Title: The Best Summary of the GME Thesis I Have Seen
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Body:
I study complex systems. I've been told I am very good at connecting the dots and seeing the significance in seemingly random relationships. I present a brief aggregate of my research and opinion - not financial advice, please do your own due diligence and fact checking before initiating any trade. **Disclosure:** I have a significant long position in GME.

1) Short Squeeze Potential

* There is a possibility that the majority of GameStop short positions were not closed during the January
[gamma squeeze](https://smartasset.com/investing/gamma-squeeze). A combination of strategies by
institutions were coordinated, such as [shutting down the buy button](https://www.cnbc.com/2021/01/28/ro
binhood-interactive-brokers-restrict-trading-in-gamestop-s.html) to prevent retail buying pressure.
Mainstream media manipulation campaign to make it appear like the squeeze is over, such as claiming
Melvin Capital [closed](https://www.cnbc.com/2021/01/27/hedge-fund-targeted-by-reddit-board-melvin-cap
ital-closed-out-of-gamestop-short-position-tuesday.html) its positions [after losses of nearly 50%](https://w
ww.wsj.com/articles/melvin-capital-lost-53-in-january-hurt-by-gamestop-and-other-bets-11612103117)
back in January - yet [continued to have mark-to-market losses](https://markets.businessinsider.com/news
/stocks/melvin-capital-gabe-plotkin-gamestop-short-squeeze-1h-46-loss-2021-7) of nearly 50% to this day
(hint: maybe they didn't cover their shorts). Hiding short positions with [options
strategies](https://www.sec.gov/about/offices/ocie/options-trading-risk-alert.pdf) and
[ETFs](https://youtu.be/ncq35zrFCAg) to avoid reporting short interest to FINRA to make it appear the
shorts have covered (even though the fines for not reporting short positions correctly are generally a [slap
on the wrist](https://www.reddit.com/r/Superstonk/comments/nlwaxv/house_of_cards_part_2/)). These
strategies successfully halted a short squeeze in January that would've possibly shot [GME into thousands
of dollars per share](https://gmedd.com/opinion/interactive-brokers-gme-was-headed-to-the-thousands/).
* The "squeeze" was thought to have been over after GME plummeted down to $40 in February, until it
spiked to \~$340 [twice over the next four months](https://finance.yahoo.com/quote/GME/chart?p=GME#e
yJpbnRlcnZhbCI6ImRheSIsInBlcmlvZGljaXR5IjoxLCJ0aW1lVW5pdCI6bnVsbCwiY2FuZGxlV2lkdGgiOjcu
MDkzNzUsImZsaXBwZWQiOmZhbHNlLCJ2b2x1bWVVbmRlcmxheSI6dHJ1ZSwiYWRqIjp0cnVlLCJjcm9z
c2hhaXIiOnRydWUsImNoYXJ0VHlwZSI6ImNhbmRsZSIsImV4dGVuZGVkIjpmYWxzZSwibWFya2V0U2V
zc2lvbnMiOnt9LCJhZ2dyZWdhdGlvblR5cGUiOiJvaGxjIiwiY2hhcnRTY2FsZSI6ImxpbmVhciIsInBhbmVscy
I6eyJjaGFydCI6eyJwZXJjZW50IjoxLCJkaXNwbGF5IjoiR01FIiwiY2hhcnROYW1lIjoiY2hhcnQiLCJpbmRle
CI6MCwieUF4aXMiOnsibmFtZSI6ImNoYXJ0IiwicG9zaXRpb24iOm51bGx9LCJ5YXhpc0xIUyI6W10sInlhe
GlzUkhTIjpbImNoYXJ0Iiwi4oCMdm9sIHVuZHLigIwiXX19LCJzZXRTcGFuIjpudWxsLCJsaW5lV2lkdGgiOjI
sInN0cmlwZWRCYWNrZ3JvdW5kIjp0cnVlLCJldmVudHMiOnRydWUsImNvbG9yIjoiIzAwODFmMiIsInN0c
mlwZWRCYWNrZ3JvdWQiOnRydWUsInJhbmdlIjpudWxsLCJldmVudE1hcCI6eyJjb3Jwb3JhdGUiOnsiZGl
2cyI6dHJ1ZSwic3BsaXRzIjp0cnVlfSwic2lnRGV2Ijp7fX0sInN5bWJvbHMiOlt7InN5bWJvbCI6IkdNRSIsInN
5bWJvbE9iamVjdCI6eyJzeW1ib2wiOiJHTUUiLCJxdW90ZVR5cGUiOiJFUVVJVFkiLCJleGNoYW5nZVRp
bWVab25lIjoiQW1lcmljYS9OZXdfWW9yayJ9LCJwZXJpb2RpY2l0eSI6MSwiaW50ZXJ2YWwiOiJkYXkiLC
J0aW1lVW5pdCI6bnVsbCwic2V0U3BhbiI6bnVsbH1dLCJjdXN0b21SYW5nZSI6bnVsbCwic3R1ZGllcyI6ey
LigIx2b2wgdW5kcuKAjCI6eyJ0eXBlIjoidm9sIHVuZHIiLCJpbnB1dHMiOnsiaWQiOiLigIx2b2wgdW5kcuKAj
CIsImRpc3BsYXkiOiLigIx2b2wgdW5kcuKAjCJ9LCJvdXRwdXRzIjp7IlVwIFZvbHVtZSI6IiMwMGIwNjEiLCJ
Eb3duIFZvbHVtZSI6IiNmZjMzM2EifSwicGFuZWwiOiJjaGFydCIsInBhcmFtZXRlcnMiOnsid2lkdGhGYWN0
b3IiOjAuNDUsImNoYXJ0TmFtZSI6ImNoYXJ0IiwicGFuZWxOYW1lIjoiY2hhcnQifX19fQ--). It was
speculated to be a result of "fail-to-deliver" cycles every [21 days and 35 days](https://www.reddit.com/r/S
uperstonk/comments/nf22qz/theory_on_the_ftd_loop_missing_link_a_t35_surge/), though it's hard to
know for sure what the cause(s) were. However one thing is certain - if the shorts really covered back in
January, this price action would not make sense, and the level of media attack, censorship, paid shills, etc.
on GameStop.
* There are theories of ["naked short selling"](https://web.archive.org/web/20210131014127/http://counterf
eitingstock.com/CS2.0/CounterfeitingStock.html) via rehypothecation and other methods, which are

discussed in some [interviews](https://youtu.be/2rJujnpKiqM). This could potentially result in more open short positions than the total outstanding shares, and a Robinhood lawsuit revealed the short interest was [about 226%](https://i.redd.it/5ucdkhek19a71.jpg) around January. Although the present [FINRA reported short interest](https://finra-markets.morningstar.com/MarketData/EquityOptions/detail.jsp?query=126%3A0P000002CH&sdkVersion;=2.58.0) is much lower today, it is still considered high by any traditional metric. We also know that there are ways to hide short interest, as [discussed more in depth here](https://www.reddit.com/r/Superstonk/comments/nt8ot8/rip_uleavemeanon_where_are_the_shares_part_1/), and that the "real" short interest could be much higher than reported.
* We can look at history to see the types of short squeezes that could happen to GME from here on out. A "mother of all short squeeze", such as when **Volkswagen** short squeezed in 2008, making it the [most valuable company](https://www.reuters.com/article/us-volkswagen-idUSTRE49R3I920081028) at the time. A dividend-triggered short squeeze, such as **Overstock** after announcing a [blockchain dividend](https://www.fool.com/investing/2020/05/06/why-overstock-continued-its-500-climb-with-another.aspx) (which forces short sellers to close their positions), and it's also worth mentioning **Rocket Companies** experienced a short squeeze right after announcing a [special dividend](https://www.barrons.com/articles/rocket-companies-is-the-latest-short-squeeze-target-its-stock-rose-71-today-51614727103). A drawn out short squeeze like **Tesla** did in 2020, which shot the price over ten times its March 2020 lows, resulting in [major losses to short sellers](https://www.fool.com/investing/2021/01/27/short-squeeze-costs-tesla-shorts-40-billion-in-202/). Note that all these short squeezes occurred with much **lower short interest (SI) than GME's current reported SI**. These are examples of the possible types of short squeezes for GME, based on historical precedent.
* There are multiple stocks with heavy correlation to GME, and AMC is one of them. AMC peaked around \~$20 during the January gamma squeeze on multiple heavily shorted stocks. On June 2, 2021, AMC spiked to an all-time high of \~$72 - **nearly four times** its January peak, while exhibiting similar levels of reported short interest to GME. This was a technical confirmation for me that GME has the potential for similar magnitudes of price action.

2) Hedge Against Possible Market Crash

* We've all heard by now that there is a potentially catastrophic market crash due - the question is, when? This is impossible to answer, since nobody can see the future and predict the exact date - it could be tomorrow or ten years from now. However, there are current red flags raised, such as high P/E ratios, elevated [Shiller CAPE ratio](https://www.multpl.com/shiller-pe), [Buffett Indicator](https://www.currentmarketvaluation.com/models/buffett-indicator.php), and other fundamental/technical indicators suggesting an overvalued equity market. [Margin debt at all time highs](https://www.finra.org/investors/learn-to-invest/advanced-investing/margin-statistics), even rumors of [hedge fund leverage being higher](https://twitter.com/unusual_whales/status/1413720756119162880) than ever before. A possible [commercial mortgaged-backed securities bubble looming since 2008](https://www.reddit.com/r/Superstonk/comments/o0scoy/the_bigger_short_how_2008_is_repeating_at_a_much/). [Instability in the repo market](https://www.wsj.com/articles/credit-suisses-zoltan-warns-of-trouble-ahead-in-money-markets-11625391002) and the [spikes in overnight reverse repo](https://fred.stlouisfed.org/series/RRPONTSYD) levels. Indications of rising inflation as shown in the [CPI data](https://www.bls.gov/cpi/). Fears and uncertainty of the Fed [raising interest rates and tapering its quantitative easing](https://www.cnbc.com/2021/06/16/fed-holds-rates-steady-but-raises-inflation-expectations-sharply-and-makes-no-mention-of-taper.html) program, especially as [world central banks start tapering](https://wolfstreet.com/2021/07/06/bank-of-japan-stops-qe-reserve-bank-of-australia-starts-tapering-bank-of-canada-bank-of-england-already-tapering-amid-shock-and-awe-rate-hikes-in-emerging-markets/) amidst concerns of non-transitory inflation. Not to mention the world has yet to fully recover from the COVID-19 pandemic and the possible lasting economic damages not yet realized (as equity markets rallied to all-time-highs during this time). And these are just the few red flags I could think of on the top of my head, amongst many other unlisted signs or warnings by other experienced investors.
* So let's break this down: The [Fed responds](https://fred.stlouisfed.org/series/WALCL) to COVID-19 by injecting the capital markets with liquidity via [infinite quantitative easing](https://www.marketwatch.com/story/fed-announces-unlimited-qe-and-sets-up-several-new-lending-programs-2020-03-23) and lowering interest rates to near-zero in an attempt to backstop the economy (albeit averting a larger crisis, but also creating a possible moral hazard in the process). Some say the spectacular bull-run of the past decade was partly fueled by the Fed via its QE program since 2008 and declining interest rates. With all that liquidity and cheap lending/debt provided by the Fed, an unprecedented bull run followed after the March

2020 COVID-19 market crash - it was but a blip in the timeline. Knowing that the Fed will backstop the markets to prevent another market crash during an economic emergency, everybody [levered](https://www.bloomberg.com/news/features/2021-04-08/how-bill-hwang-of-archegos-capital-lost-20-billion-in-two-days) up to enhance their returns (a moral hazard indeed) to take advantage of that, both long and short (hint: hedge funds betting GameStop going bankrupt due to the pandemic).
* Now that the economy is successfully re-opening, as more and more people are vaccinated, the Fed has less incentive to backstop the equity markets as aggressively as before, especially when [inflation](https://www.wsj.com/articles/container-ship-prices-skyrocket-as-rush-to-move-goods-picks-up-11625482800) could cause the Fed to lose control and be forced to enact contractionary monetary policy. We all know what happens when the Fed pulls liquidity out of the system and raises interest rates during an overleveraged "asset bubble" (hint: [Japan asset crash](https://en.wikipedia.org/wiki/Japanese_asset_price_bubble), [Dot-com bubble](https://en.wikipedia.org/wiki/Dot-com_bubble)). Sometimes, singular entities can crash the system by being overleveraged and taking on extreme risks, such as [Long-Term Capital Management](https://en.wikipedia.org/wiki/Long-Term_Capital_Management) having to be bailed out by the Fed to prevent a systemic collapse (Hmm, I wonder if Citadel read the book "When Genius Fails").
* So we see a lot of red flags in the overall market/economy, and know that the next crash could be of epic proportions - a "deleveraging" type event that could lead to an extended bear market. What are the best ways to hedge against it? Well it turns out that GME has a negative [market beta](https://www.investopedia.com/terms/b/beta.asp), and depending on the sources used, it is anywhere from -2 to [\-27](https://preview.redd.it/ftn1fyldt1a71.png?width=1914&format;=png&auto;=webp&s;=ea2c3bd8ab724d3920508f86745a6a95da761ea0). This means that if the market were to crash, GME would theoretically rise by a factor of 2 to 27 compared to the S&P; 500. The going theory for this phenomenon is that the short sellers (whether they be retail or institutional), would be forced to sell their long positions to cover their short positions if they were to be margin called (keep in mind, the leverage in the system is at all-time highs). If the theory proves to be correct, we could see GME as one of the bright green candles emerging from a sea of red in the overall market during a crash - this would also present a perfect opportunity to sell some of your GME holdings and "buy the dip" on all your other favorite stocks at a huge discount.

3) Improving Fundamentals

* GameStop has [paid off its long-term debt](https://www.marketwatch.com/story/gamestop-stock-rises-after-eliminating-its-long-term-debt-2021-05-03) and currently has little to no debt.
* A new and refreshed [board of directors and senior management](https://news.gamestop.com/corporate-governance/highlights) containing talent from Chewy and Amazon, such as the [new CEO and CFO](https://www.cnn.com/2021/06/09/tech/gamestop-new-ceo-cfo/index.html), as well as newly elected Chairman Ryan Cohen, founder of Chewy. There are also [many other new hires](https://gmedd.com/report-model/) from Amazon, Chewy, etc.
* Raised nearly $1.6 billion cash from two equity offerings in [April](https://finance.yahoo.com/news/gamestop-raises-551-million-accelerate-225407775.html) and [June](https://www.barrons.com/articles/gamestop-stock-sale-51624371309).
* Intend to expand by opening two new fulfillment centers, covering both the [Eastern](https://news.gamestop.com/news-releases/news-release-details/gamestop-expands-fulfillment-network-new-facility-york) and [Western](https://news.gamestop.com/news-releases/news-release-details/gamestop-continues-expansion-fulfillment-network-new-facility) parts of the United States.
* Is already making a comeback from the failings of its previous board and management, beating the [Q1 earnings expectations and 25% sales revenue improvement](https://www.cnbc.com/2021/06/09/gamestop-gme-earnings-q1-2021.html) compared to the previous year's quarter.
* Is entering the [blockchain and NFT space](https://nft.gamestop.com/), which is an area with huge innovative potential that could spawn a marketplace of re-used games trading, exclusive game content and revenue sharing deals with developers, [metaverse](https://www.nytimes.com/2021/07/10/style/metaverse-virtual-worlds.html), and more (maybe blockchain dividend?).
* Significant Goodwill as a result of a strong global brand name after the gamma squeeze in January (news of GameStop was broadcasted throughout the entire world - free advertisement), and a large community of "Apes" supporting the business and simply "likes the stock".

* It is difficult to accurately price GameStop with traditional valuation metrics (DCF, P/E, etc.), as they are just beginning their turnaround. After all, traditional valuation metrics never saw Tesla becoming what it is today (and fundamentalists are scratching their heads to this day). Let's take the current market cap of a few companies from the retail/e-commerce sector, Chewy (founded by Ryan Cohen), and Tesla (since it has similar "Meme" potential and tends to ignore traditional fundamentals) and adjust it to GME's price per share, just for fun.

Company	Market Cap (On July 9, 2021)	GME's Share Price Equivalent
Best Buy (BBY)	\~$28 billion	\~$373
Chewy (CHWY)	\~$36 billion	\~$478
Target (TGT)	\~$123 billion	\~$1,653
Walmart (WMT)	\~$393 billion	\~$5,286
Tesla (TSLA)	\~$633 billion	\~$8,509
Amazon (AMZN)	\~1.88 trillion	\~$25,276

Conclusions

* I believe GME has significant upside potential due to a possible short squeeze, or even a "MOASS". This can be triggered in multiple ways, such as a blockchain dividend, spike in buying pressure from positive catalysts, FTD cycles, market crash, regulatory enforcement, ,etc., or simply fundamentals-driven.
* I believe GME is a better stock to own in a market crash compared to any other stock I could find, due to its extreme negative beta indicating a possible strong hedge. It's almost like a levered short on the over-valued, over-leveraged, fragile market without paying borrowing fees or put option premiums on SPY.
* I believe GME is a good long-term value play due to complete overhaul of the board and management, healthy balance sheet and innovation initiatives. If GameStop reaches Chewy's market cap under Ryan Cohen's leadership, it would be worth nearly $500 per share. If GameStop can capture even 5% of Amazon's market share, it would be worth over $1,200 per share. Therefore, at its current price (\~$190), it's still a good investment - worse case scenario, you beat the S&P; 500 over a couple of years.