Twitter Thread by Barton

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1/ Why so much outrage on the "buying ban"?

no it's not about "the little people".

The real reason that very few folks talk about is all about the hedgies and whales looking for suckers.

2/ In every transaction, there is a seller and a buyer. so a squeeze is always associated with forced buying. for $GME, that was short-sellers (some hedgies) suffering margin calls from their short positions, and option dealers covering the exploding delta of their short calls.

3/ So to profit from a short squeeze, one builds up position before the squeeze and trim position as price skyrockets to sell to poor forced buyers. OTM calls are great, because their delta explodes as well in a squeeze.



4/ But in an entirely engineered squeeze having no fundamental basis (news etc), once the pool of forced buyer is exhausted (as the short-sellers and option dealers went bust), the price tends to collapse.

A good example is AAL on Thursday morning.



5/ so what do whales do if they still have large positions need to be closed?

They need new s■u■c■k■e■r■s■ buyers to bag-hold the underlying which is worth much less than the current price.

6/ That's why you see the sudden outrage from billionaires on not being able to recruit new suckers.

Has little people's ability to speculate be really limited?
Were they forbidden to buy GME when it was $20?
Were they forbidden to sell GME when it was $350?

7/7 So stop wasting your energy on GME and look elsewhere

opportunities for 10-baggers or even 100-baggers abound in many other names.

chances of GME goes to $5000 is <1% unless someone can find more forced buying (I can't see how)

p.s. I might post some flow analysis of recent squeezes to show what's really going on, if there is enough interest.

End of my rant. ■■■