

Title: I think people are underestimating or not considering, the power of a stock split on the options chain.
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TA:DR - Options move stock. Options expensive. Stock splits. Options become cheaper. Costs less money to fuck shorts. End.

This is the first thing that sticks out to me on the GME split decision.

Splits (lets park any mention of a dividend for a second) genrally don't mean shit. It shows strength, but in reality its a placebo. Instead of having a 12 inch pizza cut 4 ways, you cut it 8 ways. Still the same amount of tasty pizza.

However, as we've seen of late, the options chain is what really can move the stock. Shorts can short all they want, but if MM's have to hedge for a potential gamma, then price goes up.

We've seen at least 3 occasions over the last year where the options chain has driven GME to jump 25% in a day or two.

Crucially, here's where the split comes in. Options become dirt fucking cheap. Lets compare GME to the Adam Arron Cinema Gang, which is trading at around \$20 at the moment.

Assuming the 7-4-1 theory is correct, and GME splits at 7, then with it's current price of 150, it'll start selling at \$21 per share. Basically, the same as what the cinema stock is now. (since when the fuck can't we even use the 'corn word anymore....)

Look at the price difference in options on the two stocks. With the current price, GME ATM options are 4-5x more expensive than the same ATM options for cinema. That's a huge amount of money if you're going to be hoovering up large amounts of contracts.

Also, for retail, it's much easier to throw money at options when they are cheap because it's less painful if you lose.

So yeah, I think RC knows the options market moves the underlying market. I'm not plugging for options either way, personally I don't touch them, and I also don't believe that retail buying options moves the market at all. However, if you get a large institution that wants to move the price, and cash in at the same time, they'll use cheap options en masse, which causes MM's to hedge and raises the price.

The options market drives the stock market.

And the split makes those options even cheaper. Cheaper means more volatility which means more headaches for shorts.

Also, it makes absurd yolo deep OTM calls cheaper for degenerates in the case of the rocketship taking off.

Like I said, i'm not advocating for options, I know its a touchy subject, some people like it some dont. I personally dont really touch options anymore but you cant underestimate the power of cheap call options on a volatile stock like gme making gamma ramps more frequent, and gamma ramps fuck shorts.