GAMESTOP AND GAME SPOTS: MARKETPLACE AND OTHER CULTURAL PLAYGROUNDS

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In "The Biggest Game in Town", A. Alvarez writes: "Mickey Appleman remarked to me that a lot of people don't fit in where they are, but Las Vegas takes anybody."

James McManus declares in "Positively Fifth Street": "Las Vegas…attracts more annual pilgrims than any destination but Mecca."

OVERVIEW

Wall Street inhabitants and other observers often label Wall Street as a game. Stock, interest rate, currency, and commodity marketplaces likewise are games with assorted players.

GameStop Corporation's stock trades publicly on the New York Stock Exchange, a respected venue. GameStop's website, advertisements, and Annual Report include a catchy slogan, "power to the players". The firm says: "we are a family of preferred destinations for gaming, collectibles and consumer electronics".

Though GameStop is a significant business enterprise, over the years it generally has not won substantial Main Street attention beyond those following the industry sector to which it belongs. However, GameStop's recent explosive flight and bloody fall in recent weeks captured front page headlines around the globe. Recall its spring 2020 bottom at less than five dollars per share (2.57 on 4/3/20). From a much higher interim trough at 20.03 on 1/13/21, GameStop marched quickly upward in its bull campaign, more than doubling by its close at 43.03 on 1/21/21. The stock thereafter skyrocketed to 1/28/21's 483 pinnacle (about 24 times 1/13/21's depth). On this wild upward ride, a couple of big hedge funds with short positions in GameStop (betting that the GameStop price would slump) apparently got squeezed by a wave of (primarily) Main Street buyers (longs) and had to pay stratospheric prices to escape their short position. Despite the enthusiastic buying spearheaded by the retail (Main Street) crew, not long thereafter GameStop cratered over ninety percent to its subsequent low, at 46.52 on 2/9/21. The pattern of trading in the S+P 500, which reached a new high at 3937 on 2/12/21 in its massive bull charge since 3/23/20's major bottom at 2192 (though that depressing key trough was close in time to GameStop's 4/3/20 one), has not closely resembled that of GameStop.

Remarkable (unusual) moves in relatively unknown stocks often attract a modest amount of Wall Street and Main Street (retail) attention. However, the excitement around GameStop's recent dramatic price action, and especially the related widespread blizzard of wordplay involving GameStop from numerous leading Wall Street stock marketplace wizards, investment and other trading gurus, venerable financial regulators, and sage financial and mainstream media commentators, indicate the relevance of the GameStop phenomenon to other more important cultural matters in economics, finance, and elsewhere.

The extensive passionate interest around GameStop points out that variable's importance as a factor to consider in connection with overall American (and global) stock marketplace trends and the growing democratization of financial playgrounds. Taking a look at GameStop also offers insight into America's economic and other cultural divisions and conflicts, the American Dream, and financial rhetoric (including metaphors).

CONCLUSION

Many orations about GameStop's meteoric stock price rise and its subsequent collapse have involved talk of Main Street (retail; "the little guys") "versus" Wall Street (typically including institutional "professionals", "big guns" such as banks, investment banks, and larger money managers and financial (wealth management) advisors.

However, although the large GameStop shorts who got killed were Wall Street pros (insiders), the majority of Wall Street money in stocks (including hedge funds and other money managers) is on the buy (ownership) side. Most institutions (regardless of whether one labels them as an "investor" or some breed of investor, speculator or trader) are net owners of stock who, all else equal and as a guideline, want prices in the S+P 500 (and other stock signposts and individual equities around the world) to rise. So do their banking, investment banking, and financial media allies. Likewise, most of the various communities of Main Street stock owners (typically Wall Street and the media honors these financial pilgrims as "investors") want stock prices to climb.

Consequently, from the standpoint of stock price action, assuming the existence of a Wall Street versus Main Street battle is erroneous, or at least highly misleading. If retail (investors, traders, speculators) sticks a knife into a few hedge funds (or other institutions) short a stock (or stock sector; index) via encouraging a stock price rise in the given supply/demand situation, that almost surely is not damaging Wall Street institutions as a whole. Despite retail enthusiasm and pride in such a victory, neither Wall Street, capitalism, nor "The Man" suffer much if at all.

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In the stock game, Wall Street loves retail players. Why? Main Street buys and holds stocks. Even when it does not own them for a long time, the majority of Main Street initiates its marketplace position by buying, not selling. Sometimes Main Street is a net seller, but as a rule of thumb it owns equities. It is a truism that all else equal, incremental net buying of equities by Main Street inhabitants will tend to move stock prices upward. That helps Wall Street institutional stock owners to make money from such rising prices. Plus significant retail participation in equity playgrounds provides Wall Street and the corporations they serve with an audience to whom it can sell new issues of stock.

Consider most Wall Street stock recommendations. Doesn't Wall Street usually advise both professional and Main Street audiences to buy, or at least to hold? How many stock research analysts and advisers (brokers) advise their clients to go short? Of all recommendations, in the array of buy, hold, or sell, what percentage are sell ones? Generally speaking, most Wall Street and Main Street participants in the cultural world of marketplaces, in regard to stocks, applaud upward (bullish) stock price moves and "high" prices as "good". Conversely, all else equal, most assert that it is "bad" if stocks fall (enter a bear trend) or are "low".

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In marketplaces, notions of probability and causation reflect opinions. But nevertheless ask a question about Main Street's role in Wall Street during the past several years, especially since the coronavirus pandemic emerged about a year ago. To what extent has the growing ability of Main Street fortune (financial security, wealth)-seekers to readily access stock marketplaces tended to elevate equity prices? Probably by a great deal. Overall US corporate earnings realities in recent months were feeble; their probable future prospects have not rocketed up to the extent of the S+P 500's leap. So by propelling stock prices higher, Main Street thereby probably has played a critical role in stretching valuation measures upward significantly relative to what they otherwise would be.

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Wall Street has sold itself to America and the rest of the world as a good (reasonable) place for institutional and Main Street players seeking to make money (receive an acceptable/adequate/good financial return) to put and keep their money. Investment wordplay is a critical aspect of Wall Street sales pitches. Especially in the securities landscape, in stocks and interest rate instruments, Wall Street seeks owners (buyers), and especially it hunts for, honors, and praises "investors" and "investment". The basic definition of the investment label in Wall Street (and on Main Street) means buying (owning) something. In general Many on Main Street (and Wall Street) have devoted faith that prices for US stocks ("in general"; at least those of investment grade) will continue to rise over the misty long run.

What is one of Wall Street's greatest fears in regard to Main Street? It is the departure of retail owners of securities (especially stock investors, and particularly stock investors buying and holding for the so-called long run. Hence Wall Street gospels diligently and cleverly promote and solicit stock buying. From Wall Street's view (not only banks, investment banks and big money managers and financial advisors, but also publicly-held corporations in general), a dramatic reduction of net buying by Main Street of stocks in general (particularly American ones) would be ominous, but an actual sustained substantial run for the exits by retail sects (Main Street becoming a net stock seller) would be dreadful (bad).

SHINING A LIGHT ON MAIN STREET AND RETAIL (AND STOCK OWNERSHIP)

Much talk, whether from Wall Street or other cultural courtyards, regarding Main Street and retail participants explicitly or implicitly primarily refers to an average or typical person, the nebulous general public, or relatively little guys (at least from the economic standpoint). Wall Street generally sees its firms and the institutions regularly dealing on Wall Street (or at least the larger ones) in some degree of contrast with most of the retail (Main Street) galaxy.

However, Main Street and retail (and Wall Street) are not precise terms. So often Wall Street references to Main Street and retail also encompass much more affluent individuals and families.

Many on Main Street, even if they are only a minority of the Main Street world, have substantial income, much wealth, or both. Some are rich. Picture the one percent and the top ten percent economic categories. These especially prosperous Main Street inhabitants own a great deal of national wealth. Thus some "consumers" from the economic perspective are considerably different from others.

In that context, review the Federal Reserve Bulletin's "Changes in U.S. Family Finances from 2016 to 2019: Evidence from the Survey of Consumer Finances" (September 2020; Tables 1 and 2). Also venture into the Fed's "Distributional Financial Accounts" ("Distribution of Household Wealth in the U.S. since 1989". On the wealth parameter, at end third quarter 2020, the top one percent of households possessed 31.0 percent of the wealth; at that time, the 90 to 99 percent interval held 38.2 percent. The top ten percent of US households had 69.2 percent of the wealth. Is this inequality fair?

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What about stocks in particular? The affluent clan on Main Street holds a disproportionate ownership share of stocks. Thus retail "big money" is more substantial in (has a bigger stake in) stocks than the smaller Main Street investor.

According to the Fed's Family Finance Survey, families may hold stocks in publicly traded companies directly or indirectly (Box 5). In 2019, about 53 percent of families owned stock (52pc in 2016). But in any given year, stock marketplace participation among families in the two higher income groups (the 50 to 89.9 percent and the top ten percent ones) "stands well above the bottom half's participation. In 2019, about 31 percent of the bottom half of the income distribution owned stocks, whereas about 70 percent of the "upper-middle-income" category held stock, and more than 90 percent in families in the top decile held stock. Take a look at the median and mean dollar values held within each of these categories.

The Fed's "Distribution of Household Wealth" study provides statistics on corporate equities and mutual fund shares by wealth percentage groups. In 3Q20, the top one percent held a 52.7 percent share of the total. That percentage gradually has increased from 49.9 percent in 4Q13 (and the 1Q09 low at 44.1pc). The 90-99 percent crew held a 35.6 percent share of stock wealth in 3Q20 (4Q13 was about the same, at 35.7pc). Thus as of several months ago, in 3Q2020, the top ten percent of America's households held 88.3 percent of the stock. Let's now concentrate on the stock ownership in dollar terms. The grand total value of United States household stock ownership held in third quarter 2020 was almost $30.1 trillion. The top one percent held nearly $15.9 trillion in stocks, with the 90 to 99 percent group possessing about $10.7tr. The total of the top 10 percent thus equals about $26.6 trillion (88.3pc of the total). The 50 to 90 percent group owned merely around $3.3tr, with the bottom 50 percent only a paltry .2tr. In addition, rising prices for the S+P 500 in recent years, given the differences in stock ownership percentages, have created relatively enormous arithmetic wealth gains via equities for the top ten percent.

These statistics underscore the great importance of the stock marketplace trends to the wealthier (top ten percent) side of Main Street (and their friends and allies on Wall Street who cater to them).

CULTURE, CASH, AND STOCKS

Viewpoints and outlooks regarding cultural fields, including Wall Street and Main Street marketplaces, reflect and express subjective opinions. These perspectives, definitions, variable selection, methods, analyses, and conclusions are not scientific at all. Economics and other social "sciences" (political science, psychology, sociology, history, and so forth) are cultural fields, not objective domains like genuine (hard; Natural) sciences such as biology, chemistry, physics, mathematics, statistics, and mechanical engineering. In economics and marketplaces (and other cultural districts such as politics) reasonableness (and goodness) are matters of opinion rather than science.

In stock, debt, currency, commodity, real estate, and other marketplaces, definitions and claims regarding "overvaluation" (overshooting), undervaluation (undershooting), "fair value" (natural price; equilibrium level), "high" (too high), low (too low), average (normal; typical) and other concepts are entirely subjective (cultural; matters of opinion). Despite the appeal of rationality rhetoric, including references to intelligence, logic, and common sense, views regarding the "reasonableness" (rationality; appropriateness) of a price level, range, or trend (or regarding a given marketplace viewpoint or analysis) also are subjective (not scientific).

Many financial warriors ask: “How’s the market doing?” “The” market and “the” trend are not things out there equivalent to a physical (scientific) body. However, for many stock watchers, a widely-watched benchmark stock index such as the S+P 500 is a shorthand equivalent for the overall American stock marketplace in general. Let’s focus on the S+P 500 in regard to the stock valuation variable.

An array of marketplace generals and warriors present a variety of perspectives on and a diversity of arguments relating to how best to analyze the S+P 500 and related marketplaces and explain and forecast their past, current, and future travels.

Many current S+P 500 bulls point to ongoing easy money policies by the Federal Reserve Board and its comrades. The Fed remains wedded to money printing and yield repression schemes. These policies encourage feverish searches for yields via the S+P 500 and other asset classes such as corporate debt and commodities. Note also substantial past and potential prospective deficit spending (stimulus). There’s been progress on the coronavirus front. Won’t United States corporate earnings rebound in calendar 2021 and thereafter as the economy mends? Marketplace coaches and their teams dealing in the S+P 500 and intertwined provinces have great faith that the merciful Fed will not permit stock marketplaces (especially American benchmarks such as the S+P 500) to fall “too far”, or for “very long”. In regard to equities in particular, propaganda speaking of “buy and hold for the long run” and “buy the dip” has inspired entrenched investors and often sparked new buying.

WE, THE (STOCK MARKET) PEOPLE

The rap group, “Wu-Tang Clan” sings: “Cash, Rules, Everything, Around, Me C.R.E.A.M. Get the money, Dollar, dollar bill y’all.”

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It has become easy for the general public (Main Street), including those not in high or very high net worth or income categories, to participate in Wall Street stock marketplaces (use the S+P 500 as a benchmark), particularly when it initiates its positions from the buy side. Therefore there probably has been an increasing number of retail players (growing buying power, figuratively speaking), whether investor or others, venturing into the US stock playground in the past year or two. Much of this represents “new” money from smaller players. This probably has played a significant role in propelling stock prices higher.

Significant retail money likely walked into actual stocks as net purchasers in substantial amounts recently. Statistics and a graph in the Financial Times (citing VandaTrack and Allianz; 2/11/21, p8) display a dramatic surge in cash from “US retail investors” into the overall US stock marketplace (not just the S+P 500) since early 2020. Total net inflows (using a rolling 22 day average) grew from under $5.0 billion at end 2019 to over $32.0 billion in early February 2021. This cash inflow is a flood, not a trickle. Recall when the coronavirus appeared and the timing of its subsequent substantial global spread. VandaTrack’s website says it provides “daily data on retail investors’ net purchases of US single stocks and ETFs. It claims to cover the entire US stock market (over 9,000 securities).

The NYTimes (2/12/21, ppB1, 4; citing Goldman Sachs) broadcasts : “Retail trading of individual stocks now represents roughly 25 percent of overall stock market volume compared with just 10 percent in 2019.”

Main Street money probably has raced into US stock options provinces as well, with that ultimately representing a notable amount of net bullish (rising price)-oriented positions. The Financial Times (1/28/21) barks: "'Weaponized' options trading turbocharges equity rally" pointing to how "Retail trading of call options has exploded over the past year (citing Sundial Capital Research and Bloomberg). Most retail options traders initiating an equity position will buy calls (hoping the price of the underlying stock will ascend) rather than buying puts (wagering that the stock price will tumble). (Of course, some owners of stock will sell (write) calls as a hedge to their long stock ownership position.) Anyway, "Bullish US options bets have risen sharply", with a graph showing the dramatic acceleration since around end first quarter 2020 (and notably for "small traders" (Financial Times, 2/11/21, p8).

What's the probable bottom line? A sustained influx of retail buyers has been a major factor generating persistently "high" valuations for US stock benchmarks from longer run historical perspectives.

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Almost anyone nowadays can join the stock party, especially the one in the US stock marketplace. The internet and other innovations have empowered battalions of Main Street individuals in regard to their Wall Street participation. The Wall Street professionals (institutions and other insiders) in principle have less of an advantage nowadays in many respects relative to Main Street. With greater retail participation in American stocks, and with that playing field more level than in the past, arguably stock trading has become more democratic. So Main Street (including its less prosperous members) should get in on the action, right!

Reduced barriers to marketplace entry, particularly in the past couple of years, enabled Main Street to more readily participate in Wall Street stock stadiums, and especially as buyers/owners (the historical long-side directional orientation of entrants into equities). Information is power. The internet, dedicated financial television news channels and radio shows, marketplace discussion platforms/chat rooms (forums such as Reddit and r/wallstreetbets), and tweets and other bulletins spread a massive amount of news (information, facts, data, statistics, evidence) around the world extremely fast.

It has become increasingly easy for Main Street individuals (even those with limited sums of available cash) to open an account with retail (including online) brokers. The internet (over PCs and mobile apps) enables the Main Street stock congregations to execute stock trades and monitor their positions essentially as fast as the great majority of Wall Street professionals.

Many Main Street fortune-seekers follow individual stocks, or hunt for a future star performer in the trading universe. However, innovative products such as broad or sectoral indices (think of stock ETFs; a basket of stocks) arguably have reduced the need for specialized ("expert") knowledge of a particular stock. Wall Street proclaims the merit of diversification. ETFs offer Main Street (and institutions) an easier path to diversification of their portfolio.

Remember the no-commission fee revolution offered to Main Street for electronic execution in the great majority of listed American stocks! Commissions for options on major US stocks have plummeted substantially.

Robinhood is not the only broker offering free stock trading and fast execution. Charles Schwab and many other major US retail brokers adopted zero-commission stock trading around October 2019 (Financial Times, 2/11/21, p8).

Moreover, the Main Street stock-picking enthusiast can even acquire partial (fractional) stock shares in a company! This amazing and appealing innovation began around end 2019. Imagine spending only five or ten dollars at a time.

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Although many stockbrokerage firms offer no (or very low) commissions to their retail clients, Some Wall Street firms profit from the actions of such retail clients. The Financial Times recently discussed the payment for order flow arrangement. The newspaper headlines: “Wall St firms paid retail brokers $3bn [in order] to handle trades [sent to them for execution by the retail brokers] in 2020” (2/6-7/20). Retail-oriented firms based in Wall Street who benefited from this arrangement in the FT list include TD Ameritrade, Robinhood, E-Trade, Charles Schwab, Fidelity, and Interactive Brokers.

Remember that Wall Street firms also can earn money via their retail (and institutional) clients by stock lending, money management (financial advisory) fees, and so forth.

STOCKS, CULTURE, AND COMMUNITY

“‘Because I want you to know that we’re on our way to Las Vegas to find the American Dream.’” The novel “Fear and Loathing in Las Vegas”, by Hunter S. Thompson

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Definitions of “investment” vary and compete for attention and allegiance. There may be a variety of types of investors, or diverse grades (qualities; a hierarchy) of investment. In any case, most Wall Street rhetoric relating to stocks (and other marketplaces), regardless of whether it targets institutions (Wall Street) or retail (Main Street) encourages “investors” and investment (or hedging or risk management), rather than “speculation”. This wordplay involves values (and thus emotions, which imbue all cultural reasoning). In this war of words, investment is good, speculation is not as good (or is neutral; or is bad). “Gambling” in Wall Street marketplaces is bad. Most pundits believe “trading” is ok, but investment is better. In stocks, buying (owning) generally is equated with investment. In contrast, “short selling” generally is linked to speculation and often blamed as being bad or too risky (even though short sellers can help to combat “irrational exuberance” or corporate fraud) .

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Recall traditional business appeals ones by leading Wall Street banks and investment banks and money managers over the years to acquire customers and please (and keep) clients. They proclaim their hard work and loyalty on behalf of those they serve.

Doesn’t the well-known tale of the legendary Robin Hood evoke images of goodness and fairness? Robin Hood is said to have robbed from the rich and given to the poor.

In stocks, Robinhood’s full page ad in the NYTimes (2/2/21, pA7); “We built Robinhood for you.” To our Robinhood community, Since day one, we’ve worked to put financial power into the hands of everybody—not just a select few. We believe the financial system should be built to work for everyone.” “Robinhood is about expanding everyday investors’ ability to invest.” “We are committed to seizing this moment as an opportunity to continue to improve while we try to expand access to the entire financial industry for everyone. Today, the universe of investors is younger and more diverse, and the financial system is more accessible than ever. With a new generation of investors at the helm, the future looks a little brighter.”

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Wall Street, though it is diverse and embraces a wide-range of subjective perspectives, has long fought to encourage senses of community. Major Wall Street rhetorical strategies aimed at both Wall Street and Main Street, and probably the critical ones relating to the key securities arenas of stocks and interest rate instruments, have inexorably battled to build and sustain a sense of community among “investors”. Their cheerleading wordplay praising investment especially has focused on stocks, and even more especially on United States stocks. Compelling Wall Street orations praising stock ownership/investment (especially over the long run) often link to the American Dream and its valued goals of financial security, wealth, and prosperity (which are associated to other Dream values such as happiness, democracy, liberty, equality, freedom, and respectability). Investment in US stocks by Americans can appear patriotic (praiseworthy; good; virtuous).

In general, over the long run, rising stock prices suggest (represent; confirm) growing corporate profitability and often indicate a robust (real world) economy. Within the American Dream’s structure, the economic (financial) dimension intertwines closely with the political and other aspects of the Dream. Rhetoric often associates the successes (especially over some version of the long run) of the American economy (and the American Dream as a whole, and especially its economic aspect) as being reflected by an overall ascent in US stock marketplace prices. Rising (high) US stock prices tend to reflect American economic progress and victories and thus indicate the merit of the American Dream’s economic ideology (and the rightness, goodness, and morality of the praiseworthy American Dream cultural vision as a whole). Thus within the American Dream and Wall Street rhetoric, rising (and high) prices for US stocks are portrayed as good, falling (and low) ones as bad. In stocks, we love bull markets and hate bear markets, right?

Thus the improved ability of Main Street to get in on the stock investment bandwagon is very enticing. In the time of the coronavirus and the resulting separation from loved ones and colleagues, being able to join and actively participate within such a wonderful community appeals to many. Stock investment (or speculation, including day trading) of course offers many on Main Street a means to entertain themselves and mitigate boredom, especially when trapped indoors much of the time. Plus some on the retail front may enjoy the competition (and ability to see winning and losing, as measured by profits and losses) provided by the Wall Street stock game, Why not match wits with and heroically compete against Wall Street big guys (David versus Goliath attitudes)?

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Many Main Street participants on Wall Street are as sophisticated as the majority of Wall Street professionals. Over time, the ease of participation within the Wall Street playing field will enhance the experience, knowledge, and marketplace performance of many on Main Street. However, to the extent Main Street “as a whole” is not participating full time in a trade or business like Wall Street insiders in such marketplaces, they are and will be less experienced and knowledgeable than Wall Street “in general”. So the majority of such Main Street participants (relative amateurs; tourists) probably will be at some degree of competitive disadvantage relative to Wall Street, even if nowadays relative to the past that edge is significantly less and the game is much fairer.

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Some on Main Street and numerous politicians loudly assert that Wall Street takes advantage of retail (Main Street). These allegations sometimes hint of class warfare and some amount of Wall

Street villainy. Don’t forget the 2007-09 global economic disaster and the bailout (and lack of criminal punishment) of big banks and their top executives.

However, Wall Street is not a charity. to the extent Wall Street serves Main Street, Wall Street needs to receive sufficient financial compensation from the retail sector in order to stay in business. Wall Street competition is fierce. Keep in mind that Wall Street institutions, though they often cooperate closely, yearn and fight to outperform (defeat) each other. At times, Wall Street warriors seek to take advantage of their competitors, perhaps benefiting from some relative weakness in them. Though Wall Street worships money and idolizes big money-makers, it is not inhabited by saints.

MAIN STREET “VERSUS” WALL STREET

“This is the game
That moves as you play”, from the band X’s song, “The Have Nots”

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Main Street and Wall Street include diverse members, so conflicts of interest or disagreements between Main Street and Wall Street are not always entirely or purely “one side versus the other”. After all, both Streets share American Dream values of money-making. At least some love of money (some amount of greed and avarice) is good, for it is necessary to have at least some financial security.

Many economic gurus and much of Main Street believe that a so-called “real economy” of Main Street is not coextensive (or identical in its interests with) with the “financial” economy represented by Wall Street. Moreover, in the opinion of armies of citizens (especially within Main Street and many political corridors), Wall Street equals not only “big business”, but also economic elite (establishment) and other “big money” “haves”.

Wordplay indicating a separation or substantial divergence between Main Street and Wall Street, particularly nowadays, in turn associates with, or is even a metaphor for, economic inequality and related battles between haves and have-nots (including those in politics and other cultural fields).

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In “Shut Up and Deal”, the author Jesse May comments that “poker seems so easy. Anybody can play, anybody can learn. Poker’s just a never ending series of hands.”

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The front page of the NYTimes Business (1/29/21, ppB1, 4) pictures a massive fire with GameStop in middle of it. “The Reckoning” “Robinhood clamps down on a trading spree, and the reaction by investors and politicians is furious”; “Gleeful online hordes turned the stock market upside down” The article speaks of a “crusading internet mob”; “a band of crusaders decided it’d be funny and righteous to squeeze the Wall Street suits”. According to the Financial Times (1/30-31/21, p1), the “US watchdog [the Securities and Exchange Commission) defends Reddit army in battle with hedge funds”; “Day traders take on Wall St old guard”.

“The battle between individual investors and Wall Street hedge funds that reached a peak last Thursday”, said the Financial Times (2/2/21, p8). But as noted earlier, most of Wall Street is a net owner of US stocks. Despite this, the GameStop story enabled some to glorify the little guys in their quest for profits (“How a Guy in His Basement Helped Fuel the GameStop Frenzy”;

NYTimes, 1/30/21, ppA1, 18), as well as their related noble populist fight (akin to class warfare, maybe) for fairness (equal treatment; a level playing field) in relation to Wall Street's professionals. Speaking of GameStop (and a few other stocks), the front page of the NYTimes heralded: "The 'Dumb Money' Outfoxing Wall Street Titans" "Amateurs Rush In to Squeeze Top Funds" (1/28/21, ppA1, 23).

References to Main Street stock buyers in the recent excitement in GameStop and several other stocks as a "crowd", "mob", or "horde" probably in part reflects an effort by Wall Street and its allies to paint such players as less rational (reasonable, intelligent, logical) than more prudent Main Street residents and Wall Street in general. (Compare much of the media language applied to persons participating in the 1/6/21 storming of the United States Capitol.)

Recall the Occupy Wall Street ("leftist") and Tea Party (right wing) partisan movements of several years ago. Yet in the recent GameStop saga, some bipartisan hostility and angry statements against Wall Street (implicitly supporting Main Street) originated from both liberal (progressive) and conservative sources, including Democrats and Republicans.

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Once in a while, the beloved Federal Reserve and other financial regulators become sufficiently anxious and agitated regarding the economic outlook, financial marketplace trends (especially those relating to stocks or interest rates), or both. They then may offer heartfelt sermons and occasionally take direct action relating not only to the overall ("real") economy, but also to financial marketplaces such as stocks. In the current environment: "Regulators Take Closer Look at 'Meme Stocks'" (NYTimes, 2/5/21. pB3). According to the article, these guardians included not only the Federal Reserve Board and the Federal Reserve Bank of New York, but also the Treasury Secretary, Securities and Exchange Commission, and the Commodity Futures Trading Commission. It quotes the regulators as "closely monitoring" the situation and emphasizes they seek to protect investors, including retail investors. In any case, stock traders must watch out for regulatory intervention in marketplaces.

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America's dovish (easy money) central bank (like many other economic and political establishment leaders) probably fears strong and widespread US (and global) populism. Admittedly, lofty US unemployment has declined since the first few months of the coronavirus disaster. Yet as a result of the Federal Reserve's partisan policies, if one looks at the trend of the S+P 500 since March 2020, Wall Street and other financial "haves" apparently harvested the great majority of the resulting economic gains (income, wealth), whereas (arithmetically and probably relatively) most of Main Street has received considerably more modest monetary benefits.

Of course some on Main Street own a modest amount of stocks in their retirement accounts or directly. However, in addition to institutional money managers, the very affluent sector of Main Street (whether the one percent or the ten percent clan), generally are the players who own a substantial amount of stock.

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Let's take a short detour suggested by the story of the savage injuries sustained by the short sellers in GameStop. Not all Wall Street players are happy about the S+P 500's magnificent bull ascent since its March 2020 bottom. Going short stocks generally has been painful.

Probably one factor assisting the rally in the overall US stock marketplace (use the S+P 500 as the weathervane) over the past several months has been the “bleeding out” of many badly wounded short sellers as prices exceeded levels established by their short positions. Arguably a large number of defeated shorts has run for the exits (a significant net amount of short positions disappeared as they were covered by buying back the short) as the S+P 500 has soared in recent months. With the S+P 500 at a new summit, by definition “shorts in general are underwater”.

Of course some short sellers in a given stock marketplace may have related long positions in other stocks. Think of spread (pairs) trading. A stock short also might have what they view as offsetting length in financial marketplaces other than stocks. Thus the total short interest in the overall US stock battleground is unlikely to move close to zero.

However, a significant decline over time in the short interest, when interpreted alongside other assorted other variables, may warn that the short covering factor assisting (helping to feed) the majestic stock rally is becoming less powerful. The NYSE Group’s short interest data for a given settlement date appears twice a month. It peaked around 17.9 billion shares on 3/13/20 (near the date when the S+P 500;s major bear move finished, 3/23/20). The latest NYSE short interest statistics are for 1/29/21; the 12.9 billion share short interest position is down about 28 percent from the 3/13/20 plateau. Compare several NYSE short interest levels around end year. On 12/31/20, it stood at just under 13.6 billion shares. On 12/31/19, short interest was 16.5bb. At end-December 2018, it was 16.2bb, 12/29/17’s stood at about 15.2bb.

End-December 2016’s NYSE short interest was 14.9bb shares. Note the decline from 2/29/16’s lofty short interest total of 18.4 billion shares (which modestly surpasses that of 3/13/20). Yet the monumental late February 2016 short interest occurred (as in March 2020) fairly close in time to a major bottom in the S+P 500 (2/11/16 at 1810).

<u>RECENT DIVERGENCE: THE S+P 500 AND MAIN STREET CONFIDENCE TRENDS</u>

“Show me the money!” shouts Tom Cruise, a sports agent in the movie, “Jerry Maguire” (Cameron Crowe, director)

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In America, consumers represent about two-thirds of GDP. Sharp falls in United States consumer confidence at times have coincided with economic slowdowns (recessions) as well as with notable declines in American stock barometers such as the S+P 500.

.	**First Quarter 2020 Low (date)**	**Late Summer High (date)**	**Recent Low (date)**	**Subsequent High (to date)**
S+P 500	2192 (3/23/20)	3588 (9/2/20)	3209 (9/24/20) 3234 (10/30/20)	3937 (2/12/21)

The S+P 500 peaked on 2/19/20 at 3394, viciously collapsing 35.4 percent in only one month to 3/23/20’s major bottom at 2192. However, the S+P 500’s 2/12/21 high surpasses 2/19/20’s pinnacle by about 14.1 percent. Its ferocious rally since 3/23/20’s gloomy low is a gigantic 79.6 percent; since its end-October 2020 valley, the S+P 500 leaped about 21.7pc. Even the S+P 500’s minor low on 1/29/21 at 3694 exceeds the 2/12/21 plateau by 8.8 percent.

There has been a notable divergence since early spring 2020 between the significantly bullish S+P 500 trend and measures of United States consumer confidence and small business optimism. Of course stock marketplace trends are not the only, or necessarily the most important, influence on consumer and small business viewpoints and attitudes. And the situation in and prospects for America's real (overall) economy do not have to mirror or closely align with those in the S+P 500. After all, stocks have their own supply/demand and inventory situation. Not only do factors such as the health of and trends for (including apparent prospects) the American (and global) economy as a whole influence consumer and small business optimism and pessimism, but so do numerous other economic indicators (such as employment levels). The consequences of mammoth Federal Reserve money printing and yield repression may assist Main Street, but can boost prices the S+P 500 (help Wall Street) even more. Political and other cultural variables also can affect consumer and small business frames of mind and behavior. Thus America's ongoing deep cultural divides and significant hostility on its political scene and elsewhere likely agitate Main Street (the general public) and make it less optimistic.

Monitor the Consumer Confidence Index (Conference Board; "CCI"; 1985=100) as one yardstick for "how Main Street is doing". The CCI was around 130 in February 2020, near the time of the S+P 500's glorious 2/19/20 pinnacle at 3394. However, the CCI tumbled as coronavirus fears spiked, crashing into the 80s in April 2020. The S+P 500 fell more or less alongside the CCI, and established its bottom on 3/23/20 at 2192. After climbing up modestly in subsequent months, the CCI tumbled lower, reaching 87.1 in December 2020, rising slightly to 89.3 in January 2021 (1/26/21). This relatively feeble level is way under February 2020's height. Further falls in the CCI, and especially stumbling beneath April 2020's support, would be a bearish sign for the S+P 500.

The NFIB's "Small Business Optimism Index" (1986=100; January 2021 Report) is a marketplace indicator linked to some extent to the consumer (Main Street) theater. The NFIB's Optimism Index peaked in August 2018 at 108.8. In February 2020, not long before the coronavirus pandemic problem worsened dramatically, it hovered at a still-high 104.5. However, like the Consumer Confidence Index, it plummeted, reaching 90.9 in April 2020. Though it rebounded to 104.0 in October 2020, it retreated to 95.0 in January 2021, significantly beneath its February 2020 elevation.

Wealthier Americans obviously are part of Main Street. But let's not forget the nation's substantial wealth and income inequality. Also, the wealthier top one or ten percent of the Main Street (the haves, or especially well-to-do) as a whole generally tends to hold relatively substantial amounts of stock. Thus the S+P 500's dramatic bull move probably has made such "big money" happier than it has the rest of Main Street. Recall the section above, "Shining a Light on Main Street and Retail (and Stock Ownership)".

SOME DIVERGENCE: THE S+P 500 RELATIVE TO CORPORATE EARNINGS

A character in the film, "The Rules of the Game" (Jean Renoir, director) says: "The awful thing about life is this: everybody has their reasons."

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Corporate earnings for the S+P 500 crashed significantly in calendar year 2020 relative to those of calendar 2019. Although Wall Street research forecasts substantial increases in corporate earnings for the S+P 500 for calendar 2021, the predicted earnings do not climb nearly as much as the S+P 500 has soared from its March 2020 bottom. Thus many stock valuation measures for the S+P 500 appear “high” from most historical perspectives.

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Earnings conclusions by FactSet and Refinitiv relating to S+P 500 earnings and valuation are similar.

According to FactSet (“S&P 500 Earnings Season Update”; 2/12/21), calendar year 2020 corporate earnings fell 11.4 percent year-on-year. Analysts project full calendar year 2021 S+P 500 earnings to grow 23.6pc versus those of calendar 2020. Optimism persists for calendar year 2022, with corporate earnings expected to climb 16.6pc over 2021.

For the S+P 500, calendar year earnings were $163.1 per share for 2019 (about the same as calendar year 2018’s $161.6/share). They retreated to $140.3/share in calendar year 2020. However, analysts estimate they rise to about $174.0 per share for calendar 2021 and $200.3 for calendar 2022.

Refinitiv’s “S&P 500 Earnings Scorecard” (2/12/21) says S+P 500 calendar year 2020 earnings erode 12.0 percent (to $140.6/share) relative to those in calendar year 2019. Analysts have faith that calendar year 2021 earnings for the S+P 500 will grow substantially, rising 23.3 percent year-on-year (to $173.7/share) versus calendar 2020. Soothsayers forecast S+P 500 calendar year earnings will rise again, up 15.4pc year-on-year.

According to FactSet, the forward 12-month price/earnings ratio (P/E) for the S+P 500 is now 22.2. FactSet emphasizes that this estimated P/E ratio is above the five year average of 17.7 and the 10 year average of 15.8. Refinitiv gives the forward four quarter P/E ratio as 22.6, close to FactSet’s figure.

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Review the “CAPE (cyclically-adjusted P/E) ratio” history for the S+P 500 (including its predecessor S+P index), which assesses current prices versus average inflation-adjusted earnings of the past 10 years. See the website of Professor Robert Shiller of Yale University. He calculates the CAPE ratio back to 1881, 140 years ago.

For the CAPE (P/E 10), December 1999’s 44.20 is the all-time monthly record. Remember the dot.com era. Remember also the first quarter 2000 peak in the S+P 500, 3/24/00’s 1553, and the bearish aftermath. The highest CAPE level before December 1999 was September 1929’s 32.56 (shortly before the advent of the Great Depression. During the Goldilocks Era, the top in the CAPE was around 27.60 (see May 2007). The S+P 500 peak was 10/11/07 at 1576, with its initial top 7/16/07 at 1556. Compare also the CAPE’s January 2018 summit at 33.31; the S+P 500 fell fast from 2873 on 1/26/18 to 2533 on 2/9/18, an 11.8 percent correction in only two weeks.

The CAPE attained a key low in March 2020 at 24.82. It thereafter ascended significantly, reaching 34.52 for January 2021, with early February 2021 estimated at 34.77, a 40.0 percent jump in the ratio from the March 2020 low. The February 2021 CAPE height admittedly does not exceed its December 1999 all-time high, but it surpasses all other previous CAPE tops.

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Many leading valuation measures for the S+P 500 seem “high” (or even too or very high) from some perspectives. Yet marketplace participants and observers may disagree with such opinions. And there are other valuation tools (ways to assess and forecast marketplace price levels and trends) than these. Players choose between valuation measures and price estimate perspectives and methods. In stock playgrounds, not everyone focuses closely (or even at all) on P/E ratios, corporate earnings, and so on in analyzing and predicting price trends. They may not choose the same data (information, facts, evidence, factors) or assess (weigh) those variables and their relationships in the same way. Even if observers share a somewhat similar marketplace analysis viewpoint and approach, they do not always interpret phenomena in the same fashion. Besides, and regardless of the analytical method or previous historical time horizon selected, this time may be different!

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Since perspectives and methods on Wall Street (and Main Street) marketplaces and variables relating to them are matters of opinion (subjective; cultural), players and other observers (and even experts) reasonably can disagree. Thus whether a price or P/E ratio or any other economic (financial) indicator is rational, reasonable, high (or too high), low (or too low), average, (or typical. normal or Natural), or irrational (unreasonable; insane; crazy) is a matter of opinion. Perspectives on marketplaces are never scientific (objective).

According to the NYTimes (2/12/21, ppB1, 4), "Some Analysts See GameStop as a Sign of a Fed-Induced Bubble". One (or many) clairvoyants may define, identify, or predict a bubble, mania, or panic regarding Wall Street marketplaces, but all these claims represent opinions.

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Marketplace players (whether investors, speculators, traders, hedgers, or risk managers; whether bulls, bears, or those with neutral price outlooks) consider their marketplace positions and viewpoints to be reasonable.

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Nevertheless, at some point, given the seemingly stretched current valuations related to the S+P 500, many eventually may tell "the stock market" to show them the money (produce substantial and growing corporate earnings in actual practice).

The Goldilocks Era ended with the 2007-09 crash. At present, to what extent are S+P 500 and other stock marketplace bulls intoxicated by the mammoth stock rally and their winnings? At some point, can a fun (or volatile) stock or other Wall Street marketplace game spot become too dangerous? Despite the famed Wall Street proverb that "greedy pigs get slaughtered", when and why (if at all), will this occur in a particular case? When and why might the current joyous S+P 500 bull game stop? When might a significant fear of losing money appear?

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Is making (and keeping) money in Wall Street in general and stocks in particular an easy process (at least over the long run) for "one and all"? A NYTimes headline (2/5/21, pB3) bellows: "Step 1: Invest. Step 2: Do Nothing at All. Step 3: Profit!" The article says: "Stocks Have Offered a Great Return, No Matter When You Invested". "If you invested in the S&P 500 stocks at any time in the past three decades and just left that money there, reinvesting dividends, you did well."

A SHARED AMERICAN DREAM, YET DRAMATIC CULTURAL DIVISIONS

The American Dream's economic ideology and the values of goodness and badness which permeate it praise and promote the merit of wealth, financial security, and prosperity for individuals, communities, and the United States. America has exported many of its economic and political doctrines around the world. Historically, economic fields and its values within the American Dream have connected in various ways to political, social, moral (ethical; religious), and other cultural aspects of the Dream. Of course not everyone shares precisely the same vision of the American Dream, and its theory and practice has evolved over time.

Despite the wild moves in GameStop (and other playpens like Bitcoin), the United States stock marketplace in general (S+P 500) has been fairly peaceful in recent weeks. Look at the S+P 500's upward price trend relative complacency through end-year 2020 and up to the present. Though in stock and other fields bulls and bears always battle to some extent, the relative tranquility in and complacency regarding the S+P 500 contrasts with the ongoing economic unrest in the wider ("real"; Main Street) arena, as well as with the widespread agitation, turmoil, and hostility permeating other parts of the US (and international) cultural realm.

Widespread heated talk about GameStop is a sign of the times for the cultural arena as a whole.

Widespread discussions regarding the GameStop rollercoaster, including those relating to the Main Street versus Wall Street relationship, have reflected and further spurred debates and brawls regarding America's (and global) current great economic inequality (sharp wealth and income disparity between the haves and have-nots). Other "economic" (political) issues exist within (around) such conversations. These include prospects for upward economic mobility, attitudes toward capitalism and free markets, and nationalism versus globalism.

"Economic" perspectives and values are extremely significant within the structure of the American Dream. Economic topics consequently kindle and interrelate with and reflect thoughts regarding political and other cultural landscapes and conflicts within America and with competing visions about how best to define and apply the American Dream itself. For example, underline in America and elsewhere assorted and widespread political splits and heated wordplay. This rhetoric is not merely in regard to establishment/elites versus an array of left (liberal; progressive; keep in mind accusatory weapons such as the labels "socialist", "communist", and "Marxist") and right wing (conservative; reactionary) populist (or "radical" or "fringe") movements. Look at the rivalries (and hostilities) related to former President Trump. In the United States, concepts of "identity politics" link to cultural wars involving assorted variables such as race/ethnicity, sex/gender/sexuality, age, religion, and geographic region/urban/suburban/rural. Finally, although the coronavirus disease of course is a scientific (medical) phenomenon, the pandemic obviously has had distressing economic consequences and inspired political and social conflict regarding how best to deal with it.

MARKETPLACE RHETORIC

In the film "Citizen Kane" (Orson Welles, director), Charles Foster Kane declares: "if the headline is big enough, it makes the news big enough."

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Wall Street language targets not only Wall Street, but also Main Street.

Many people say "life is a game". Politics is a game. Military leaders play war games. In romance, we hear love is a game.

Being involved in a game of course (and especially winning at it) can be entertaining, fun, and bring happiness. Losing a game generally is to at least some extent disturbing, sad, and painful.

Wall Street is loaded with familiar, interesting, entertaining, and often compelling game (sports; gambling; play) talk (and images). Viewpoints and talk regarding a particular stock such as GameStop and its movements are no exception. Given the money at stake in and related to Wall Street, Wall Street is an extremely important game. So is the American stock marketplace.

Wall Street dwellers call Wall Street a game. As in games, Wall Street has winners and losers. Profit-hunters speak of the stock game, and the stock investment game. Those in the game of course want to win it, not lose it. Is the market a rollercoaster? A casino? A circus or carnival? People play the stock market. Investors, traders, and speculators bet, wager, and gamble on the direction of prices in stock, interest rate, and other playgrounds. Traders talk about the odds of a price move in a given direction. Wall Street stock players and other cheerleaders (fans) root for higher prices. That stock price prediction is in the ball park. Stock market all-stars and coaches advise stock players on what to purchase. Experts know the score and generally have a good track record.

In Wall Street and many games, participants speak of luck and chance. Some claim Wall Street is a game of skill. Some ask what trading game trading (whether in stocks, interest rates, currencies, or commodities) is most akin to. Is it like chess? Card games? Poker? Blackjack? Roulette? Are marketplace price outcomes or trading performance (or even investment) a coin flip or crapshoot?

In addition to using game metaphors, Wall Street rhetoric includes interesting and sometimes entertaining words borrowed from familiar fields “outside” of economics and finance (business, commerce). Wall Street is a battlefield. Listen to market generals, captains, and their lieutenants. That market is like the Wild West. Some strategists rely on an arsenal of weapons to make money. The shorts got murdered (killed, blasted to bits). We love that stock. Beware of getting married (wedded) to your position. The trend is your friend. Many seeking financial security and wealth seek advice from high priests, wizards, prophets, and gurus. Does Wall Street worship money? Those who own stocks and are losing money holding them may pray for a rally. Consider the stock investment church (congregation, temple; sect). Picture a Wall Street king (or queen) who’s made big trading profits. A stock is a good candidate to own. A firm may vote to buy commodities. Think of a stock or currency theater or stage. A graph of price movements may paint you a good picture. A financial advisor may hand its Main Street client a menu of stocks from which to choose.

We know that Wall Street language often refers to the Natural world. Of course there are stock bulls and bears. Wall Street is a jungle. Some proclaim that no market grows to the sky. Nowadays, is the S+P 500 a bubble? Great marketplace analysts or traders are praised as rocket scientists. Easy central bank monetary policies can be an antidote for a weak economy and falling stocks. Look at the bond market universe, or a galaxy of stocks. Picture the financial ecosystem. Put that stock under the microscope. That’s an excellent stock market barometer. Moreover, much of Wall Street and the economics profession adore scientific talk, as evidenced not only by their scientific metaphors, but also by their fevered yet inevitably doomed quest to be real scientists (like the genuine ones of biology, chemistry, physics, and so one) or at least to succeed in being partly or approximately scientific.

The language and perspectives of and regarding cultural arenas such as economics and finance (business, commerce, Wall Street), inescapably are subjective (and entirely so), matters of opinion (rhetoric) rather than scientific (objective, like those of Natural sciences such as biology, chemistry, physics, mathematics, statistics, and mechanical engineering). For all cultural domains, the subjective (cultural) embrace of the scientific method (even by social “sciences” such as economics, political science, psychology, sociology, or history) employed by genuine Natural sciences such as physics does not and cannot create objective science. Wall Street and economic efforts to follow objectively the scientific method are always subjective, and only create cultural edifices. Cultural knowledge is not the same as scientific knowledge. The devoted use by economists and Wall Street analysts of helpful equations, algorithms, big data, machine learning, and artificial intelligence does not produce real (objective; Natural) science. Thus viewpoints, definitions, propositions, arguments, and conclusions by economists and other observers regarding stock, interest rate, foreign exchange, commodity, real estate, and other marketplace playgrounds are entirely rhetorical (subjective). Cultural reasoning (rationality) is not the same as scientific (objective) reasoning (rationality). In cultural landscapes, whether in economics, Wall Street, or Main Street, emotions and values permeate the reasoning process. Unlike the reasoning of the genuine sciences, subjective reasoning is never "true for all" in any objective sense.

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Because Wall Street and its marketplaces, and individual instruments within them such as the stock GameStop are cultural phenomena (not scientific ones), the language regarding and within them employs metaphors (and similes and analogies). Metaphors help to tell a story. They enable Wall Street players and observers to describe and analyze marketplaces (or any given marketplace such as the S+P 500 or GameStop), to themselves as well as others. These cultural others may reside on Main Street or in cultural fields "outside" or economics and finance. Of course politics and other cultural fields may enlist language from economics and elsewhere as part of their rhetoric. Thus metaphors can act as a bridge enabling (teaching) people to better comprehend a given subject-matter (field). People can and do debate whether or not the metaphors are accurate or misleading. Metaphors help to build and sustain communities. Language involving the stock investment communities is an example of this.

However, since cultural language (rhetoric), including fascinating metaphors, seeks to explain, it also fights to persuade audiences. Moreover, in Wall Street, as elsewhere in culture, such rhetoric seeks action. When we hear metaphors, we should consider what the speaker wants us to do or not do. Much Wall Street wordplay seeks to get "investors" to buy (and hold, especially for the long run) United States stocks. Wall Street imports terms from familiar and alluring cultural fields such as games (sports; gambling; play), love (sex; friendship), war (battle; violence), politics, religion (magic; fantasy) and the fine arts. Wall Street also loves to employ the language of the Natural physical sciences (authentic sciences such as biology, chemistry, and physics) and to pretend to be scientific (objective) in order to attract and convince money-hunting listeners and spur them to behave in a desired fashion.

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Wall Street never wants its money games to stop. It employs diverse and wide-ranging families of metaphors, as well as the language and structure of the American Dream, to entice individuals and institutions to enter into and stay within Wall Street playgrounds.

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For an extensive review and analysis of marketplace and other cultural rhetoric and reasoning, read "Words on the Street: Language and the American Dream on Wall Street".

For additional discussion of stock, interest rate, currency, and commodity marketplaces and the political scene, see essays such as "The Fear Factor: Financial Battlefields" (1/5/21); "Games People Play: Financial Arenas" (12/1/20); "Born to Be Wild: American Economic and Political Battlefields" (11/2/20); "Adventures in Marketland: Hunting for Return" (10/6/20).

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