

GameStop Stock Surge Displays the Preposterousness of the Stock Market

News:

GameStop is a troubled video-game store, which has made it a target by the large hedge funds that have betted against it in a process called short selling or “shorting”. Shorting is an investment that speculates on the decline in a stock’s price. The big bets of the financial giants of Wall Street, however, that GameStop’s stock would fall went wrong, leaving them facing billions of dollars in collective losses.

The shares of GameStop Corp rocketed 1,600% in the last three weeks of January, closing at \$325 per share in the end of January and giving GameStop a market cap of nearly \$17 billion. This happened in spite of the fact that the company’s quarterly report issued in September showed another steep quarterly sales decline as it struggles to adapt to the rise of mobile gaming and digital downloads that have rendered its more than 5,000 stores obsolete, even more so during the pandemic.

The reason behind the sudden surge of GameStop shares was caused by a high number of smaller investors that revolted against the greedy Wall Street hedge funds by buying GameStop shares in a large scale and even exhorting each other online to keep GameStop’s stock rolling higher.

Comment:

GameStop has been swept up in a battle between big-moneyed hedge funds betting against it and small investors trying to prop it up, which has caused GameStop’s share price to soar despite the shaky financials underneath.

There is a clear contradiction between GameStop’s stock price and its business fundamentals. This contradiction highlights the essential problem of the Capitalist stock market: it’s fictive. This is reason behind the absurd and ridiculous stock surge of GameStop exposed by small investors that are frustrated – as the rest of the world – by the horrible injustice of the Capitalist system and the greed by those who represent it.

GameStop was exactly the same store before and after its shares were rising. It was selling exactly the same video games, consumer electronics and gaming merchandise in the beginning of January, when its shares were valued \$17 per share, as in the end of January, where its shares were being sold at \$325 per share.

The stock market has been exposed for what it is: a joke. The stock market provides wealthy people the ability to multiply their wealth into ridiculous proportions. That is why it exists. Jeff Bezos is an example of this. He is making about **\$321 million** a day and **\$13.4 million** an hour. His net worth of \$192 billion is larger than the annual GDP of many of the countries in the world!

The severe economic disparity in the world is made possible by the stock market, which was created by the wealthy and for the wealthy. That is why financial mediators blocked small investors from buying shares during the stock surge of GameCorp as this was hurting the powerful Wall Street giants.

The injustice and absurdity of the stock market will be fully exposed to the world the day the coming Khilafah (Caliphate) state will be established by the will of Allah (swt) as the world will have an ideological alternative to Capitalism to assess by, which will make people enter Islam in crowds. A different and just business model and economic system is what the world is waiting for.

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