ANATOMY
OF A
SHORT SQUEEZE

and why no ape will be left holding the bag

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# Anatomy of a Short Squeeze and Why No Ape Will Be Left Holding The Bag

Possible DD

Part 1 – Anatomy of a Short Squeeze

Pick the first thing you can think off – let's say, bananas. Then think of any characteristic of that banana, lets say "size of bananas". I can assure you that, if you plot into a graph the size of every banana in the world, you would get a Gauss (normal) Distribution for that characteristic.

"μ" (mu) is the middle point, which is the most common size for bananas.
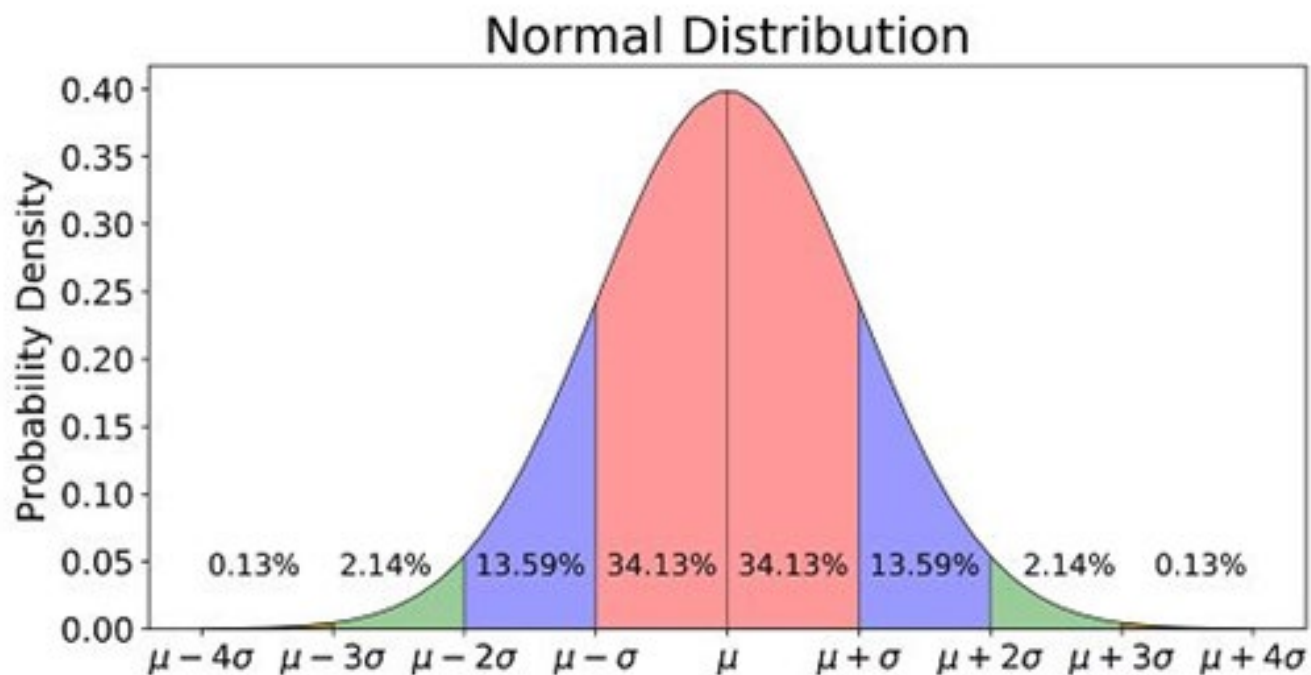

Statistics says your banana is average in size

What the Gauss Distributions refers to is the probability of finding that characteristic or behavior in your sample – So you can say that if you pick a random banana in your local supermarket, the probability that it has size "μ" is ~40% for all bananas in the world. ~65% for the size ranges from μ+σ or μ-σ, and so on. (mu plus/minus sigma)

This is true for a lot of characteristics, natural phenomena and even **human behavior**.

You read it right, "human behavior"! A lot of companies evaluate their coworkers in a Gauss Distribution normalized way. Yes, this means that you, me and most of us are average in most things in life, including our jobs.
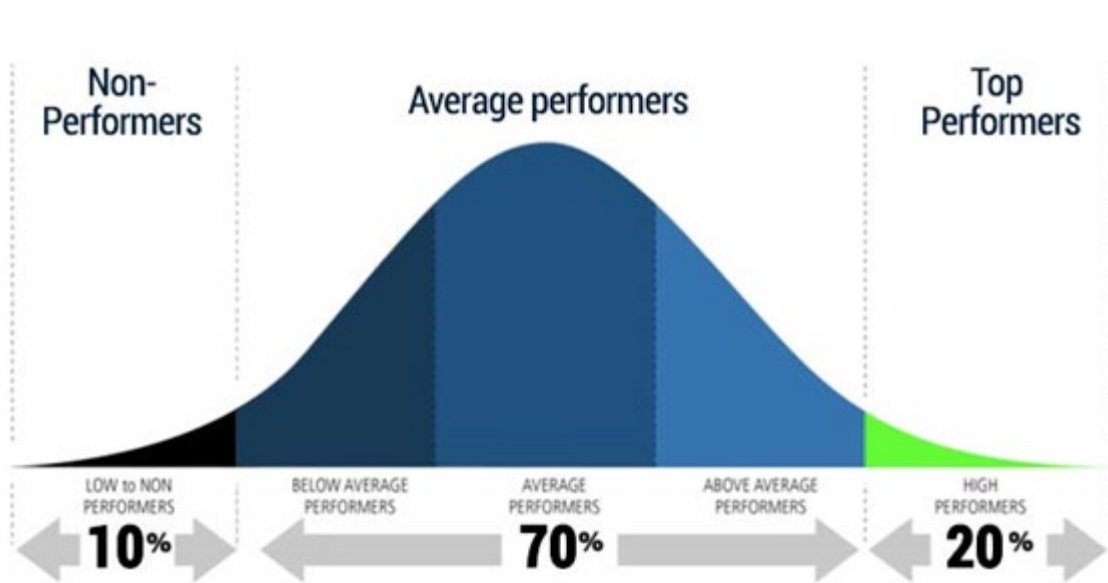
You're average. Don't worry, everyone else is.

But Gauss Distribution have derivatives and there are other Statistical Distributions that better represent specific phenomena. What do you mean by derivatives?

Lets go back to our study case with bananas - Say you plot the size from every banana in Europe, then you plot every banana from Africa, then America, Asia and Australia. What would you find?

Banana Size from each Continent
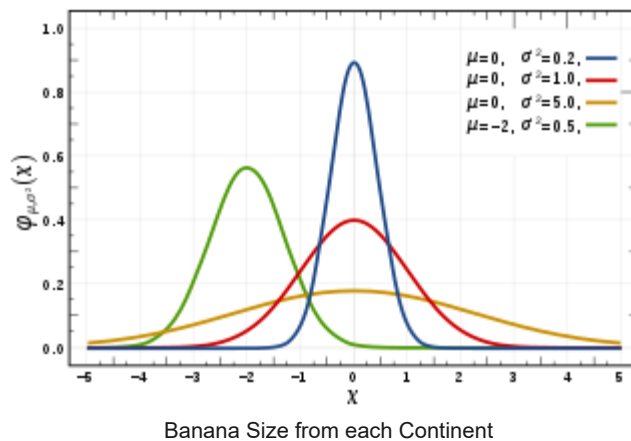
What this means is that different groups may have a different baseline for a common characteristic, or that in some groups that baseline is more or less prominent.

In the above plot, it is more common for Bananas from "Yellow Continent" to have diferent sizes, while most Blue bananas are the same size and green bananas are commonly smaller than everyone else's banana (in this chart, μ or X is the size of bananas)

Does this mean that everything in the world - characteristic, phenomena or behavior - is rule-based and can be plotted into a graph? The answer is yes! Besides some known random Chaotic phenomena (check **Chaos Theory**), and even

those phenomena are predictable to some degree of certainty.

https://en.wikipedia.org/wiki/Chaos_theory

Think about this… You have free will right? But if everyone's combined free will (actions and behaviors) is predictable, so is it really free will?

Enough with philosophical issues – we are here for the tendies!

So what does that mean for the Anatomy of the Short Squeeze?

So now you ask, is the stock market predictable? Yes it is. That is why you have Technical Analysis, Indicators, common and known behaviors. However, it is also chaotic in some degree, lets say… Apes not selling crashing GME stock – completely unpredictable so you can consider that diamond handed apes are a chaotic variable.

So is the short squeeze plot predictable? I believe it is, and it will resemble a Gauss Distribution or a derivative like Exponential or Log-Normal Distribution, which is more applicable to stock market behavior.

Now that we know that behavior is predictable, lets analyze the "timing of sale".

So when the squeeze starts, most of us will be diamond handing this into hundreds of thousands, even millions, but then our free will breaks, predictable human behavior starts to kick in and we start selling.
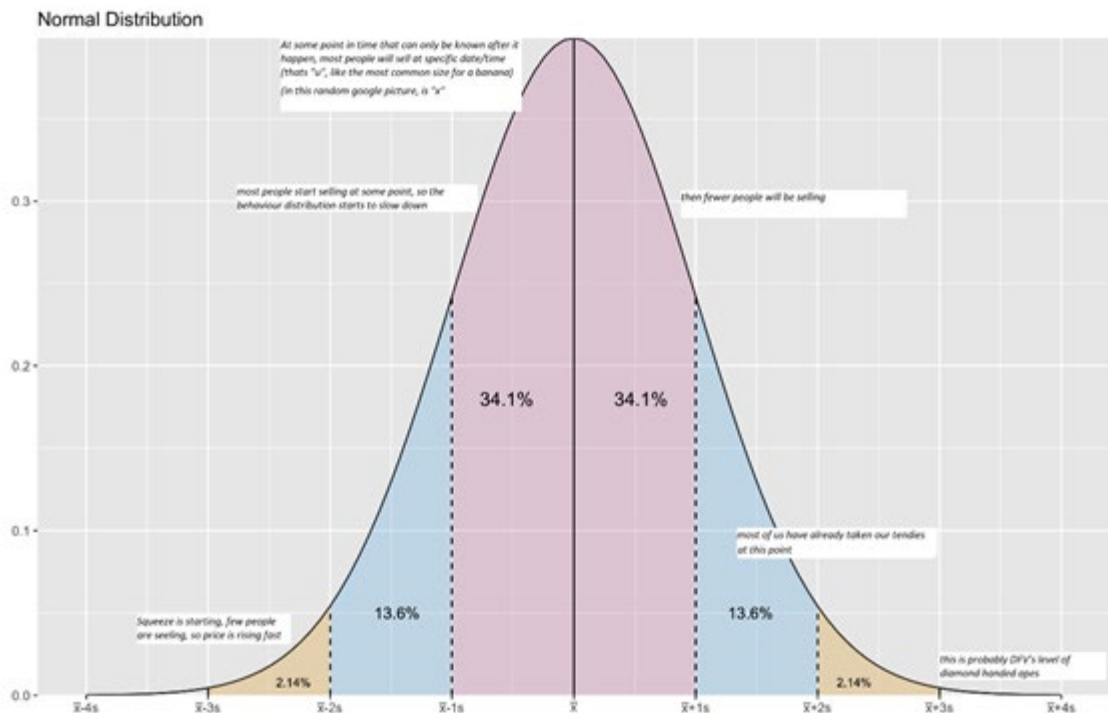
"You Have No Free Will" Graph

So does this mean 50% of us will sell after the peak and lose money because the first 50% apes sold higher during rising or at the peak? **Yes and no**, but I'll leave this to "Part 2".

This means most of us will sell at a specific point in time and that point it time is probably when the share price starts to

flatten.

If everyone was holding exactly 1 share of GME and there was, let say, 1% to 100% short interest ratio:

1. If price is rising, **demand is bigger than offer** (Shorters are trying to buy more volume than apes are selling)
2. If price is flattening, **demand is equal to offer** (shorters are buying the same volume than apes are selling)
3. If price is decreasing, **demand is less than offer** (shorters are buying less volume than apes are selling.)

So if you oversimplify market operations, like everyone having a 1 share cap of GME and long/short positions being the only variable affecting price, the squeeze plot graph would mirror the "You have no free will" graph – A beautiful Gaussian Normal Distribution.

But remember, market is predictable but also chaotic, there are dozens of possible operations and variables that affect price fluctuation, so what do you end up with?

Is this a Gauss Distribution?

"But hey, this is not a Gauss Distribution!" – this is just chaos in buy orders and sell orders.

Well, lets remove the chaos of the market, like option executions, 1 person putting 100.000 volume orders, price manipulation through HFT – How do we do this? By averaging every past price variation, you remove the outlayers (the chaos in this beautiful, predictable and normalized universe).

Lets add 2 Moving Average indicators with 20 and 50 period to the 1H candle graph.

The Wonderfull Gauss Distribution at the 50-period MA indicator

BEAUTIFUL – Look at those MA plots - Even in chaos there is predictability. As you can see, when you zoom out and remove the outlayers, the GME January gamma squeeze follows a wonderful Gauss Distribution pattern.
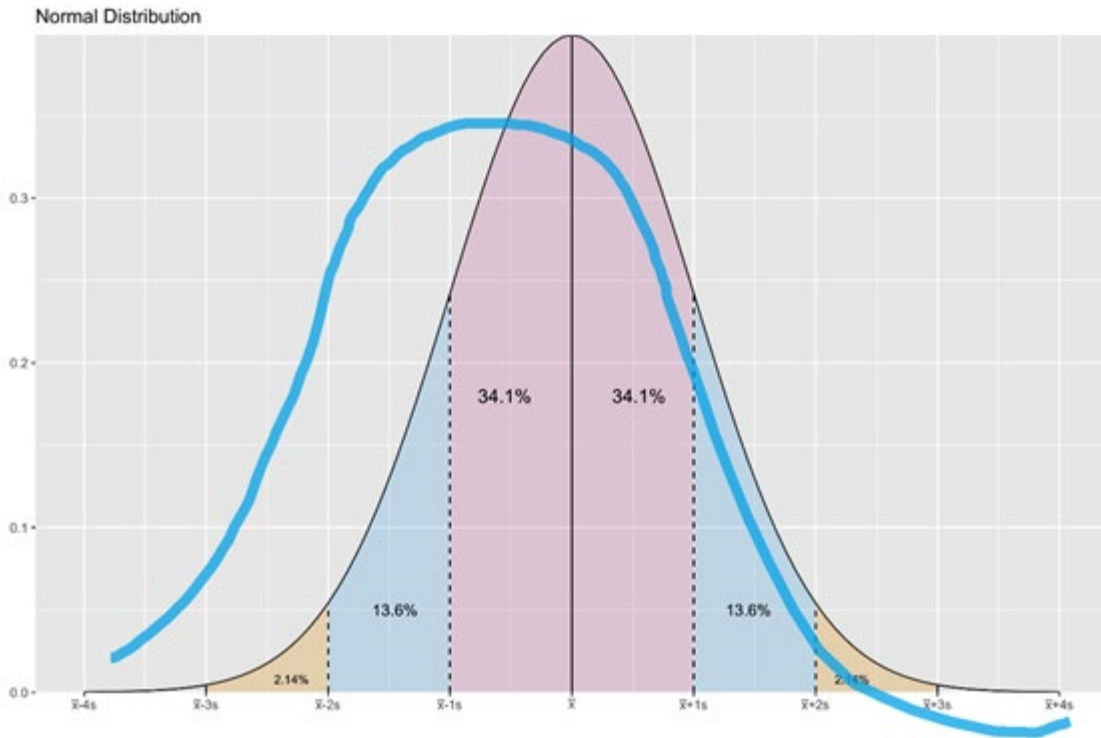
This is what I believe will be the **Anatomy of the Squeeze** – It will be a bumpy ride to the top, the peak doesn't matter, because you'll be trading around the peak for days or weeks, what truly matters is the beauty of the Gauss pattern. Remember to zoom out, 1 to 15 min candles will feel like you are a mouse in a fishing boat during a seastorm – Remember, you are Atlas, you're Poseidon, **You Are The Storm**. So do not paperhand yourself because there was a 30% dip and the day closed in red. Next day it will peak even higher.

Part 2 - Why No Ape Will Be Left Holding The Bag

Now you know how it looks. But **how big it will look?**

Lets recap our previous assumptions to remove Chaotic variables and behavior, so we can plot a squeeze on top of the "You have no Free Will" Gauss Distribution graph:

1. One share per shareholder
2. No complex operations
3. No additional variables besides long/short positions
4. Paperhanded Humans own +100% of float
5. Short interest is around 13% of the float

Normal Distribution

34.1%   34.1%

13.6%   13.6%

2.14%   2.14%

x̄-4s   x̄-3s   x̄-2s   x̄-1s   x̄   x̄+1s   x̄+2s   x̄+3s   x̄+4s

Short squeeze plotted in blue on top of predictable selling behaviour, or the "You have no free will" Graph

Why does this happen? Short interest is low, so as soon as most humans start paperhanding, stock price will stable, and even start going down.

This is important -> I believe at more than 100% SI, Shorts won't cover at peak, Shorts will even out their demand with the available offer and cover at the end of the short squeeze.

Now the funny part! Lets add some chaos:

Remove Paperhanded Humans and add Diamond Handed Apes:
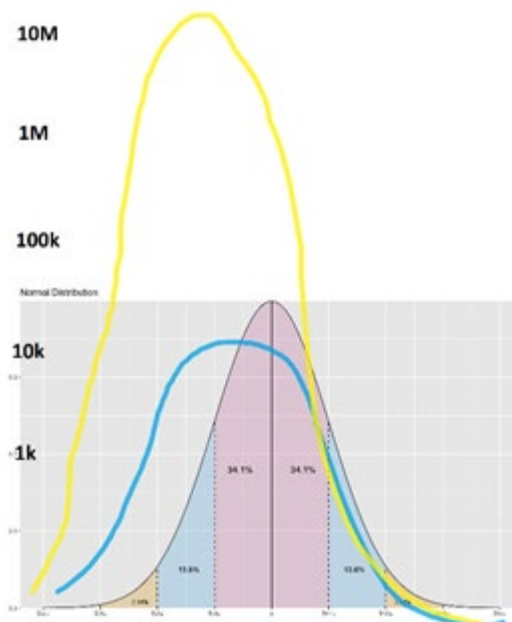
Apes are strong, apes know that bananas are valuable so they set the price they want! The problem? Short interest is low, so while some apes will sell at 1M or 10M, a lot of apes will be selling at 100k or less, which is sad for every ape, because SI will even before or during the peak.

Lets add MORE Chaos.

Say we have 300% short interest ratio... Remember, price is a function of volume demand and offer.

Can you guess what will happen? Yep, even after most Apes sell their shares, demand for volume is still high, because at this point short interested will probably be above 20, 30, 100% who knows?!
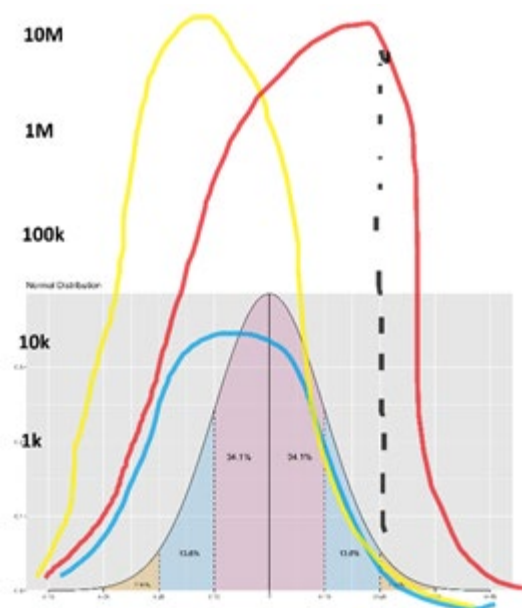
Red plot shows that no ape can stop this rocket from bending spacetime into oblivion

I think most apes will sell after the peak, because with short interest ratios above 300% and float ownership of retailers close or above 100%, apes alone cannot satisfy the demand for shares, and someone will have to intervene to stop this madness from bending spacetime and crush the universe. Some other DDs where published regarding actions to avoid price going into infinity - go read them.

Now add all the remaining Chaos into the graph above and you'll end up with a bumpy, infinite flight to Andromeda that will eventually fall because someone/something will put a break on it. Remember it will flatten out for days/weeks, so the peak won't be a peak, but more of a field.

And everyone will probably short GME again like crazy so the ride down will probably be a bitter faster than the ride up.

So looking at this, what should ape do?

Just hold...

If your price is 1k congrats, you're the rarest of apes, the μ-5σ, the 0,01% that waited 6 months for the train to leave, only to leave the train when it started moving.

If your price is 1M/10M/100 Million you just have to wait, because the probability of you selling at whatever price you decide is probably close to 100%.

Remember, 1 share at a time, after the peak…

This is just a thought experiment on statistical analysis without any numbers to backup my amateur plots. If you feel Gauss Distribution is not the proper one for this analysis, let me know. If you crunch some numbers and end up with a different or similar conclusion, please let me know as well.

TL;DR: Statistics can predict everything besides chaotic variables. Apes are Chaos. You're already a millionaire, you just have to wait.

I'm not a financial advisor and you should decide what's best for you in your financial decisions.

Edit1: thank you for the comments and awards. I have to reiterate that this is a thought experiment with unreal assumptions like 1 share/shareholder. What I meant to show is that if diamond handed apes sell later than paper handed humans it will push the price higher. Also, if you assume SI is of the charts, the MOASS average graph will skew to right and overlap the apes selling, but at the expense of institutions and insiders not selling. As stated in previous DDs it is unlikely that insiders, ETFs and indexes sell. But no one knows about institutions and whales. They can sell, but since HF-fuckery could have send SI% into infinity, in theory the last share, being hold by the last ape could be the one needed for the last short to cover. Not once in history there was so much SI% and diamond handed apes together, so I'm excited to see how far will the rocket go. Be prepared - Read your exit strategies DDs, learn about Moving averages, macd, volume, and you will enjoy the ride to the peak instead of being in FOMO and paper hand earlier.

Edit2: Pictures were embeded after edit 1. I believe its ok now