Twitter Thread by Silent Cal



Silent Cal
@KralcTrebor

You can get a sense for how much net stock @RobinhoodApp customers were buying from the size of capital RH just

The $1bn is to cover future possible activity, so it doesn't matter for looking backwards.

It does confirm that solvency concerns drove the restriction. You don't raise 1bn of equity to cover your tracks if nefarious, nor if the restrictions were a tap from regulators.

They drew $500-600m and presumably met their NSCC margin call with cushion. Say they posted $350m (guess - you don't draw $500m to post $62m and shut down trading methinks).

I did a quick guesstimate yesterday - 20m normal going to 200m on 4x VaR and 800m net unsettled buys of GME.

That ain't 350m. So either the size of GME buy and/or VaR multiple are ~2x that or DTCC demanded more than 10% margin on unsettled GME trades.

You can't get a tight range of what the net GME buy was outstanding without knowing more, but you can bound it - the net GME buy *10% < 500m so less than 5bn ... not v helpful frankly.

It's probably just as easy to ask RH custy AUM times avg GME position size ... lots of little 100% all-in, but across all of it much lower.

I know people want to focus on the short-covering as the "forced" buying that they should aim to sell into if engaged in this squeeze play. New longs coming in is likely the bigger dynamic (like any MLM scheme), not the shorts covering.

If it started 240% longs and 140% shorts, the gross is much lower now. Guess it's 150% longs and 50% short, say - that's dollar shorts up ~30x (/shr up 100x and % down 2/3rds). Put passive longs at 30%.

Under that scenario, the 120% active longs are hoping to cover into 50% shorts ... it's musical chairs. The real hope is other, more bold/wild longs arriving and taking you out higher.

Yesterday px action confirms imo that we're in this stage of the speculative attack.