Why the Fake Squeeze Theory is Wrong

By: u/JustBeingPunny

# I'm the person that started talking about the 'Fake squeeze theory' 5 weeks ago. Apes said I was wrong...I'm here to remind you of why you were right and why it'd be VERY difficult to control.

DD

**Now I'm not claiming I was the first person to ever mention a 'fake squeeze'. Of course I wasn't...though I feel due to the traction of one of my posts, the idea become more talked about in the sub. I feel partly responsible (if not fully) for this.**

There is such a lack of information that we have no idea what a fake squeeze will be. I've seen a lot more talk about this recently and would like to remind apes of some very important points that were talked about before, that I feel have been forgotten only a month later.

TL;DR at the bottom for you smoothies. I want to be clear here at the start... there is too much evidence that a fake squeeze would be kamikaze suicide. There are too many factors to spark a squeeze once the price starts going.

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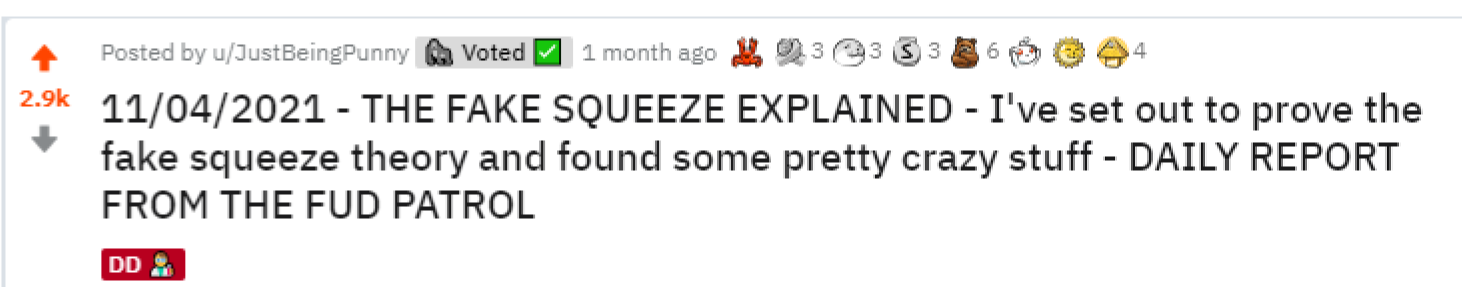
The initial post was under the guise of the FUD PATROL. I was hoping to sniff out FUD and remind people not to blindly follow MSM. (Still very important).


So I started here

Within this I explained how potentially Melvin could be a sacrificial lamb. That their 'failing' could mean a price jump to $300-400 and a narrative pushed stating that was the squeeze. I mean, for non-apes who only know a short squeeze as $483, it wouldn't take much convincing not to FOMO in...I mean, a short squeeze is defined as $483 for Gamestop...right?

I then followed up with this post, to give some factual basis to the idea.




*TL;DR: Citadel were massively exposed to Melvin and could not afford for them to liquidate. They could now have short positions on these stocks and use Melvin as a sacrifice to push them to liquidate. This would create another controlled squeeze as Citadel make money on the short positions and also borrow (and short) all the stock Melvin is buying back.*

Essentially, Melvin's biggest holdings were being shorted to oblivion. It was clear someone was looking to profit off of their failing. I theorized the above...

## Now after a month or so, it's clear that this doesn't seem to be the case anymore.

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## Now the reminder:

## Day trading:

One thing I massively overlooked was day traders. That if people figured there would be another huge drop in price, they could sell their shares and buy more back at a lower price.
My intention? To highlight that $400 **IS NOT** a squeeze and to HODL through the dip (should there be one). I wasn't just educating diamond hands ( they're diamond hands for a reason.) It was to educate anyone new who didn't understand.
Personally, I don't think apes will day trade. Though temptation of 'well it doesn't matter if it's only me' could kick in and next thing you know, hundred of apes are paper handing at $400 trying to get a better deal.
**TL;DR: Don't fucking day trade.**

## Margin Calls and buying pressure

This is obviously a more prominent point as to why a fake squeeze would be difficult. Margin calls and true covering sets off the chain reaction to squeeze apes asses to the stratosphere.
Apes do not know where margin call territory is. It can only be assumed based of the obvious resistance levels that the sell walls are built at (*cough cough 180)*.
The only development really I see in the past month or so is the DD regarding dark pools. This has obviously suppressed FOMO and buying pressure, allowing a controlled movement upwards. Though again, margin calls and covering cannot be controlled.

**TL;DR: Controlling the price up would potentially mean triggering margin calls. That's risky business. Buying pressure from FOMO has shown to be suppressed in dark pools.**

## ITM options

Options traders. Shares become in the money. Said traders exercise their calls. Potentially adds buying pressure. Each price milestone means contracted share purchases. Harder to suppress the thing from lifting off.
**TL;DR: Call options exercised make price go boom.**

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## TL;DR -

The likely scenario is in fact **HEDGIES ARE FUK.** They clearly look weak each price milestone and try and drive it down. How in the name of DFV do you think they are going to be able to control the price upwards?
How do you feel the upwards price isn't going to slowly crush them harder and harder?
Now unless shorts are really trying to be smart ( **I don't think they are, look at how they're doing hahaha**), they could be faking this price action and making it look as though $180 is their 'fail point'. That is highly highly improbable.

**The reality is clear. A controlled squeeze could not be contained. Too many factors fuk shorts if the price was to rise and could only create a snowball effect.**