

Title: Why the market crashed in 2008 happened, what the Reverse Repo is, and why the current state of things indicates a coming market crash. Link to youtube video "Eat the Rich UwU" (sorry, but that's the title).

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Yesterday I saw a post on the super stonk subreddit. I cannot find the post today, but it contained the video I'm going to link here. When I watched it yesterday the post had been up for 5 hours and had 0 votes (I'm not sure if that was due to reddit counters acting up again, or if the post just didn't gain traction).

I am not a frequent poster on this sub. I've done my best to read the rules before posting, so I hope that I'm doing this right. Please don't kill me if I make a miss-step here. I'll be happy to make relevant corrections, if need be, just point it out to me and I'll act as quickly as possible.

****Before linking the video I'll try to give some information as to why I think this is relevant to share here****

First and foremost. In the GME subs there's a Reverse Repo guy (or perhaps even more than one). Regularly we get posts about the state of the Reverse Repo. I've tried a couple of times to ask questions about why this is relevant for GME and what exactly the Reverse Repo is, but I have not really been able to get an answer.

I don't know anything about the guy that made this video and I have zero relation to him, but he manages to explain in layman's terms what the Reverse Repo is - with some humor as well. I quite liked his approach to this, and as such I figured that I'd share it here.

I *think* that some other people on the GME subs may also not understand both what the Reverse Repo is, and why it's potentially relevant to a GME squeeze. But I understood it after watching this video.

(I don't know if his video is monetized, and if that makes it not ok to post it here. So if this is an issue it's of course ok if mods just delete the post).

****The video contents****

The video is made by a guy called: **DJ Peach Cobbler**

The video is titled: **Eat the Rich UwU**

He covers briefly what happened in 2008 (I think most people on the GME subs already knows that, because **The Big Short** gets recommended over and over again - it's a great movie btw). So the first part of the video might not be news to you. But I suppose that in case you didn't watch *The Big Short* even this part might be interesting to you as well.

The interesting part:

He then proceeds to cover what the Reverse Repo is, using a very simplified example with a box and a middle aged white dude. This example made it click for me. I now understand why people are excited about the state of the Reverse Repo, and I understand clearly why it may be a strong indication of an upcoming market crash.

****Why this is relevant to GME**** \- the part that the video doesn't cover:

The video here is not specifically GME centered, though he does mention that buying GME ****options**** is a high-risk high-reward play. As such I should add here that the reason that the GME subs believe that a market crash could send GME to the moon is briefly explained that:

1. SHFs are short on GME, but long on a bunch of other assets.
2. If the value of those assets plummets (as a result of a market crash) it will make it significantly more difficult for SHFs to meet margin requirements to stay short on GME because posting collateral will demand more of them. u/ammoprofit has a really nice explanation of this here (if you want the details): [ammoprofit explains collateral requirements](https://www.reddit.com/r/DDintoGME/comments/piwkgv/why_the_market_crashed_in_2008_happened_what_the/hbsnxyo?utm_source=share&utm_medium=web2x&context;=3)
3. If SHFs are unable to meet margin requirements they will be forcefully liquidated, at which point they are no longer in control over which assets they sell to balance their short position on the books. A trading computer will take over and attempt to balance the books at whatever the price of GME becomes. This is the true squeeze.

So while the Reverse Repo is not a direct requirement for a squeeze to happen, it's an indicator of a potential crash coming, and a crash may benefit the squeeze for the long side of the trade.

This explanation is ****my personal understanding**** of why a market crash may benefit the GME squeeze, and definitely feel free to correct me or add to this. I'm no expert, and I'm still actively trying my best to gather information and connect the dots to my best ability.

****The link****

Here is the link (the video is about 12 minutes long). To me it was well worth the watch. I hope someone here may benefit from the explanation as well.

Please be advised that ****the language in the video is potentially NSFW, and not entirely kids friendly****!

<https://www.youtube.com/watch?v=IPNFQxDo6gc>

I was very unsure what to flair this as. I ended up using the discussion flair since I figured that this thread, while intended as helping people understand about the Reverse Repo, I figured it might also serve as a discussion on the topic. I'm not sure if there's full consensus on this being relevant to GME, so it didn't feel right to flair it as a resource.

Edit: Someone in comments mentioned that a crash is not ensured to help the GME squeeze. I just want to underline that this is a thing. That part is somewhat speculative, so keep that in mind! I also added a potential NSFW warning before the link (I'm not sure if there's a better procedure for that?)

Also, I noticed a typo in my title on the post. If a mod drops by, could you change "crashed" to "crash", please.

Edit 2: I originally wrote that the creator of the video was saying that buying GME was a high-risk high-reward play. Turns out that he was explicitly talking about ***buying GME options***. Apparently my smooth brain has become entirely unable to retain the word "options" at this point, so despite watching that section a couple of times to ensure that I got it right, I managed to get it wrong. u/DJ_PeachCobbler made a comment [here](https://www.reddit.com/r/DDintoGME/comments/piwkgv/why_the_market_crashed_in_2008_happened_what_the/hbt6507?utm_source=share&utm_medium=web2x&context;=3) and corrected

me with respect to that. I can't be entirely certain, but I take it that he's the creator of the video - given his reddit nick. I made an edit to the post to reflect what he *actually* said.