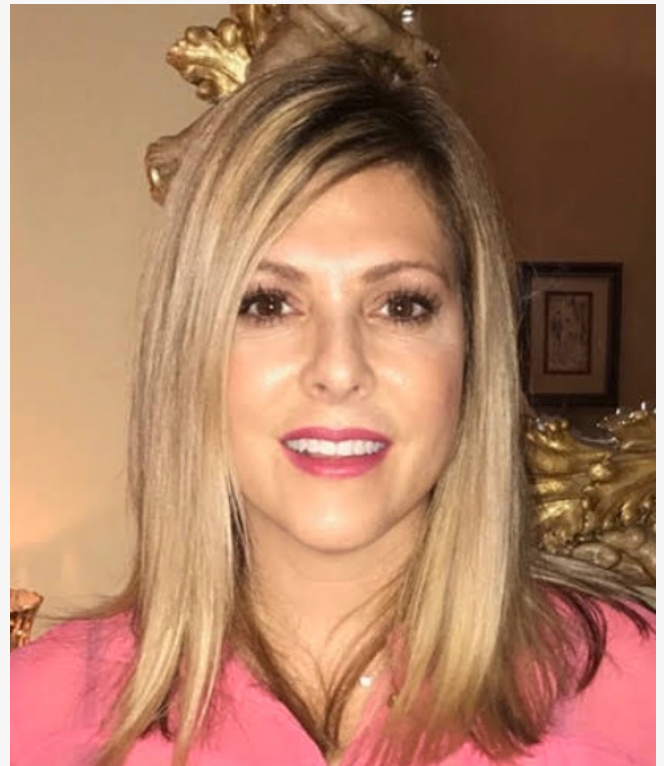


Shorting the Shorts...Understanding What Really Happened

Shorting is the "Negative Nelly" of the investment world.

SILICON VALLEY, CA, USA, March 8, 2021

/EINPresswire.com/ -- So much is said about the most recent run up in stock prices for AMC Theaters and GameStop. In a post-Covid environment, whether you believe movie goers will be rushing to the theaters and gamers will return to traditional brick and mortar game shopping or not, the most recent run-up in AMC and GameStop has nothing to do with real revenue and real business. Remember we're not trading in the traditional 'real world' any longer. What does this all mean? A good way to think about this 'fund shorting', the "Negative Nelly" of the investment world.



A traditional way to think about investing, and the idea of capitalism in investing in the US Stock Market, is to buy something at a specific price per share and sell it at a higher price per share. The opposite is true in a short seller environment. A short seller essentially sells a company's stock at the higher price anticipating the price per share will fall, with the anticipation and hope to buy it back later at a lower price. What really happened in the case of Reddit and other subscriber-based, media-based platforms in early February 2021 is something that has never happened in the history of the US Stock Market. Hedge Funds had substantial short positions in AMC and GameStop and Reddit subscribers took action. Reddit subscribers banded together buying AMC and GameStop therefore pushing the price of those company's stocks up...almost like a pyramid scheme. The run up in stock prices was completely independent of any real change in either company's

“

Reddit-types may create additional run-ups in the future in an effort to 'take it back' from hedge fund traders”

Whitney Erin Johnson

revenue or valuation. The craze was more closely identified as a way of 'sticking it to the man'.

It's a David and Golliath story of public money vs. hedge funds. The synchronized buying of these company's stocks caused margin calls on the hedge funds which forced the hedge funds to buy back the stock, which created additional share price surges.

Not to be left out of the conversation were the Robinhood-type retail investors. Those investors on small platforms and generally smaller account balances. Robinhood investors seeing sharp moves in the share prices reacted to their FOMO (fear of missing out) by jumping on the bandwagon, broadly buying shares in one or both companies. AMC's then single-digit share price lends to the attractive nature of the transaction. Naturally buyers are anticipating a move to the upside and eventually a 'payday' opportunity to get out of the position. Amidst the retail investor buying frenzy and stock price run up, hedge fund managers were having to cover their margin calls further contributing to the stock run-up. These simultaneous actions made historic headlines throughout the financial world and beyond. The Reddit subscribers who intended to 'stick it to the man' certainly made a lasting impact on the influence of subscriber-based online communities. Their aim to short the shorts out of the market was impactful to the masses involved.

We're going into a different world now. We are seeing real companies, even though they're going out of business, be potential short-term opportunities for account growth. Sure the Reddit-types might create additional run-ups in the future in an effort to 'take it back' from hedge fund traders. In the meantime, we will stand back and use our traditional sector rotation asset management, while watching future Reddit influence from the sidelines, without participation.

Whitney Johnson
Greenwood Wealth Management
+1 925-518-5495
[email us here](#)

This press release can be viewed online at: <https://www.einpresswire.com/article/536526160>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2021 IPD Group, Inc. All Right Reserved.