

# THE REAL GREATEST SHORT BURN OF THE CENTURY

U/JEFFAMAZON





# The REAL Greatest Short Burn of the Century

DD

Disclaimer from Quora: A true short squeeze is a fairly rare event. There are probably 100 predicted for every 1 that occurs.\*

There needs to be an unexpected positive event. This could be a huge earnings surprise, a takeover offer, new patent, drug approval, etc.

Unscrupulous stock promoters (PUMPERS) often dangle a potential short squeeze as a carrot to entice inexperienced investors to buy a bad stock. For instance, you will find predictions of a “massive short squeeze” on virtually every message board for every penny biotech stock. If you point out that there is insufficient short interest for a squeeze, the promoters just add lies about “naked short selling”.\*

There, nobody sue me for the pennies I have. The following is all for entertainment purposes only:

## The intro:

Sup gamblers. Feel bad about missing the gain train on TSLA? Fear not - something much greater and stupider is here.

You know Citadel? The MM that took all our money today? Well now we finally won't be at the mercy of the MMs. Instead, we're going to temporarily join forces with the Galactic Empire and hijack the death star.

Our choice of weapon... \$GME.

## The setup:

Huh?? Isn't GME an absolute piece of trash stock? NO (will explain below), and even if it is, it's not entirely relevant. The this turn around is going to make TSLA's short burn look like warm afternoon tea.

Why? Well, most short squeezes are mostly math. This one is special because we have math AND great underlying news.

To be clear, this will happen whether or not we participate. I prefer us idiots to be a part of history. Here's what's up:

Short interest:

GME currently has between 85% - 99.8% short interest, depending on what site you use. For context, 20% is already considered high as the moon. TSLA and NFLX were around 30-40% at their peak. But GME'S ACTUAL SHORT INTEREST IS OVER 110%. In case you think I've gone nuts, look below:

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Shares Outstanding (June 2) = 64.8M

- Insider Shares (June 30) = 8.9M

Total = Public Float = SO - IS = 55.8 M

- Ryan Cohen Shares (8/31) = 6.2M

Total = Adjusted Public Float - Ryan Cohen = 49.6M

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Shares Shorted (9/2) = 55.7M

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% Shorted (Total Shares) = 86%

% Shorted (Float) = 99.8%

**% Shorted (Adj. Float) = 112.3%**

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This is unheard of. Also, the short interest ratio/days to cover is 16 DAYS right now. Shorts are beyond trapped in their position. And the insiders? They won't sell. In fact.. they've been BUYING.

Fine, what if the shorts are correct? They've been printing for 5 years. Ok fellow gamblers, here's where the real DD comes in. The reversal:

3 big things will cause this reversal. Ryan Cohen, retail option buying, and Kenny G (Citadel) himself.

Who's Ryan Cohen?

Ryan Cohen sold Chewy in 2017 for \$3.3 billion. He poured most of his money into Apple and Wells Fargo, saying he hates diversification and only goes all in into things he has high conviction in. Cohen is a Buffet-like investor. He is the largest individual owner of AAPL, and has sat on his hands doing nothing for 3 years.

**Until last week... he went long on \$GME.**

Who cares right? He's just another gambler like us willing to lose money. Not in this case... RC is special due to his expertise in e-commerce. He understands how a smaller company can compete against Amazon and Walmart despite heavy competition. THAT, combined with his hatred against diworsification makes his interest in GME a bit special.

RC can spin this into an e-commerce/tech company, which would make Wall Street drool from their mouths. He's already caught the attention of a few people, hence the recent 75% run up since the RC announcement.

RC only needs to disclose his investments every 10 days. If he's been buying since 8/31, we won't know until this week.

Add to that, the original contrarian Michael Burry found that 90% of stores were free cash flow positive before COVID. GME's balance sheet is healthy with \$100M in net cash (around \$500M cash and \$400M debt), so they aren't going bankrupt anytime soon. They also added 2 more activist investors, Kurtis Wolf and Paul Evans, who were nominated by Hestia Capital Partners and Permit Capital Enterprise Fund, to turn the ship around.

All this meaning, prominent figures have sKiN iN tHe gAmE, and if needed (unlikely) they have more cash to see it through.

Second and third, degenerate gambling retail robinhooders + CITADEL. Told you we're going to work with him this time.

Thanks to MMs literally not using their brain and relying on ze maths to configure their entire business, we can take advantage of them sleeping at the wheel for a few seconds, and cause them to ram into GME for us.

It looks like this: RH Call Option buying -> MM Delta hedging/share purchase -> short squeezing -> Greater retail/RHers



price action chasing/call option buying -> MM Delta hedging/share purchase -> short squeezing -> Institutional and new channels flip the script -> GME to \$400+ -> cash out.

By the way. This is NOT a pump and dump. This is a kick in the shorts' teeth. The stock will STAY HIGH.

For reference: if \$GME was trading at the same P/S multiple as \$CHWY, the share price would be \$420.

Maths:

On being delta neutral - quick refresher from a WSB classic:

"Part of the reason we see outsized moves is when a stock starts moving the dealers who are short the calls need to buy more stock to hedge. This can easily double the amount of buying pressure out there and lead to very exaggerated moves.

As the stock goes up, so does the delta of the stocks calls and dealers who were originally perfectly delta hedged before the move effectively become short the stock as it moves higher so they need to buy more stock to "hedge up" or flatten their exposure/risk."

Remember, since GME is literally 99.8% of float short (ignoring RC's shares for now) they currently HAVE LESS THAN 50,000 SHARES IN LIQUIDITY.

<https://iborrowdesk.com/report/GME>

As of writing this, delta on average is around 0.200, give or take. Higher for near dated (0.395) lower for long dated (0.195). Let's be conservative and call it 0.2 for the time being. So now, for every call option I buy, MMs need to delta hedge with 20 shares.

Here's where it gets insane:

If \$100,000 in calls are bought from RH, Citadel is forced to buy the remaining 50,000 shares. I'm using 10/16 \$15C for this example. This is an insanely small amount of money, especially with Ryan Cohen, retail idiots, and the rest of the SeekingAlpha vultures waiting for this play. It's a ticking time bomb waiting to happen.

Let's say Burry wakes up and decides to drop \$600,000 in call options. This is going to force Kenny to delta hedge 300,000 in GME shares. When there are only under 50,000 shares available in PUBLIC FLOAT. This has NEVER HAPPENED BEFORE IN HISTORY. In an accidental squeeze (KBIO, VW), the shorts can't buy back and get priced out momentarily. Pump and dump. Not what's happening here.

In a contrarian bet leading to a squeeze, shorts bail their positions and the stock STAYS HIGH (TSLA, PTON). The stock is no longer being artificially suppressed, and the shorts are NOT going short again.

To tell you the truth, I don't even know how far this is going to blow up, since there is literally no historical precedent for this. I just know things are about to get very very insane.

Now also add in the fact that GME is at a 5 year low, which means shorts can be largely satisfied with their gains, and are comfortable covering their shorts. Which, as a reminder, they have to BUY back.

-Cut to Ryan Gosling toppling the Jenga pieces-

**The timing:**

Alright, if you've read up to now, I can assume you're in. IV is off the charts right now. That's what happens when a stonk

goes up 75% in a week. Sorry, but the Ryan Cohen news is actually big news.

## PRE-EARNINGS BET

There's no idea how the call will go. So place your bets if you think it will go well. If \$GME absolutely misses the mark, this DD is worthless. BTW GME flopped the last 2 earnings - that's why there have been no big gains. Proceed at your own risk.

Few things I'm betting on:

First, GME beats earnings. All gaming companies, Nintendo, Sony, ATVI beat due to COVID lockdowns. Same store sales should be flat or up, with 300 less total stores. \$GME is expected to post a loss of 1.27 EPS. That's way too low.

Second, activist investor activity. Cohen is sharp as a knife and will make sure things get aligned correctly. He's more financially oriented than most founder/CEOs. He can probably recite CHWY's balance sheet to you off the top of his head, and he understands the investing environment (bad IPOs, interest rates, SPACs). Meaning, he's not a gung ho YOLO Masayoshi / Grant Cardone coked out founder. He's disciplined. Yea I did some stalking... Well you know I had to.

Third, positive news cycle due to Console Cycle: [http://charts.stocktwits.com/production/original\\_240233258.jpg](http://charts.stocktwits.com/production/original_240233258.jpg)

If you're wondering why fund managers aren't covering and going long, remember that they have a JOB. They can't make contrarian bets at the risk of looking idiotic. Cohen and Burry can because they own their own money.

They can talk about how \$GME is going to be Blockbustered. Only one problem - GME's Netflix... is GME itself. By the way, VW was also heavily shorted during a recession because everyone thought they would be bankrupt. Jus sayin.

## AFTER EARNINGS

If GME rockets after earnings, the short squeeze has started and we can pile on weekly 10-20% OTM options to force KG to delta hedge by buying shares, ad infinitum: see \$TSLA.

If GME tanks, buy cheap options in anticipation of the short burn.

### **The trade:**

In order to capture the biggest upside, the highest strike call option is best. Remember when TSLA was going up so fast they didn't even have existing options to match the parabolic gains? Same will happen here. We only have \$30Cs now, so these will have to do.

15 Jan 2021 \$30.00 C.

Also, since we don't know when GME will skyrocket, this gives you time to capture any squeeze that happens.

16 Oct \$15.00 C.

This lets you capture more asymmetric upside in case the squeeze happens quickly.

LAST, and timing is crucial here. ONLY WHEN I get the confirmed signal that the squeeze is happening, I will pound weeklies 10-20% above strike price. Again forcing Kenny to hedge with shares, causing shorts to cover and BUY back, increasing the delta of the call, getting retail and institutional attention, buying more calls/shares, delta hedge, shorts cover, ad infinitum.

The weeklies have the highest delta, so Citadel will be forced to hedge the most by buying shares. In other words, we'll get the biggest bang for our buck in squeezing these.

There is a chance Citadel/MMs switches to buying puts to delta hedge. Like I said, they're asleep at the wheel for a second, retail will likely ram before they change their algos.

However, once the squeeze takes off, not even Citadel will be able to stop it. In any case, if they do start to buy puts, we can sell the puts as a bonus.

Like [/u/dlkdev](#) once said, the only way to beat a rigged game is to rig it even harder.

This is not fraud. There is no manipulation here. We aren't forcing anyone to do anything. It's going to happen with or without us. But I want to ride.

Earnings will light the match, but we can add all sorts of gasoline to the fire.

I stole some data/ideas from a couple of different articles on Seeking Alpha/reddit/google/youtube. I'm not claiming credit for this trade, I don't really care. In fact, I beg you to completely ignore me. I even dare you to short GME. I'll happily take your money.

**TL;DR: \$GME is vastly oversold.**

**GME is TSLA one year ago. GME is AAPL in 2017. Add to that the greatest short burn you'll see in history, and you're in for a hell of a show.**

Also GME is uncorrelated with the market. It might even be negatively correlated (it was today). It's only worth \$500M (3 Bel-Air houses) and fund managers are happy to cut a high risk/low return position. Let your cognitive biases run free.

Ryan Cohen & Michael Burry if you see this - you better buy as much as you can now. When GME gets to fair value of \$26B+, you won't be able to take over the company and kick out the backwards exec team. Good luck.

**\*\*Edit1: \$GME missed and tanked. Not much Cohen can do in 1 week. IV is dead and liquidity is still dry. Get cheap calls while you still can. PLAY IS STILL ON.**





# The REAL Greatest Short Burn of the Century Pt 2: The Two Towers (\$GME)

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"Another \$GME post?" Sounds like you've made up your mind. Just downvote me and buy puts. Cya later.

As for the rest of the open-minded. Let me be clear: **IT HAS BEGUN**.

As always, not financial advice. Just entertainment and bragging rights. Here goes:

Did you pay attention [last time](#)? If so, I hope you traded without emotion and made money.

Or did you ignore that wall of text and think you missed the \$GME train? Fear not. The best is yet to come.

They say the original is always better than the sequel, but *not* in the case of \$GME. This second leg is going to go better than expected. And I didn't take any adderall today, so this post will be short and sweet.

## To recap:

- \$GME has a massive short float - It actually **increased** from 55M shares short before earnings to OVER 73M AS OF 10/10/2020. **THIS IS A WHAT THE F- MOMENT**. Mr Market is handing you the deal of a lifetime on a silver platter. Don't pass it up or worse, fumble the ball (no life savings on FDs please).
- \$GME is massively undervalued because their books are strong (net cash anyone?).
- \$GME is in the midst of a turnaround story (RyanCohen+ReggieFilsAime).
- Due to TINA (there is no alternative), ZIRP (zero interest rate policy), Robinhood, and WSB, meme stonks and retail are not a joke and should be seriously considered.

One thing to clarify from my previous post: Turns out Kenny G (Citadel) isn't going to work with us right now. Unfortunate, but not a big deal. They will join us in part 3.

Reason: Although the MM delta hedging math is correct, short % of float is NOT A TRIGGER NUMBER. There is no significance to the 100%+ short float. It just means it is high. Shorts are willing to pay insane borrowing fees to continue to short \$GME on the thesis that they'll go bankrupt. So WSB monkey YOLO FD strategy will NOT cause a short squeeze. This much is obvious now.

## Current day:

Ok we're done with the flashbacks. We'll cover 3 main topics very quickly. Short float, trendline, and news.

### 1) Short float:

It's always hard to get this data. But as discussed on the @TheRoaringKitty stream, ORTEX is quoting **73M SHARES SHORT** of \$GME. ShortSqueeze is quoting 68M, but their data always lags and isn't very accurate. Either way, **SHORTS ARE DOUBLING DOWN ON THEIR POSITION**.

This puts longs in a better position because of the inherent pent-up demand w/ regard to the short covering in the future. However, this reeks of \$TSLA bankwupcy news cycles pre-Q3'19 earnings. So expect a lot of hate coming our way from many news outlets. Don't lose your conviction. We'll be here to reassure you. For example, CNBC just put out a massive 12 minute hit piece on GME. Expect much more of this to come. This is the mother of all HODLs. Being contrarian is never popular, but it is lucrative.

Stand strong against the Two Towers (BlackRock and Fidelity).

## 2) Trendlines:

Look at this [console cycle graph here](#) .

I believe there is credence to this trendline. But expect it to be rocky. Buy every dip. And if you're unemployed and want to watch markets all day, sell every spike.

If you're a mid-term gambler/investor like myself, buy and hold shares and Jan'21 \$30Cs. I would not recommend you set limit orders if you have a fascist broker like Fidelity (which caps at +50%). \$GME can easily pop 50% in a day. Also, according to S3 research, who I support, shorts and brokers are proven to be [manufacturing synthetic shares](#) in order to short more, meaning our limit sells does nothing except limit our own potential gains.

## 3) News:

To go on the record: the MSFT partnership is a nothing-burger. Even if you include the implied revenue-sharing agreement, the news content is very lukewarm. HOWEVER, the fact that this stupid piece of news moved \$GME 50% in one day shows how primed for launch this stonk is. Imagine a real partnership with Sony and Nintendo (Reggie Fils Aime with the lay-up). Or imagine \$GME launches a digital gaming platform (Steam competitor). Kaboom.

There will be a massive battle of bulls and bears on the news cycle. Ignore everything except for SEC filings from GME and tweets from @GameStop itself. Everything else is a shill for a position (I suppose even this post).

Watch especially close for Ryan Cohen news. My spidey senses say he will be the final match to light up the shorts (tender offer, board position, executive position, or outright purchase).

**TL;DR - \$GME is just about to go parabolic. If you get on now, your diamond hands could turn to diamond rings.**

Positions: \$GME shares and Jan'21 \$30C. If there is a -10%+ dip and cheap OTM weeklies, I'll buy those as well. \$100 can easily turn to \$10K as seen on Thursday.

Feel free to ask any questions or dispute any fact. I love talking \$GME and will do my best to answer your question.

\*Edit (10/17/2020): DOMO Capital spoke with \$GME IR and has confirmed a revenue sharing agreement with Microsoft. The deal is no longer a "nothingburger". \$GME continues the trend towards digital. Big news.

# The REAL Greatest Short Burn of the Century Part III: GME Infinity War

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[Oh and uh short burn of the century comin soon. Flamethrowers should arrive just in time.](#)

-Elon Musk

Oh Elon, sorry to steal your thunder. But GME will make TSLA vol look like TLT. Jeff haunting your every accomplishment yet again.

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I'm back with the final warning bell. The next time I post in 2021 will be to recap the squeeze's results and post gain porn along with [u/Deep\\_Fucking\\_Value](#), [u/SIR\\_JACK\\_A\\_LOT](#), [u/Tomatotowers](#), and more. *This is the last stop before the moon mission.*

It's currently not too late. But after Q3 earnings on Dec 8th, it will be. And of course, as always, not financial advice. Just for bragging rights and entertainment. Here goes:

Here's a comprehensive GME overview for all new and returning WSB-monkeys. Sit down and grab some tea. This is a long one unlike the previous posts.

## GME Overview:

The GME story can be broken up into 2 main theses. The first is a deep value play which has credibility all on its own. The second is an infinity short squeeze like we've never seen before in history, which has credibility all on its own. When combining the two, you get the trade of a lifetime.

In all my (albeit limited) days, I have never EVER seen a trade set up like this before. I've pored over every source of historical finance material I can get my hands on, and still have nothing to reference to. IMO, this will look more like the 2008-MBS bet, or the Ackman 2020-COVID "Hell is coming" bet, than TSLA, OSTK, KBIO, or VW.

Just a fucking face-ripping, out-of-nowhere, legendary-HOF-ticker bet that will bankrupt some funds and get people fired - and of course, with no community other than WSB's name next to it in the history books (and if I could pencil in our lovely GME discord and [u/RoaringKitty](#)'s YT stream).

Let's begin.

## Act 1 - The Set Up:

Q: Why is GME so heavily shorted in the first place? Why are we betting the long? Aren't they going bankrupt ala Blockbuster? If not, are we just trading this short term like a HTZ/CCL meme stonk?

A: NO. This is a fundamentally solid deep value play at its core.

First let's go back a few years. We must give the shorts due credit in order to understand where we are now. GME has been profitably shorted since 2013 when the market correctly bet on the digitization of video games and spread of mobile gaming. Some data here:

- GME sales have plunged from \$9.5 billion in fiscal year 2011 to \$6.4 billion in fiscal year 2019.
- GME Annual EBITDA has dropped from \$839 million in fiscal year 2011 (before the last console cycle) to only \$111

million in fiscal year 2019.

- Net income has fallen off a cliff from \$339 million in fiscal year 2011 to a staggering loss of \$470 million in fiscal year 2019.
- In the two most recent quarters alone, GME lost another \$277 million.

The shorts are betting on \$0.

However, in the last 12 months, GME has shown that their terminal velocity does not lead to bankruptcy. GME has a strong balance sheet. [Cash on hand is worth over \\$12 a share. Net cash is worth over \\$5 a share](#) and is FCF positive (nixing the bankruptcy thesis). They also paid off \$125M in debt last month just to show Moody's they are healthy due to their incoming console cycle FCF (which may lead to possible bond upgrade, enticing more institutional investors).

So give the shorts credit. They had a legitimate case until the last 12 months, when George Sherman (CEO), Reggie Fils-Aime (ex-Nintendo, current GME board member), and others have been conducting a phenomenally well executed turnaround.

That explains why we currently have ~70M shares short out of ~65M shares outstanding - but they're all now caught on the wrong side of the trade.

In case the severity of the short interest hasn't hit you yet, **there is a bigger market for shorting GME than the business of GME itself**. This is not even taking into account the long holders ([Senvest](#), [Ryan Cohen](#), [Burry](#), [Donald Foss](#), [Sherman](#), [Hestia/Permit](#)) which takes ~25M shares out of circulation. So short interest in reality could be around 180%+ of true float.

A true head-scratcher.

And a worthy opponent.

But they're wrong.

## **Act 2 - Avengers, Assemble:**

Q: Why am I so sure GME is prime to blow? Isn't this just another meme stonk hunch driven by WSB and Michael Burry hype? How can a few online gamblers and a few activist investors turn a dying business into a trade of a lifetime?

Couldn't the shorts be right? Also, hasn't it blown already?

A: NO AGAIN.

Let me show you the ridiculous Avengers team we have. By Avengers team, I mean all the bullish cases:

### **1) Ryan Cohen**

Iron Man of the bunch, some call him the Dog-Man.

This guy is a crazy entrepreneur. He took on Bezos with a pet food company (CHWY) and won. Let me repeat - he beat Jeff Amazon without AWS subsidizing his loss leaders.

In other words, he built Markk I (CHWY) in a tiny cave with scraps all by himself with his dad, and now that he has billions, he wants to build nanotech Markk 50 (GME). Read up on this guy. He's as crazy and as smart as they come.

He also wrote a scathing [letter](#) to GME leadership, but if you read between the lines, he's not addressing the existing

board, who had only been there temporarily. He's setting this letter up in order to potentially offer a takeover bid (rumor mill - unconfirmed).

Either way, GME leadership needs to address this letter in the Q3 earnings call on Dec 8th - which means they need to either post a good quarter, provide good guidance, or add color to existing developments.

Otherwise George Sherman (Cpt America)'s ass is out the door and Cohen takes over as the leader of the Avengers through a vote or buyout. Either of which requires shares to be recalled.

One more thing to note about RC. There has been no 13D/A filing since his initial purchases. Which means he is STILL IN. He has not sold a single share.

## **2) GME Leadership and activist investors - Guardians of the Galaxy, Dr. Very Strange Burry, and the old Captain trying to fit in with the youngsters:**

Dr. Very Strange Burry - AKA Big Short Man. Supreme numbers aspie who might have a screw loose but is unmatched at spotting contrarian trades. \*Edit 2: BTW for those asking about his holdings drop. He's trimming to stay under 5%, but still has a large position:

- Q1: 3,000,000 shares worth \$10,500,000
- Q2: 2,750,000 shares worth \$11,935,000
- Q3: 1,703,400 shares worth \$17,375,000

Hestia/Permit/Senvest - Contrarian, activist investors.

Cpt George Sherman - Boomer CEO who knows what he's doing.

Reggie Fils-Aime - Beloved ex-Nintendo President.

## **3) Bond repurchase**

GME just bought back [\\$125M](#) of debt maturing in 2021. Who cares? Yes - normally this is a nothing burger even for a micro-cap, but if the shorts are betting on \$0 - this is clear evidence against that bet.

Secondly, rumor mill has it that this debt repurchase plus positive Q3 earnings/guidance will allow Moody's to upgrade their 2023 debt to A or maybe higher.

This is HUGE because it allows institutional investors to long GME without further restrictions. In other words, they may not be allowed to long companies with B- debt. Once this is upgraded, more buyers are allowed to come in.

Very underplayed story here.

## **4) TA - When the stars and crayons align. Here's an excerpt from our resident astrologist [u/JayAreW](#):**

Ignoring the short squeeze element of GME and just looking at chart action, there are two elements that are important to keep track of. The cup and handle pattern and \$15.80.

While my trading style is 90% technical analysis, there are certain elements which I shy away from – mainly chart patterns. However, it is important to at least recognize the obvious ones because if you see it, chances are others see it too. The main pattern I keep an eye out for are the massive cup and handle patterns. This is an example from Pring [figure 1](#) .

The buy signal is traditionally a breakout above the handle, and a good estimate for price target is the distance from

the base of the cup to the handle, added to the breakout point. A recent example of this is \$JMIA ([daily - figure 2](#)). Notice not one, but two failures to break the top of the handle and the subsequent parabolic run. Compare \$JMIA with \$GME and you see almost the same pattern ([daily – figure 3](#)). The traditional buy signal would be a breach above the red line (~\$15.80). The difference between \$JMIA and \$GME is that \$JMIA was far more condensed; the pattern played out over a period of a few months where \$GME's cup and handle started in late 2019. Playing this pattern exclusively, I would expect a price target of roughly \$27, stretched out over a period of weeks/months and not as explosive as it's African counterpart (assuming a squeeze doesn't happen between now and then). Typically, any chart pattern calls for a retest of the breakout point, so don't be surprised if \$GME retraces to \$15.80 and look for a bounce there as confirmation that the breakout is on. The other important element is the \$15.80 price. Not only is it the breakout point for the cup and handle pattern, but it coincides to a price point which I believe was a major short-selling entry point ([fig 4](#)). Notice the nearly 20% gap down on 33 million of volume. This type of action doesn't just happen with selling alone and I believe massive short positions were opened on that day.

This \$15.80 then represents a breaking even point for those shorts if they have not closed their positions (and we have no real reason to believe they have). Breaking even is a huge psychological barrier for people when a trade isn't going their way and often times represents an exit point for crowded positions. Most of the shorts were already underwater - above \$15.80 and that water begins to boil. I believe this position is becoming borderline untenable for existing short positions and is a crowded and disastrous trade. So to recap, \$15.80 not only serves as an important chart pattern breakout point, but the proverbial "line in the sand" for existing short positions.

JeffAmazon here again: Note Jay and I don't agree on a few major points, but are nevertheless both seeing bullish action to come very very soon.

## 5) Product Mix

GameStop is expanding their product mix to include monitors, PC parts, and [more](#). GME is no longer a Disc-Drive only store (which is fine itself), but an all-things-tech e-commerce growth start up. Or you can at least bet that's the narrative.

GIVE ME THAT F-ING CHWY SALES MULTIPLE.

## 6) Three signs of a bubble: leverage, lack of liquidity, and consensus.

This is an inverse bubble - it will rise as quickly as other bubbles drop. KBIO and VW are often quoted as short squeeze examples. Those are wrong comparisons. The only similarity is the fact that shorts were involved.

Instead, think of any other market bubble. It's simply about leverage, lack of liquidity, and consensus. We have all 3 in GME. Everyone thinks GME will go like BlockBuster to \$0 and is using leverage to short (by definition and current SI).

So instead, think of Burry's 2008 MBS trade, Ackman's 2020 COVID trade, PTJ's Black Monday Trade, or Chanos' Enron trade.

Same thing, different direction. Will go up as fast as the others went down.

And oh boy do we lack liquidity. Crowded party, one exit.

## 7) Phenomenal numbers due to current console cycle.

\$GME bull Rod Alzmann ([Überkikz on Stocktwits](#)) has great breakdowns on Q4 EPS/order count due to console cycle. He tracks orders by order number among a slew of other information [here](#).

Check out his models. In short, we expect over \$5 EPS in Q4 base case. Which is bananas.



## 8) MSFT Partnership gross margin

GME is getting free money from Satya Nadella.

[Conservative estimate \\$180M, 100% margin for 2 years.](#)

## 9) January and April option OI

OI in option calls for Jan and April are almost 4X that of Decembers. Is GME going to exercise the ITM calls for a squeeze? Why are they so insanely large? Who are these buyers? WTF are they doing?

No clue. But something is about to go down.

Note put call skew isn't that low, so no infinity gamma squeeze yet, but it will come as GME obtains meme status.

## 10) Most importantly, YOU.

CNBC and other misled, egoistic mass media companies and institutional investors continue, time and time again, to look down upon the new generation of traders and laugh at WSB.

Tell me, which one of them has read all of Moody's credit reports on GME? Which one of them live streams collaborative GME DD 20+ hours a week for 6+ months straight? Which one of them tracks order flows by the f-ing second based on skimmed CC data? Who scours [r/GameStop](#) to see how leadership is treating their employees and customers at a testimonial level? Do they even know about the bond repurchase?

They don't know jack s-.

## Act 3 - The Trade

What more evidence do you want? Time for action.

First, the PT. [u/ronoron](#) summed it up well:

A 3 billion market cap (not even 0.5x of their revenues) would already leave GME at \$46/share. Going back to their 2013 peak at around 6 billion market cap would leave them at almost \$100/share already, not the \$56 peak/share. The algos trading still can't appreciate the fact that GME halved its number of outstanding shares a while ago.

For comparison. Bestbuy is trading at almost ~0.7x of revenues with lower gross margins. Nordstrom is almost at 0.4x of revenues despite the bigger liability their department stores are having through corona (never mind their uglier balance sheet). GME is still hovering just above 0.2x revenues because stinky shorts overestimated how bad corona would be for GME (e.g. delayed console cycle, digital consoles becoming widely popular)."

PT can easily be over \$100. The JeffAmazon target is \$420 which gives them about ~\$25B market cap at a P/S ratio of 5, maybe 4 with console cycle revenue. That wouldn't even be considered an euphoric price with today's growth stocks. For comparison, NVDA is 22, TSLA is 20, and CHWY is 5.

Timing: This all hinges on Dec 8 earnings. If GME misses (it historically has), Cohen will use this opportunity to attack leadership and take over as CEO. Therefore, GME leadership needs to provide a great earnings report or else Sherman will lose his job.

Here's my responsible trade (do whatever you want): All in calls and shares now. If IV and \$GME is sky-high before earnings, sell half to secure profit. If GME misses and tanks, bet your bottom dollar a takeover bid will be announced

shortly.

In all honesty, I'm going to probably hold everything through earnings WSB style.

My positions: 1/15/21 \$30Cs, shares

(I would buy April \$30Cs too, but I'm all tapped out of cash).

Shorts and longs both have their cases. All the cards are on the table. Which side are you on?

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If I missed anything, comment and I will update above. I'm aiming to make this the final stop for all high-level GME DD.

\*Edit 1: Educate yourself right now on IV crush (in short, we expect a lot of vol now, so option prices are high. After earnings, expected vol normally decreases, so your option prices will normally drop). GME is the king of IV crush after earnings. If you're playing FDs, prepare to get destroyed like always. Safer bets are LEAPs or FDs after earnings.

\*Edit 2: All these beat earnings recently: SNE, MSFT, BBY, BBBY, NTDOY, ATVI, TTWO, JWN, M, KSS



