516831)

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**Highlight:** With a market cap vastly outstripping its revenue, DJT emerges as a speculative "meme" and "election stock."

**Body**

In a stock market where fundamentals often outweigh sentiment, Trump Media & Technology Group Corp debuted this week and is blurring the line between investing and political allegiance.

The stock, flagged by CNBC's Jim Cramer as "overvalued," is the latest instance of the "meme stock" phenomenon, with its valuation drawing skepticism from seasoned market observers.

Trump Media & Technology Group—trading under the DJT ticker—[*has emerged as election stock*](https://www.newsweek.com/trump-stock-spike-shareholder-vote-tmtg-merger-lawsuit-1882046?utm_source=Synacor&utm_medium=Attnet&utm_campaign=Partnerships), attracting attention far beyond traditional financial metrics. With a market cap that belies its modest revenue and operational losses, DJT's trajectory is being propelled by a mixture of Trump's ardent supporters and speculative traders.

Experts say that the mix, alongside significant short interest and the backdrop of Trump's reduced bond in his high-profile New York fraud case, sets the stage for a stock story that is as much about the 2024 election cycle as it is about investment logic.

"Like him or hate him, know that this stock is overvalued," Cramer [*tweeted*](https://twitter.com/jimcramer/status/1772927634042687864), echoing sentiments shared by other market observers like Matt Tuttle, founder of Tuttle Capital Management, who previously told *Newsweek* that there will be [*"tons of volatility" in the stock*](https://www.newsweek.com/trump-sec-approval-dwac-merger-truth-social-billion-stake-1870406?utm_source=Synacor&utm_medium=Attnet&utm_campaign=Partnerships) in the run up to the November presidential elections.

Said pointedly, experts like CNBC's Robert Frank believe this is a stock that is being moved by retail investors and Trump supporters and is completely detached from Wall Street-proven fundamental analysis.

"This is the combination of a meme stock, and the first purely political stock," Frank said on CNBC's Squawk Box on Wednesday. "It's like this new hybrid that people can express their excitement for ***politics***, and their excitement over the stock, without regard to any of the fundamentals."

*Newsweek* has sought comment from DWAC through its designated investor relations channel.

Indeed, the financials underlying Trump Media & Technology Group and its stock price suggest a fairly wide discrepancy. Despite commanding a market capitalization of $9.84 billion at the time of writing, the company reported mere revenues of $3.4 million over the first nine months of 2023, alongside losses totaling $49 million.

Those figures stand in contrast to the company's soaring stock price at $68.01 per share, a phenomenon characteristic of meme stocks, which are driven more by sentiment than by solid financial fundamentals.

Contributing to the volatility is the substantial interest from retail investors, who, driven by allegiance to Trump or speculation on election outcomes, have shown a willingness to invest in DJT irrespective of its financial grounding.

That willingness places DJT alongside other meme stocks according to CNBC's Bob Pisani, characterized by high retail participation and a detachment from fundamental analysis.

"What does [*Reddit*](https://www.newsweek.com/topic/reddit?utm_source=Synacor&utm_medium=Attnet&utm_campaign=Partnerships), Trump Media & Technology or 'DJT' as we call it, and GameStop all have in common? They all have strong retail participation. So called meme stocks are having a moment again," Pisani said during CNBC's Squawk Box on Wednesday.

DJT's meme stock status is magnified by the considerable portion of its float being shorted. Data from S3 partners [*reveal*](https://www.s3partners.com/articles/huge-short-losses-in-djt-dwac-rally) that 11.69 percent of DJT's float is shorted, indicating a bet against the stock's long-term viability by investors skeptical of its meteoric rise.

However, for the former president, the completion of the merger and its positive stock performance thus far couldn't have come at a better time.

Trump, who owns 58 percent of DJT, [*must pay a $175 million bond*](https://www.newsweek.com/why-donald-trump-needs-175-million-bond-1883080?utm_source=Synacor&utm_medium=Attnet&utm_campaign=Partnerships) to put his civil-fraud judgment on hold during his appeal. That number is far less than the $5.7 billion windfall that he just came into.

Despite the allure of newfound wealth through his company's public offering, Trump does face constraints on liquidating his shares due to standard market regulations that prohibit selling or borrowing against shares within the first six months post-listing.

However, that can change as the restrictions could be circumvented with approval from the company's seven-member board, which comprises individuals closely aligned with Trump, including his son, [*Donald Trump*](https://www.newsweek.com/topic/donald-trump?utm_source=Synacor&utm_medium=Attnet&utm_campaign=Partnerships) Jr., and former high-ranking officials from his administration.

In the midst of judgments and windfalls, the former president [*alerted*](https://twitter.com/baldwin_daniel_/status/1772290967359361490) his followers on the newly public social media platform assuring them that the $175 million bond—a reduction from an initially staggering $450 million—will be promptly addressed.

"We will abide by the decision of the Appellate Division, and post either a bond, equivalent securities, or cash," Trump said on Truth Social. He further criticized the original decision as "ridiculous and outrageous," reflecting his contentious relationship with the legal proceedings.

With the judge providing an additional 10 days for the bond to be posted, extending the deadline to April 4, the immediate necessity for Trump to liquidate his [*newly valuable stock holdings*](https://www.newsweek.com/trump-truth-social-djt-stock-spikes-market-debut-1883576?utm_source=Synacor&utm_medium=Attnet&utm_campaign=Partnerships) seems diminished.

And according to CNBC's analysts, Trump would have a hard time finding a bank that would lend him money on his shares due to the company's recent market debut and its inherent volatility.

[*Link to Image*](https://d.newsweek.com/en/full/2368957/cramer.jpg)

**Graphic**

Cramer

Michael Loccisano/FilmMagic

Former president Donald Trump and CNBC's Jim Cramer attend an event hosted by NBC Universal. Cramer has called DJT "overvalued" as the stock is detached from Wall Street fundamentals.

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