

Title: Why I believe retail is the scapegoat for GME and the Jan '21 sneeze was inevitable.

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Happy Saturday! I made a post similar to this on the Stonk sub last night but it was completely drowned out by partnership news, so I would like to post it here as well to maybe get a conversation going

I have been recently been looking at overnight trends vs intra-day trends and came up with the hypothesis that the overnight price action and intra-day price action are two distinct methods for controlling the market and can potentially help to predict future price action on certain stocks.

I want to start by showing the SPY over the past two years

I want to explain that the night data is opening price minus previous close, while the day is close minus open.

<https://preview.redd.it/ymokz1b2s6r91.png?width=865&format;=png&auto;=webp&s;=70aa63f3d5ddd0bd474d6eb9d0f96b4807621611>

As you can see, the overnight price action dictates the direction of the overall market, while the daytime price action is mostly just noise. Going out on a much larger time scale, you will get the same thing. We can see clearly in the first image, that our economy started taking a downwards turn around December 2021. The 'bull run' over the summer happened strictly during daytime hours and had little/no effect on the overnight trend.

<https://preview.redd.it/8j3cu453s6r91.png?width=1120&format;=png&auto;=webp&s;=6d68afe1821279bf41275f973f14758ab5475e02>

I figured that since we can gather a lot of information from this kind of data, we find some interesting stuff about GME... Let's take a look!

<https://preview.redd.it/hfbj9gw3s6r91.png?width=1198&format;=png&auto;=webp&s;=77c1d1a7220221702c1541bddc7616b26bfd0b5>

I annotated this chart a bit, but it appears to me that mass shorting for GME started around the holiday season of 2015.. Or maybe even a bit before, based on an article I found.

<https://preview.redd.it/oj4vqgl6s6r91.png?width=931&format;=png&auto;=webp&s;=b6a0e712f4c8403d68829d58a92bf31eb40d2ce4>

The intra-day price of GME really started to make an uptick in a big way as soon as SOFR rates increased in September, 2019, and the overnight price started to increase right after COVID.

<https://preview.redd.it/1uyrrkk7s6r91.png?width=1225&format;=png&auto;=webp&s;=324cf77aa5b14a303e77c348b327da53966e3f9c>

So since SOFR started increasing the intra-day price and COVID started increasing the overnight price action, was it inevitable that GME was going to start squeezing the short sellers even without the help of retail??? Were we initially just a scapegoat for the media to blame, but have since taken on a much larger role? Maybe...

Let's look at the other stocks in our 'basket' of stocks that squeezed in Jan 2021.

<https://preview.redd.it/zr10sfpas6r91.png?width=1201&format=png&auto=webp&s=b581d73a6da688fc65830f636e0b38439071a028>

This one checks out as well that COVID was the reason for increased price action, and NOT retail.

Lets look at another...

<https://preview.redd.it/5p1ccl9cs6r91.png?width=1230&format=png&auto=webp&s=4b297eeb8807e1eb87ff5b2bbd1830647510616e>

WHAT THE F@%K???... Let's invert the daytime price and see correlation...

<https://preview.redd.it/86hqj73ds6r91.png?width=1234&format=png&auto=webp&s=42a77a83242b0567aad77ce26f89369adae51b14>

So basically, I can look at the price action for this stock at night and make my daytime trade with almost 100% accuracy??? Looks like it...

Alright, let's do the other stocks in our basket.

<https://preview.redd.it/v2hp61ies6r91.png?width=1318&format=png&auto=webp&s=3d2019673931eb9e0b190371dc553f17a3e1636d>

<https://preview.redd.it/kjejxnfs6r91.png?width=872&format=png&auto=webp&s=a12a93b25405574254d088083b7bffc094977c74>

<https://preview.redd.it/p0ma91kgs6r91.png?width=877&format=png&auto=webp&s=d64ff86141f6658dc826507cb25ca1a12fb4f071>

<https://preview.redd.it/xs2x1ufhs6r91.png?width=1053&format=png&auto=webp&s=252c725abdf236a7a41fbadd55b517fea92a575>

Again, it appears that COVID was the reason for the increase in overnight price and not retail. As you also notice, the overnight price action flatlines in Jan 2021, right after the sneeze.

It also appears that most of the basket stocks started showing a consistent intra-day decline starting in the

2014-2015 timeframe, which checks out with GME short selling.

I also did a bit of additional digging and was able to obtain all the SWAP repository data since a lot of the files for this stuff were created by boomers who don't understand how secure databases work. I found some interesting dates. Almost all of the swaps opened on 9/16/2019, which is when GME intra-day price started to skyrocket relative to what it was previously. I also want to note that a lot of the swaps had a maturity date of 2/3/2021 (right after the sneeze)

<https://preview.redd.it/56e8mylht6r91.png?width=1873&format;=png&auto;=webp&s;=7410e3b510220a6a3320a603112a9f883e66923b>

From this data, I am providing supporting data for an alternative theory to GME. The theory is that retail had very little to do with the initial run, but we have since turned into the boogeyman for market stability.

PLEASE poke holes in my theory since I do not want this to become an echo chamber. New information only comes out by questioning what already exists.