

“The stock market war is not going to last” says chief analyst

The stock market industry was met with an unexpected surprise a few days ago. Investors from a Reddit forum (WallStreetBets) decided to wreak havoc in the stock market by buying Gamestop's shares. That led to a sharp increase in share price which resulted in huge losses to short sellers.

Social media call it the 'stock market war'. The event crushed short sellers around the globe with a \$23 billion loss according to S3 Partners (CNBC, 2021). Investors from WallStreetBets wanted to send a “message” to not profit off companies' losses during the pandemic.

While it seemed to be working at the moment, chief analyst from S3 Partners, Mary, says otherwise. “The stock market is a game of patience. What goes up will go down. Your success depends entirely on your ability to make smart decisions.”

What happens next?

Gamestop's share will continue to go up for weeks. Amateur investors are eyeing on this opportunity to make a profit off this trend. The share price might go up as investors swarm in to buy shares. The courageous move by fellow Reddit investors had completely turned the Gamestop's share price upside down.

Unfortunately, short sellers suffered a devastating loss. They can only salvage what can be salvaged and accept the loss. This event shed some light to the impact of social media on the stock market. Short sellers are very much aware that trends on social

media can and will influence share price movement. It was an expensive lesson however.

Experience wins war

While the “stock market war” puts a smiling face to those who jump on the trend, Mary warns investors to be vigilant about the share price fluctuation. Savvy investors know that jumping on trends is a gamble, not a strategy. The only way to survive and thrive in the stock market industry is to approach it strategically.

The movement is predicted to cause a “temporary instability” within the market. Savvy investors are not new to these kinds of market changes. Amateur investors are likely to be eliminated by the market instability due to lack of experience. These amateurs are “fighting blind” according to some well known brokers.

The fundamental difference in who wins the war is decided based on who has the most experience in the market. In this case, the odds are against the favor of these amateur investors. “Be very careful. It might turn against you in a split second!” Mary concluded.

Invest in yourself first

When it comes to stock investing, knowledge and experience are key to consistent profit. Jumping from trends to trends will not guarantee long-term profitability. Instead, it will backfire when one least expects it. What brings profitability in the long run is an investment in both the stock market and yourself.

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