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I want to start this with a brief message about myself for those of you that don't follow me.

There is a lot of FUD about me that I would like to dismiss.

I think this is an important step so that my work and the work of many others who have helped me along the way. Is not judged on my personality or profession, but by it's quality and adherence to supporting evidence.

Many of you were likely unaware of my existence or never gave me a glance due to the fact that I did Technical Analysis on a "highly manipulated" stock.

So here is my GME story,

Exactly one year ago, to the day, I entered my first position on GME. It was November 17^(th),2020 and GME opened at $11.5, after following DFV's posts for a few weeks I decided that his analysis was solid (far better than anything else I had read on that sub in my couple years lurking there), Bought in Feb.19th 20c and 500 shares. I will never forget inputting those orders, it changed my life and many of you probably have that same memory.

I began at first to comment and then get more involved with community as a whole I liked watching the streams but found them to be disingenuous, I never felt that AMC was the play and I still don't. So I settled on warden, he was obviously inexperienced at TA and didn't have a lot of market knowledge, but it was cool to have a place to hang out and talk my favorite stock.

When warden announced he was leaving to handle personal matters I decided that I didn't want the daily posts to end. I thought they helped people hodl and provided a calm grounded narrative of what the stock was doing everyday. With a lot of people returning to work I considered this valuable and tried my hand at it. As it grew keeping up with the barrage of questions became daunting so as per many daily followers request I started a YT stream.

It was fun and small I got to answer questions and help apes better understand the markets, we had fun. many of the people that were with me those first few weeks are still around today.

I never did it to make money, GME had already assured that wouldn't be an issue. But, I had to eventually face the fact that there was a real cost to the time I took away from my job trading, and with most of my holdings still in GME I decided to monetize my stream. The support from the people that choose to support me has been invaluable and also allowed me the time to dig deeper and deeper into GME over the last several months. I promised myself that I would never withhold information behind a paywall and that no ape would ever have to become a member to ask me a question. I've kept that promise.

Then warden blew up his audience on the back of a pretty speculative DD and I got lumped in with the "youtubers are evil" sentiment, which honestly I understand, the vast majority of them are big fucking shills. Regardless of what I had done or service provided, I was so labeled. I've learned to live with it.

But I've continued plugging away over these last 7-months missing 1 stream, 2 Daily DD posts, and 3 weekly DDs as I was moving. I've flown mostly under the radar most people didn't like my opinions and I didn't want to confirm anybody's bias. The speculative stuff is fine it's fun to talk about but it's not my cup of tea.

What I did do was try to leverage my newfound role as an "influencer" and I selected from the people interested in my work, the best and brightest I could and built a team to dig into GME's many mysteries. We have succeed and we have failed, but from our failures we learned and pushed forward.

This DD is the culmination of our efforts. I think over the course of me releasing it, no matter your feelings towards me, that you would be doing your self a disservice by not reading it. I strongly believe this thesis presents the most realistic and evidence based view of the market mechanics that drive GME price action and is the best, to date, predictor of it's potential in the future.

As always I hodl with all of you,

\- gherkinit

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So the plan for this DD is as follows:

* The events leading up to and causing the gamma ramp/volatility squeeze that occurred in January.
* Tie together the ETF, FTD, Options and Futures cyclical movement that drives GME price action
* Lay out my futures cycle theory and explain the price movements on GME to date
* Explain why January's run did not cause the expected short squeeze on GME
* Take a look forward, using the same unavoidable market mechanics, to determine where SHFs, MMs, and ETFs are most exposed.
* Present a case for retail to in fact be the catalyst for MOASS
* Discuss the how and why , this is possible.
* Dispel the misinformation regarding options and present multiple ways they can be used effectively by those with the requisite knowledge.

I will attempt to make an **evidence backed case** for each of my conclusions and try to tie all of this together in a way people can digest and understand.

Part I: January 2021

In January of last year we witnessed the price of GME rocket 2700%, according to the SEC report written a few weeks ago this was not due to SHF covering and it was not due to a gamma squeeze as was previously thought.

Meaning that based on the SEC report, the price action witnessed in January was due almost entirely to retail buying and options hedging.

While a lot of that conclusion appears to be true from the data presented, January was not likely the result of WSB's largest pump n' dump.

Something else was going on behind the scenes something left out of the report...

The massive short interest not only on GME but the short interest on ETFs that contained GME.

The SEC report touches on this briefly but really limits it's explanation of what was going on, giving an example of XRT, but conveniently not the other 106 (currently) ETFs containing GME.

So what actually happened?

Well I guess the best place to start is Melvin Capital...

Section 1: Melvin Capital

As many of you know Melvin Capital, by their own admission, began their short position on GME in 2014. They built a massive short position over several years likely with the intention of driving GME out of business or deeply into debt.

[The bear case for GME was strong, Melvin's position is evidenced here in the weekly OBV for GME indicating strong selling pressure.](https://preview.redd.it/5hdvmkmgx4081.png?width=2393&format;=png&auto;=webp&s;=5055f9ea87e8c28b180a1693c7f4e4bab4bce41f)

Until Michael Burry's purchase in 2019 Melvin was definitely winning the battle. This represented a integral change in the short positions on GME the renewed interest on the stock put a massive number of these short positions underwater.

In August of 2020 and December of 2020 RC Ventures made their purchases of GameStop's stock (catalyzing the cycles I will define later in this DD), further exacerbating the pressure on GME short positions.

By the end of December 2020, the last three years of Melvin Capital's short position was negative 33% to 751%.

Section 2: The Big Boys

How did Citadel, Susquehanna, and Point 72, end up on the wrong side of retail?

We know of their involvement due to the bailout's offered by them to Robinhood and Melvin Capital in January. Bailouts likely designed to prevent margin calls on these much smaller positions which could have had catastrophic effects for Citadel's et al. margin.

Well if we take a look at the broader market during this time frame you will see significant short-interest in retail ETFs pick up after March of 2020. With Coronavirus mounting and no end to the pandemic in sight, there was a strong bear case against traditional retail.

With companies like Amazon realizing all time highs e-commerce was looking better and better. It's not hard to see the justification these guys are likely some of many that went short the entire sector. ETFs presented a great way to short the entire sector in one fell swoop. That combined with less stringent reporting requirements and near infinite ability to create shares, provided the ideal opportunity for the massive funds.

Go into any mall in America throw a rock and you will hit a company that these guys were short on.

AdamMelvinCitadel, BBBY, M, EXPR, JWN, DDS, etc... the list goes on and on

All these stocks move with GameStop because they were short the whole sector/index. They still are.

[XRT current short interest](https://preview.redd.it/hp5jsp7ve5081.png?width=412&format;=png&auto;=webp&s;=5f67552f4f7b6441d621c33150a5b1b1e69d7588)

We can still see evidence of this ETF exposure play out on the charts as well

[Some ETF basket stocks mimicking GME price action](https://preview.redd.it/1x5sqzkrx4081.png?width=2203&format;=png&auto;=webp&s;=980b1d2bf8404c3fd26efbcaa9baab8e748afec0)

Section 3: The Clash of the Titans

Moving into January GameStop price is improving exponentially. Putting pressure on existing short positions.

From August low to December high it is now up 405.37%

This price increase in the underlying starts to breed FOMO we see retail buying in at ever increasing numbers stock.

https://preview.redd.it/v8jrkh7zx4081.png?width=644&format;=png&auto;=webp&s;=077a6a3b72ad04a672e616efc338b5fd82ebce2f

and options...

https://preview.redd.it/44142jh2y4081.png?width=1201&format;=png&auto;=webp&s;=07933ec0eccb10b10890f08fbed21d1f3a6e5402

This push combined with delta hedging led to the price increasing another 2400% over the rest of the month.

But on January 29th it all comes crashing down...

But it can't be that simple it wasn't purely FOMO as the SEC would have you believe.

January's price action was kicked off by a series of events that almost a year later we have a much better grasp of.

Part II: Cyclical Market Mechanics

Underlying all of GME's price movement to date are several independent cycles that I have identified over the last few months.

I've outlined these a bunch of times on my stream, but I want to get the information all in one place.

Section 1: **Futures Roll Dates**

First lets start with the first one I noticed that led me down this rabbit hole.

CME Futures Roll dates strongly corresponded to GME price action So let's look at those.

[This was the first significant indicator of price action on GME. These became very apparent after the July run into earnings and subsequent drop.](https://preview.redd.it/l4dz8c36y4081.png?width=746&format;=png&auto;=webp&s;=cd86cc39ba844725e9792758c42e3a396a09559d)

Once we stared digging back into previous rolls we realized that there were two variations.

1. **The Roll:**

This is marked by an increase of volume and price into the roll date, followed by a drop immediately afterwards. (Feb-Mar and Jun - Jul)

2. The Fail:

This is marked by a sharp spike in volume several days prior to the roll date then a decline in volume and volatility until a window of activity appears (anomaly) T+35 days after the roll date. **(t**hese T+35 dates also lined up with spikes in SEC FTD reports)

[Fails create anomalies, Rolls do not](https://preview.redd.it/80grq2zay4081.png?width=2395&format;=png&auto;=webp&s;=9232643a6501a6172f96e9919b4fd9f6388a41af)

With these data points locked down the next logical place to look was what was causing these initial spikes.

We currently know of two separate futures position exposure on GME

* Variance Swaps as described by u/Zinko83 in this excellent DD, Volatility, Variance, Dispersion, Oh my! (must got to profile as it cannot be linked here)
* Swaps used to hedge NAV or exposure on creation baskets in ETFs. More on ETF here in u/Turdfurg23's DD The ETF Money Tree (same deal cause auto-mod)

https://preview.redd.it/liaux6uhy4081.png?width=1465&format;=png&auto;=webp&s;=b53ba0d63f55dcc18d30ca3e5d4032c2e440dc9c

Section 2: ETF Exposure

We were fairly confident at this point in our research that ETFs represented a significant part of the short exposure on GME.

The ease of share creation by Authorized Participants and the exceptionally long settlement periods afforded to them, made ETFs the perfect way to not only continually suppress the price but also a great place to hide longer term short exposure, without the reporting requirements of traditional bona-fide market making.

[This process is covered exceptionally in this paper by Richard B. Evans](https://jacobslevycenter.wharton.upenn.edu/wp-content/uploads/2018/08/ETF-Short-Interest-and-Failures-to-Deliver.pdf)

[and this video](https://www.youtube.com/watch?v=ncq35zrFCAg)

So where was this exposure we knew that somewhere in these overlapping cycles we were gonna find it and we did.

[These options dates that line up perfectly with OpEx, ETF Quarterly Options and GME Monthly Expiration](https://preview.redd.it/0u7a2l5ny4081.png?width=1045&format;=png&auto;=webp&s;=4e8ba722102a099879e3b22d4965af300699dbad)

But it didn't fit until we factor in gamma exposure (GEX) from market makers on T+2/3

Then we start to see a very strong correlation with GME initial pump on these runs and overlapping gamma exposure. Starting after RC's initial buy in, with the magnitude increasing exponentially after his second purchase in December.

https://preview.redd.it/wfvsonavy4081.png?width=2394&format;=png&auto;=webp&s;=9504b0580a4ce2bc3c0073069b3b7e49d9c69651

These exposure dates have kickstarted the price increases on GME in the last 5 out of 5 futures cycles

So a quick break here to recap...

We know ETF Exposure kickstarts these cycles and that they either roll the futures (causing a run as the cover losses before rolling contracts forward) or fail to roll the contracts (causing FTD pile-ups in the anomaly window)

So this left us asking **why January**?

We had the obvious answer already, the SEC claimed that retail single handedly pulled off one of the largest pump and dumps in history with zero collusion...but did Daddy Gensler tell us the truth?

Something had to be different about January's cycle specifically

Then we stumbled across this little tidbit that had been staring us in the face for months.

[ETF and Equity Leaps expire not once, but two times in the Dec-Jan Cycle](https://preview.redd.it/hpxl9ig

5z4081.png?width=162&format;=png&auto;=webp&s;=12e3e06f4c0006ce71e5d3056e622f3cea0e45d9)

LEAPS for those of you that are unaware present a far higher amount of gamma exposure than quarterlies.

[This is largely due to institutional interest in longer dated options contracts](https://preview.redd.it/h1vi3hu7z4081.png?width=1588&format;=png&auto;=webp&s;=6ad62722c46e646fd43f473ee17e7eb01856fb21)

So let's look at these LEAP exposure dates in relation to the rest of our cycle

[The price action and volume from Dec-Jan on these dates speaks for itself but June is the most impressive to me because in a sea of red from the ATM share offering and GME ETF rebalancing resulting in 12m+ shares sold at market, even all that liquidity wasn't enough to suppress the price, the expiration and the following t+2 days were still up.](https://preview.redd.it/zqonhkhdz4081.png?width=2393&format;=png&auto;=webp&s;=a10a25578e14b730f0187b63d446b62446c5f8d6)

Section 3: The FTD pileup

This is the last bit of what ties all this together.

Since the futures fail patterns have a unique outcome that causes this anomaly window what exactly drives that anomaly in the areas in between the ETF exposure dates and the the subsequent futures roll.

The answer is FTDs

Now there are 2 types of FTDs

1. **MM and SHF FTDs** \- Most people know this on by now but just in case

T+2/3 trading days (locate) + 35 calendar days (REG T)

2. **ETF Authorized Participant (AP)** \-

Authorized participants have a bit more flexibility and thus there failures can occur outside of the standard timeline.

[So AP's have T+3 trading days \(locate\) & T+6 trading days \(settlement\) + 35 calendar days \(REG T\)](https://preview.redd.it/m6yfav5hz4081.png?width=978&format;=png&auto;=webp&s;=7652021b21beab48c22d392f8028b98ed201179c)

In the past you have heard a lot about T+35 and T+21 and this predicted cycles have failed to come to fruition because the anchor points for where the settlement periods end (t+2/t+6) and where the fail must be satisfied (t+35) were misplaced.

Everyday is T+35 from another day, so having these ETF exposure dates and CME Roll and Expiration dates gave us insight into where MMs and APs had to do the most hedging and also where there was the most gamma exposure or deviation from NAV (net asset value, ETF hedging metric).

With these anchor point locked down we started to be able to build out a t+35 timeline

[The light-blue vertical lines represent GME FTD Regulation T dates set from the point of failure](https://preview.redd.it/1h6nrl3mz4081.png?width=2462&format;=png&auto;=webp&s;=0549ae00458182a0056ae30440319f561e7a1c39)

and since there are still a couple days around these periods with unexplained movement, such as November 3^(rd,) where we were sideswiped by completely unexpected price action.

This is due to something we had never initially tracked ETF FTDs, throughout the year FTDs on GME containing ETFs had been fairly minimal with a few spikes here and there. So we sidelined the information and focused on GME.

Well something interesting happened on September 21^(st.), that got attention immediately.

[GME Containing ETFs Spiked with the largest numbers of FTDs to Date](https://preview.redd.it/7hjs32gpz4081.png?width=1947&format;=png&auto;=webp&s;=c177e6fee4d77fe4945162a479a7cf45f9eb8329)

Well guess what happened T+6 (trading) and 35 calendar days after that futures failure, like clockwork on November 3rd...

[The final piece of the puzzle](https://preview.redd.it/jahpcbqsz4081.png?width=2454&format;=png&auto;=webp&s;=f12c438ff49293f33689898c9b793e7e3a770d2a)

So this at this point we are still unsure if this also occurred in other cycles, the only other large ETF FTD spikes we have this year are far smaller quantity. So now we have to go back and look at the previous cycles.

* For the cycles that fail to roll futures the largest exposure date is the CME rollover(red line)
* For cycles were they roll the greatest amount of exposure is on the first FTD date (blue line)

[Historical ETF FTD dates](https://preview.redd.it/f0vy7jphfa081.png?width=2499&format;=png&auto;=webp&s;=848c3889848e30153a551147b0f8787f24c8564b)

Section 4: January IS absolutely unique!

Remember those LEAPS we talked about earlier?

One day a year in January the highest amount of open interest and thus gamma exposure in the options chain occurs...

GME LEAPS and ETF LEAPS expire simultaneously

this moment indicates the largest amount of exposure across the entire year on GME, and and also presents the highest probability for a short squeeze (more on this later)

Without further ado...

[Full futures Cycle breakdown from Sep 2020 to today](https://preview.redd.it/fhrrolg205081.png?width=2368&format;=png&auto;=webp&s;=c67a7bf00437661aec9146dd29a398bf0f078ded)

Here is the final guide to GME price action and the summation of this part of the thesis

These dates and windows (futures) track almost every single move on GME since September of 2020. If it didn't happen on one of these dates/windows then it happened within their respective settlement periods (T+2/3)

and for the smoother readers...

[Basic representation](https://preview.redd.it/jk68w43i15081.png?width=2396&format;=png&auto;=webp&s;=ad00f2e3254eebe05cf5dea139fb290a3903af6a)

This concludes this part of the DD, I have been writing non-stop since I ended my stream yesterday and am unlikely to do much today. I have been awake for 24 hours and still have to complete the of the other two parts of this by tonight.

Please avail yourselves of the linked DDs they present evidence necessary to understand the following section of this.

For my Daily DD followers, I'm sure you understand the time sensitivity of this information and will excuse my absence on this likely red day.

In the meantime a lot of it is covered here ... [talk with Houston Wade here explaining my current theory](https://www.youtube.com/watch?v=mntHdNqltkw)

For more information on my futures theory please check out the [clips on my YouTube channel](https://www.youtube.com/c/PickleFinancial/playlists).

Daily Live charting (always under my profile [u/gherkinit](https://www.reddit.com/u/gherkinit/)) from 8:45am - 4pm EDT on trading days

on my [YouTube Live Stream](https://www.youtube.com/c/PickleFinancial) from 9am - 4pm EDT on trading days

or check out the [Discord](https://discord.gg/BGmjnrvHnw) for more stuff with fellow apes

As always thanks for following along.

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\- Gherkinit

Disclaimer

** Although my profession is day trading, I in no way endorse day-trading of GME not only does it present significant risk, it can delay the squeeze. If you are one of the people that use this information to day trade this stock, I hope you sell at resistance then it turns around and gaps up to $500.* ■

**Options present a great deal of risk to the experienced and inexperienced investors alike, please understand the risk and mechanics of options before considering them as a way to leverage your position.*

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