

Title: State of the Dip #1 - How is the probability of another monster dip? What are the determining factors for price movements and vice versa what do price movements cause?

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Hey Apes, Ssup?

You probably won't know me from previous posts, like

\* Mr. Hanky : The Christmas Poo Part 1 – Cooking the Books for a happy new years eve

\* Mr. Hanky : The Christmas Poo Part 2 – What to expect after cooking the books

\* Mr. Hanky : The Christmas late Poo Part 3.a – Wen to expect nice 'sold, but not yet purchased numbers' in probably cooked books

\* Mr. Hanky; Return of the Poo : Citadels sold, not yet purchased being up? J.P. MORGAN, CTC LLC, BY MELLON like hold my beer

Or

\* Welcome to the Options Casino aka Wendy's - Cashing-Up Options with Strikes for 01/21 and 02/28.

Option Buyers lost at least \$81m for which at least 720k shares could have been bought. This post shows data for Apes to question, since data about options is hard to get.

Disclaimer:

This post is not to discuss opinions about people. Just possible price movements, especially on the downside, like materially aka monster dip. Also it should discuss some thoughts about the price movements.

... ehrrm, this is not financial advice and I am treated for crayon addiction.

TL;DR:

\* >!Some twatter posts formed the hypothesis "GameStop share price will be below \$77 caused by GDP slowing and liquidity drying up"!<

\* >!Price so far followed a "slide pattern" (up steeply, down gradually) with varying frequency to probably discourage new buyers. Also prices lead to maximized option maker profits. Apes bought and DRS'd the fkn dip and probably will do so again. SPECULATION: price upper bound is as low as possible also to discourage new investors.!<

\* >!Questions to be clarified in Part 2: How much does GDP slowing aka recession combined with inflation lower Apes buying power? What's the ratio of buys vs sales in a monster dip under the conditions of 1 accompanied by massif MSM FUD? SPECULATION: price upper bound is as low as possible also to discourage new investors.!<

\*\*Part 1: The hypothesis.\*\*

Okay, the reason for this post - and again this should not be about people - were several twatter posts of Pulte - did I say that we don't want to discuss people here? - which made me think. Will and can there be a monster dip?

For those who haven't read the posts or can just remember the last 8 minutes because of mass TV addiction in their childhood, here they are:

**\*\*Apr 12 (price low on this day: \$141, high: \$152):\*\***

>"[...] Only concern is short term stock price going down, potentially materially, with GDP slowing and liquidity drying up. [...]"

(Source: [<https://nitter.net/pulte/status/1513961584263110668>](<https://nitter.net/pulte/status/1513961584263110668>))

**\*\*May 12 (price low on this day: \$77, high: \$108):\*\***

[Cited Tweet Apr 12]

>"[...] I will HODL GameStop and at the right time I will buy more. It's not time yet though. [...] Be smart! ■"

(Source: [<https://nitter.net/pulte/status/1524870198746046485>](<https://nitter.net/pulte/status/1524870198746046485>))

**\*\*Jun 7 (price low on this day: \$126, high: \$149):\*\***

>"[...] Again, I think downtrend is next, but still! How great! ■"

(Source: [<https://nitter.net/pulte/status/1534276687340441600>](<https://nitter.net/pulte/status/1534276687340441600>))

Well, I am not sure if I mentioned that this post is not about people. Here you go. So we will abandon people for the time and phrase an hypothesis **\*\*\*GameStop share price will be below \$77 caused by GDP slowing and liquidity drying up\*\*\***.

Before we think about how to test this hypothesis lets dive into **\*\*A)\*\*** the extend of it and in general discuss **\*\*B)\*\*** factors that may determine the price movement as well as **\*\*C)\*\*** vice versa effects of the price movement.

**\*\*A)\*\*** Since you all know the GME chart by heart this may be no news to you. Looking at the share price since June 2021 the lowest point was \$77.58 on **\*\*March 14\*\***, followed by **\*\*May 12\*\*** with \$77.77. So within one year the lowest dips were on and around those two days, followed by **\*\*late January\*\***. (Source: [<https://chartexchange.com/symbol/nyse-gme/historical>](<https://chartexchange.com/symbol/nyse-gme/historical>))

**\*\*B)\*\*** Of course price is a function of demand and supply. Nah, just kidding, the price is fake af and under working theory caused by the following:

1. As absolutely dominant factor since the big sneeze we see a **"\*\*slide pattern\*\*"**, so like with a slide for kids it goes up very steep, coming back down gradual (see chart [<https://chartexchange.com/symbol/nyse-gme/>])(<https://chartexchange.com/symbol/nyse-gme/>)). As speculation I think this is mainly to discourage possible new shareholders as the price goes down nearly all the time. Last year nearly every day new patterns were thought to be found on why and when the next upward movement would occur, but none really survived the "next cycle" and being absolutely crushed December last year to mid March this year.
2. **\*\*Options\*\*** play a further significant role. We see that most options end up expiring worthless (e.g. [see here]([https://www.reddit.com/r/DDintoGME/comments/tay3w6/welcome\\_to\\_the\\_options\\_casino\\_aka\\_wen\\_dys/](https://www.reddit.com/r/DDintoGME/comments/tay3w6/welcome_to_the_options_casino_aka_wen_dys/))). Yes, one can make significant money with options - if one is right predicting the price movement. But price mostly moves to max pain, sometimes even below to crush more calls than puts (especially in Q1 22). If I find the time and someone is interested I maybe will publish the data in a different post. As speculation price at any given time may reflect a strategy by option makers to maximize their earnings.
3. SPECULATION: On the upper side the price is capped by **"\*\*margin calls\*\*"** (note: there are no margin calls for the big player), **"\*\*keeping the balance in their books\*\*"** (note: there are so many ways to hide their positions like swaps, companies abroad, ...). So the only real reason I can see to keep the price low is to just show new investors that GME is not an attractive investment.

**\*\*C)\*\*** What does price movement cause? You guessed it. Apes keep buying and DRSing the dip. The slope of "Total DRS Estimates" increases significantly after the dip in March, May and January as can be seen on [<https://www.computershared.net/>])(<https://www.computershared.net/>). Also RC bought the dip on **\*\*March 22\*\*** (Source: [<https://fintel.io/n/cohen-ryan>])(<https://fintel.io/n/cohen-ryan>)). On the other hand it looks like high prices are followed by a decreased slope. Would love someone to run some statistics. What do you think u/jonpro03?

So yeah, nothing new, but an interesting comparison. Bananas cheap = Apes buy more bananas.  
Bananas expensive = Apes buy less bananas. As always.

**\*\*TL;DR:** Price so far followed a "slide pattern" (up steeply, down gradually) with varying frequency to probably discourage new buyers. Also prices lead to maximized option maker profits. Apes bought and DRSD the fkn dip and probably will do so again. SPECULATION: price upper bound is as low as possible also to discourage new investors.**\*\***

Further statistical research could be done on how the price influences DRS rates to better predict them in the future.

**\*\*Part 2: How to test the Hypothesis.\*\***

Originally, I wanted to also post my conclusions to Part 2 already. But I decided to rather publish the questions first and get your thoughts on those, maybe add some as well as your thoughts on their answers.

So, how can the hypotheses "GameStop share price will be below \$77 (aka the monster dip) caused by GDP slowing and liquidity drying up" be tested?

1) How much does GDP slowing aka recession combined with inflation lower Apes buying power?

My interpretation for liquidity drying up is that a monster dip shall lead none Apes to sell more than Apes would buy and DRS during that timeframe, so the test would be:

2) What's the ratio of buys vs sales in a monster dip under the conditions of 1) accompanied by massif MSM FUD?

Your thoughts are very welcome.

Just some thought exercise until MOASS.

Shiver me timbers.