

DATE: JANUARY 29, 2021

SUBJECT: GAMESTOP & WALL STREET

- GameStop is an American computer games retail shop which has been suffering for the shift of gaming to the online space.
- After being stagnant at \$18, a month ago, the shares of GameStop have become twice in just 4 days. It kept hiking till it touched \$347.51 on Wednesday. The total soar was 408% between Tuesday and Thursday.
- Now what happened is that a few hedge funds including Melvin capital had been short-selling the GameStop shares to buy them back at lower prices, earning themselves a profit.
- But a group of novice traders (retailers) on Reddit by the name of "**WallStreetBets**" started buying these shares and refused to sell them back to the hedge funds.
- Now the hedge funds had to buy back the shares at a much higher price to avoid greater loss. A situation known as short-squeeze. This has led to the fluctuation in the stock prices of GameStop.

- Major Impacts:**
- Some financial companies including Robinhood Markets have banned trading in GameStop shares, which is supposedly illegal under the charges of market manipulation.
 - Some of the shareholders of GameStop became billionaires overnight. Namely, Ryan cohen, Donald Foss and CEO George Sherman.

347.51 USD +199.53 (134.84%) ↑

Closed: 28 Jan, 06:11 GMT-5 · Disclaimer
Pre-market 421.25 +73.74 (21.22%)

1 day **5 days** 1 month 6 months YTD 1 year 5 years Max



[Source: thesun.co.uk]