

# Detroit Free Press

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## GameStop stock goes wild on Wall Street and we can't stop watching

By Susan Tompor (excerpt)  
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Michigan kicked off online sports betting at noon Friday but all eyes of the college crowd were focused on the big jackpot on Wall Street where frenetic trading sent GameStop stock soaring by more than 70% in trading on one day.

Yes, we're talking about the stock in that same store where your kids bought video games, the chain that has been shutting hundreds of stores in malls across the country.

Who knew all it would take to kick things up a notch for GameStop was some social media buzz, a big name to bet against the stock and a popular executive associated with Chewy?

Stock in the struggling retailer closed at \$43.03 on Thursday but ended up trading above \$70 a share before 1 p.m. Friday. The New York Stock Exchange halted trading in GameStop because of the volatility.

### Who's going to win?

It's a story of villains and heroes. It's a battle between social media buzz and old-school logic. It's a picture of empty storefronts and the prospect of building digital sales when many now download gaming content to play online.

WallStreetBets, a popular online forum on Reddit, threw a love fest for the stock. But plenty of other Wall Street gamers rolled out the welcome-to-reality warning and one major player claimed that GameStop is likely to implode and tumble to the \$20-a-share range.

"The power of the retail trader, especially those on Reddit, has never been more evident than the short squeeze we saw following Citron Research's report of GameStop," said David Kudla, CEO of Mainstay Capital Management.

Andrew Left, an activist short seller and founder of Citron Research, said GameStop's business remains "pretty much in terminal decline. But nobody wants to hear that."

Citron Research declared on Twitter that GameStop buyers are "the suckers at this poker game" and predicted the stock would be "back to \$20 fast." Left has disclosed that he is betting against GameStop.

The famed short seller declared on Twitter on Friday that he would be ending his bearish commentary on GameStop after an "angry mob" of investors harassed him and his family over the past 48 hours.

Kudla said Left made many salient points during his report. "But fundamentals don't matter when a stock has a story and massive momentum," Kudla said.

The gaming term for much of what we saw this week is the "short squeeze" — where a stock jumps sharply higher, forcing traders who had bet that the stock price would tumble to buy it in order to forestall even greater losses. Short sellers play the game on the expectation that a stock price is set to fall. ...

... The bullish run this week got firepower Monday when GameStop added Chewy Inc. co-founder Ryan Cohen and two former executives to the GameStop board. The objective is to boost digital sales. ...

... "The addition of Ryan Cohen, who had tremendous success with Chewy, sparked this rally and has become a minor cult figure among these retail, acolytes of GameStop," Kudla said. ...