

Title: Dispelling price anchoring, once and for all

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Introduction

There has been way too many posts, both on GMEJungle and Superstonk, where apes are coming out saying that a high floor is not possible. These posts are just stated as "fact" and are never backed by any well thought out arguments, reasoning, or critical thought. They should be taken as food for thought to question your own biases and understanding of the MOASS, or at the least just be ignored. However, due to how rampant they are, I want to once and for all, dispel these nonsensical posts. They usually come in one of these flavors:

1. Number is way too high, it is unrealistic
2. Market cap won't make sense
3. Who is going to pay?
4. Currency will become worthless
5. Government intervention*

I will use this post to address these points. For this particular post, I will try to keep the explanations as simply as I possibly can. If there is enough traction, I will make a separate post that does a deep dive on this post's concepts using game theory, economic theory, etc.

*Before I get started, I will address the point about government intervention. I don't think this is relevant in our current discussion. There is no precedent, we don't know if they will even intervene or not, we don't know what form it will take, and we don't know *when* they will intervene (could be at \$5k, \$10k, \$100k, \$10m, \$100m). This is similar to talking about a potential world event intervention like WWII or an asteroid falling on the data servers containing FTD and short obligation data. Though government intervention is more likely than the latter two events, there really is nothing that we gain from discussing it, and everything will be based on speculation and emotional bias towards MOASS (optimism or pessimism). It is, ultimately, a red herring.

1. "Price is too high, it is unrealistic"

This is probably the most common one I see, and they aren't based on any type of reasoning, critical thought, evidence, etc. They are purely from "feelings" because the numbers seem too big or unrealistic. If we assume that the premise of the infinity pool fueled MOASS is true based on the DD performed by many of the apes who came before us, we can outline a scenario:

****The Premise****

Let's say SHFs had FTD and short obligations hidden in their books away from the SEC and other regulatory bodies. Once it is shown that the majority of shares left in brokerage accounts are synthetic (either through an NFT dividend, the float being DRSeD, or {insert your idea of MOASS trigger}), they are now legally obligated to purchase back those shares.

****Infinity pool and MOASS****

However, the majority of apes decided to keep a portion of their shares in the infinity pool. Assuming that the SHFs are legally obligated to buy 100 million shares, and apes are only willing to sell 80 million shares collectively, what stops apes from putting sell limit orders of \$30m, \$69m, or \$100m? In normal market conditions where there is no legal obligation and no astronomical demand/supply imbalances, your sell limit order will never be met because other people will undercut you to sell their shares at what they perceive to be high prices. However in MOASS, even if we assume that every single ape undercuts you

with lower priced orders, SHFs still have to buy *your* shares.

We can even assume the worst case scenario and say that 99,999,999 out of the 100,000,000 shares were paperhanded by institutions and apes at \$1k per share. The current price you see quoted is \$1k. You are the only person left to sell their 1 share. What is stopping you from putting a sell limit order for \$10m, \$20m, or \$100m? It will go on the order book and be met by the SHF to fulfill their legal obligation.

****Different way to look at it: Billionaire trapped in a desert****

The situation described above is just another formulation of a supply side shortage with astronomical demand, which means we can look at it in another way without considering it as an issue that arises solely in the stock market. Imagine that a billionaire is trapped in a desert with no way out. They are about to die from dehydration until you, a merchant, comes across them. You bought water bottles for \$1.50 each at the previous city. The billionaire asks you for water. You ask for \$100m for each water bottle. According to price anchorers, a water bottle being sold for \$100m simply cannot happen because it is "too high" for the underlying value of the water bottle itself (\$1.50) and that this is unrealistic. The billionaire simply cannot refuse, as they will die, and there are no other mechanics in place that stops you from selling to them at the \$100m price point you asked for. There is nothing that stops this trade from actually happening in this scenario. No amount of price anchorers' "feelings" determines the outcome of this trade.

Now imagine that there is a group of billionaires 100 million meters away from the nearest city. Once they reach the city, they are no longer at risk of dying of dehydration. With each water bottle, they can move 1 meter. For the first 50 million steps, they buy each water bottle for \$2, then \$4, then \$10, and lastly \$100. They then reach a group of 4 merchants who are also selling water. One says that they will sell 10 of them for \$2000. One says they will sell 10 for \$4000. Another says they will sell 10 for \$10,000. The last merchant says they will sell 1 for \$100m. The billionaires first buy 10 for \$2000, then 10 for \$4000, then 10 for \$10,000. They look around, and there is no other water left except for the 1 water bottle for \$100m. They are then obligated, by life and death, to buy that water bottle for \$100m.

As you can tell by now, why stop at \$100m? You can literally ask for any amount. You can wait for people to go to jail. That is the point of the infinity pool and MOASS. We have the upper hand.

As long as $X \geq Y$, where X is the legally obligated demand of an asset and Y is the supply available, there will be a name-your-own-price scenario as mentioned above.

2. Market cap

Market cap can temporarily increase to some ridiculous numbers. But again, there is nothing unusual about this. During the VW squeeze, they also became the most valuable company in the world for a short time, even though the company itself was most certainly not worth that much. The price will come down after the squeeze to reflect the company's valuation. In fact, selling a water bottle for \$100m would theoretically make the water bottle industry be worth quadrillions x quadrillions x quadrillions of dollars, but it is ultimately meaningless. To say that a water bottle cannot be sold to a billionaire trapped in a desert for \$100m because of the ridiculous valuation of the water bottle industry is nonsensical. All it is is a temporary arrangement where the buyer must meet the price of the seller due to an obligation (either legal obligation for SHFs or life/death obligation for a billionaire trapped in desert).

3. Who is going to pay?

If a SHF becomes insolvent, the prime broker will be obligated to buy back. If they can't, then it will be the DTCC (its subsidiaries and members). If they ultimately can't, it may be up to the Feds to do so. They may decide to print a bunch of money or just have our names on the book with the amount of money we are owed. Who knows. The point is, it is not our problem to solve for them.

4. Currency becoming worthless

Let's assume that they decide to print quadrillions of dollars for apes to pay for the MOASS. The common misconception here is that the point of the MOASS will be defeated as currency will become worthless. There are two points to address here:

- * How commodity (including labor) prices will be affected
- * How it will affect apes who gained the most from the MOASS

First, the money has to be in circulation for the currency to become devalued. If we had quadrillions of dollars sitting in our basement, untouched, literally nothing would happen. If the Fed just has our name and wealth on the books, nothing will happen. When those quadrillions start to enter circulation, that's when things become devalued as there will be an overwhelming bid to each commodity in each stage of the supply chain, that the price will increase naturally. How quickly will that newly printed money enter circulation and how quickly can/will the government take it out through monetary policy? Who knows. Hell, with that much money we do our own monetary policies by doing a controlled injection to the poor and middle class. But in the end, it doesn't matter to us apes. Read below.

Price anchorers paint this doom and gloom picture of a currency that is completely worthless. They think that if the Fed were to print all this money, that we will be back in square 1 and defeat the entire purpose of the MOASS. They fail to realize that wealth is relative. Us apes will be the top 0.001% of the human population that is collectively astronomically richer than everybody else. The next richest group (billionaires) will have at most about a couple of trillion dollars. The majority will still only make about \$80k a year on average. Humoring their scenario, even if everything were to increase 10,000x in price right away, apes would still have the buying power. In fact, we might be the only people with buying power aside from the current top 0.1%. We can still buy our house, car, charity, etc. Ultimately, we are not damaged by an out of control inflation if all the newly generated money comes directly to us. The average American (including paperhands) may suffer greatly in this scenario, but that is where we potentially come in to help. This is all assuming that every single share is sold for astronomical prices. Again, not really relevant as it is not our problem and it does not affect the diamond hands negatively.

Conclusion with tl;dr

tl;dr High price points are possible. There are no natural mechanics that stop apes from selling at high price points. Even if quadrillions of dollars were added, wealth is relative. Apes will not be the ones suffering. In fact, we may be the only ones with any purchasing power. Ultimately, it is not our problem to figure out the solution for these criminals.

I want to conclude by saying that I am fallible and I am open to corrections and counter arguments. You may not agree with me, but please support your counter arguments with market mechanics, supply and demand, reasoning, logic, critical thought, etc. Please don't use "feelings" to defend your point. We could foster a good discussion on the topic when we are arguing with facts and logic, thus help our community knowledgebase grow. I will be editing the post as new, well thought out arguments are presented, either for or against.

I initially wanted to post this on Superstonk but I don't meet the karma requirement. If someone wants to post this on Superstonk, I would greatly appreciate it. I just want a lot of people to see it to counteract the FUD.