

Title: Reported short volume can be both misleading and sometimes misunderstood.

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As I have understood it you can't rely on short volume as precise data and many including myself have thought it to be actual added shorted shares every day.

The annoying thing is that short volume includes many short sells that are closed the same day. Market makers often automatically short sell any order that comes through. When they see a customer sell order sent to them they can naked short sell right away and then quickly close the short with the customers sell order and pocket the difference.

There is even a rule in place so they only have to report the first short sell order to the tape and the customers sell order is ignored. The rule is to prevent double counting the volume, but it also conveniently hides data and convolutes the short volume stats. They are "legally" front running orders in the name of liquidity.

They are allowed to do this to provide liquidity at NBBO price.

Short volume can only be used as an indicator of a trend, but they are for sure ramping up the shorting lately.

DRS GME!

One of the sources:

<https://www.tradersmagazine.com/departments/equities/understanding-short-sale-activity/>