

Chatterbox #261 – Meme stocks

Episode description

One of the biggest stories in financial news these days is what's happening with meme stocks and Reddit subgroups. Although the story and the English terms used to explain it are difficult to follow, hosts Andrew and Kassy carefully walk you through the ins and outs of this fascinating current event.

Fun fact

Meme stocks, the subject of this episode, are now very interlinked with the website Reddit. The Reddit community is not to be laughed at. There are over 330 million active users on the site!

Expressions included in the study guide

- One half of the equation
- To recoup [something]
- Mind-boggling
- Namesake
- To see how [something] plays out
- To poke [something] with a stick



Transcript

Note: The words and expressions that appear in **bold text** within the transcript are discussed in more detail in the Detailed Explanations section that follows the transcript. The transcript has been edited for clarity.

Andrew

Hello there, everyone. My name's Andrew.

Kassy

And I'm Kassy.

Andrew

And this is the Culips English Podcast.

Hello everyone. Welcome back to Culips. Today, we have a Chatterbox episode planned for you. Now Chatterbox is this series that features realistic, totally natural English conversations that are unedited, and are designed to help you boost your English listening comprehension, and vocabulary skills, and help you become a better English speaker. Now, as you know, getting awesome at English requires a lot of listening practice. And we hope that is exactly what you'll get with us here today. And of course, I'm not alone. I'm joined by my co-host, Kassy. Hey there, Kassy.

Kassy

Hi, Andrew and hi, listeners! In this episode today, we are going to talk about, meme stocks.

Andrew

Meme stocks. Yeah, this is a really fun topic Kassy and I think we're both excited to talk about it, right?

Kassy

Yes, definitely.

Andrew

So we'll get into it in just a moment. But before we do, I want to give a shout out to one of our listeners from the USA, Hana, who left us a five-star rating and a nice review on Apple podcasts. And Hana wrote, that Culips is the best ESL podcast ever. And maybe some of our listeners don't know what ESL means. But it is what English speakers use to talk about people who are learning English. So ESL stands for English as a second language. And the comment went on to say that all of the people who work at Culips and teach English as a second language here are awesome. What they teach and the way they teach is just right and it's helping my English a lot. And she can now understand English speakers' daily

conversations. So this is great, Hana, we're happy that you are learning with us. And thank you for the nice comment.

Kassy

Yes, thank you, Hannah.

Andrew

Now if you want to follow along with the transcript for this episode, everyone, all you have to do is sign up and become a Culips member on our website Culips.com. Every episode that we make comes with a study guide. And in that study guide, there is the transcript, along with detailed vocabulary explanations and examples, a comprehension quiz, and more. And the study guides are really just one of the perks that you get when you become a Culips member. There are so many other awesome benefits that membership brings and to learn all about them, just visit Culips.com. All right, so let's get started with our main topic here today, Kassy, which is, meme stocks, and I'm positive that we're going to have to break this one down a little bit because there are tons of English speakers actually, who don't know what meme stocks are, either, so it is most likely that our listeners don't know. So how can we explain meme stocks, Kassy? Where should we start?

Kassy

I think we should start with saying that meme stocks are stocks that are not based on finances or market trends, but more based on social media hype. And people saying yeah, buy, buy, buy! It's the best stock to go to right now.

Andrew

Yeah, that's a good breakdown actually. So the word meme is spelt M-E-M-E, OK? It looks like me-me, but it is pronounced /mi:m/. And what a meme is, is an internet based joke. So there are tons of jokes on the internet, a lot of them are image based, right? And we call these kind of funny pictures or funny jokes that are made from an image we call the memes. And so meme stocks then are kind of stocks that have been hyped up or promoted on social media and on the internet. And are, like you said Kassy, based on hype more than any kind of real world connection to value. So meme is only **one half of the equation**. The second half is a stock, right? And a stock is just a very small portion of a company that anyone can buy and sell on the stock market. So if you combine these two things together then, a meme stock is a kind of publicly traded stock that is getting popular because of a lot of people talking about it online. And so what kind of online social media communities are people talking about stocks in Kassy? Do you know the name of this community?

Kassy

Yeah, well, the biggest online platform for talking about meme stocks these days is Reddit.

Andrew

Reddit. Yeah and Reddit is based around smaller individual communities called subreddits. So Reddit is the big platform and then there are smaller subcommunities within Reddit called subreddits. And the one that is getting all of the attention these days is called WallStreetBets.

Kassy

That's right.

Andrew

And I've actually followed WallStreetBets for quite a while, because it's really interesting to see people talk about different stocks. And it has a reputation as a subreddit for being really edgy and risky. And one of the things that users of this subreddit do is post pictures of their gains and losses. So, you know, some people will make a million dollars on the stock market, and then post a picture of this, and everybody goes crazy. And then some person will lose a million dollars on the stock market and show a screenshot of their app showing their losses, and everybody goes crazy. So it has this reputation of being a really wild place where people make fun of and joke about losses and gains on the stock market.

Kassy

Yeah, that's right. And I think it's interesting to note that this isn't necessarily a new thing. It's a new thing for every day, stock traders. But this group mentality, like sharing your wins and losses, is not a new thing for the top 1%, the richest in the community. But usually they keep that jargon, that talk amongst themselves at fancy dinner parties or Hampton meet ups. But now with places like Reddit and Discord, that kind of talk, that gathering, is being made available to the masses, the everyday people.

Andrew

Yeah, I think you hit an interesting point there because in western culture, it's almost taboo to talk about money and it's not very common that people share with everyone if they win or lose money. It's not a polite topic of conversation. But now with the internet, and it being more anonymous, I think people are more open to sharing about their wins and losses. And particularly on Reddit, the demographic, the user base, is a lot younger. So some of the conventions of the older generations, like never talk about money, that's not a polite conversation to talk about. They don't care about that and they're happy to talk about this. And so that is kind of an introduction to what meme stocks are and where they're talked about on the subreddit, WallStreetBets. And everyone, we're recording this episode in January of 2021. So the situation is ongoing and probably by the time you hear this episode, things will have changed a little bit. So we can only talk about the current moment right now, Kassy, but there is a huge financial story developing based around meme stocks, WallStreetBets, and in particular, one meme stock called GameStop. So let's break down the situation because many people are saying that it is an example of the internet versus Wall Street. And it's just really, really fascinating to watch what's happening in the market right now. Could you break it down for us, Kassy? I know you've been following this very closely.

Kassy

Yes, this kind of news is so exciting for me. So with COVID last year, a lot of retail companies were really doing poorly. Their revenue wasn't coming in and you know, a lot of these poorly performing companies were getting shorted by the big time hedge funds on Wall Street. And shorted means that they are betting that the stock price will go down instead of up.

Andrew

Yeah. So a hedge fund is like a really big investment company. And Kassy like you said, a lot of these retailers are suffering these days. Like, if you own a store that's in a shopping mall, well, nobody's going to the shopping malls, so your sales are going to be down. And one such retailer is called GameStop and it is like a video game store, right? That is in a lot of American malls and their sales are not doing so good these days. A lot of people think that they will probably go out of business soon. And so a big American hedge fund decided to short GameStop shares. So they bet against the company and are trying to gain a profit by shorting so that if the company actually does fail, then the hedge fund will win. But that's not what's happening on the stock market, is it?

Kassy

No. So I think they made two big mistakes here. The first one, they got really greedy. They were so sure this company was going to fail, their stock was going to go lower, so they put shorts on this company like crazy, a crazy amount of them.

Andrew

Billions of dollars, right?

Kassy

Yes. And then the problem is with GameStop, it's a video game company, Andrew, I can't think of people who are more loyal, and internet crazy than gamers. So one gamer, crunched the numbers, and he realized something was fishy there. And he got on Reddit and you know, he told his buddies, "Yo, guys, this hedge fund is trying to screw over GameStop, we need to retaliate." So he and his buddies started buying up GameStop, like crazy, making the shares skyrocket. And the more the shares go up, the more the hedge fund freaks out and has to buy shares of their own to **recoup their losses**.

Andrew

And so the result here, is that the stock has just absolutely skyrocketed in value. If you take a look at the six-month graph of the stock price, you can see that it was really, really low for like forever. And then just within the last week, it has shot up. And, you know, it was like a \$10 stock or something and I looked at it today, and it was trading at over \$450 a share. So it has gone up an insane amount. And like you said Kassy, it was just all of these people working together on Reddit to invest in this company that resulted in this crazy stock rise. And it's really interesting to see what's happening now as a result, because suddenly everybody's paying attention to WallStreetBets. And there have been

so many news stories and articles released on this recently that it's just really fascinating to see.

Kassy

Yeah, and it didn't stop with just GameStop, right Andrew? Like, they have done the same thing with AMC, a movie theater company. With BB Blackberry. With NOK, Nokia. Like all of these stocks are skyrocketing because of this subreddit. It's insane, **mind-boggling**.

Andrew

It is really insane. And it's also funny like this is the meme part, right? If you think of all of these companies, AMC is a movie theater company, right? Nokia and Blackberry are kind of outdated cell phone manufacturers. So this is where the joke part comes in because these guys are investing in companies that people wouldn't necessarily think are good investments, but they are buying together. They're kind of working as one unit, and as a result, they're making money.

Kassy

Not only are they making money, they are stealing it from the hedge funds that were betting against these companies.

Andrew

Right. And, Kassy, when we were chatting earlier, you said this is kind of like a David versus Goliath story. What do you mean by that exactly, that this is a David versus Goliath story?

Kassy

Well, it's a biblical story where David was this teeny, normal man and Goliath was a giant and David was able to defeat him, even though it seemed like an impossible feat.

Andrew

And so if we applied this story to this context, then the Redditor's would be David and the hedge fund investors would be Goliath, right? They are the big, rich, powerful people with lots of money and influence. And these small time investors that are working together are the Davids. Now another thing really, really fascinating part of the story, and the one that I am most invested in, is that through this story we are really seeing how much power and influence hedge funds and bankers and investors on Wall Street really have because Discord communities have gone offline. Even the WallStreetBets subreddit went down yesterday, and YouTube videos have been taken down, there has been a kind of manipulation of the internet to stop people from sharing information online. And even some investment apps have removed these stocks from their apps. So people who own the stock can't buy more, or they can't sell it, when they look, they just get an error or everything's been removed. So behind the scenes Kassy, this is a little bit of a conspiracy theory, but it kind of makes sense to me that some people who can control the media are controlling it right now to stop the flow of information in this kind of peak panic financial situation.

Kassy

Yeah, I mean, it makes sense. I really don't know the numbers at all. But from what I've read, some hedge funds have already lost upwards of \$20 billion dollars. I mean, you can't even begin to fathom how much money that is, I can't. They could lose more, you know? So they're panicking now, breaking the law, pretty much. Manipulating media, manipulating the market by closing it to, you know, the everyday investor. They could potentially go to jail for something like that. You know what I mean? It's really, really, really interesting. I'm glad I'm not invested in any of it but it's really fun to watch.

Andrew

Yeah, I should also say, just to be clear, everyone, that Kassy and I, we are not investors in these meme stocks. We are just observers, we're not involved in it. And definitely don't take any financial advice from us, because we don't really know what we're talking about in that regard. However, it is fun to watch. And Kassy, one of the really interesting things that happened this week, in addition to everything else, was that the CEO of the NASDAQ stock exchange was on the news for an interview. And in that interview, he said, "We need more regulation, the government should step in and break up these social media communities and stop them from working together like this." And that was just so ironic, because businesses in the USA are always against regulations, they don't want the government to step in, and stop them from making a profit. You know, whenever the big guys want to make money, then it's deregulation. Let us do what we want, let us make as much money as possible. But when the little guys start to make some of that money, then they call on the government for more regulations and stronger rules and stop this kind of investing. So I thought that was very ironic and also just really quite fascinating to see played out on the news.

Kassy

I definitely agree. And another extremely ironic thing about this story, you mentioned that some investing apps, shut down certain meme stocks, and one of them was Robinhood. And the story of Robin Hood is literally, you know, someone's stealing from the rich and giving to the poor. But this investing app named Robinhood, shut down the ability for the everyday investor to buy what he wanted. He was literally catering to the rich, which is the exact opposite of its moniker, its **namesake**.

Andrew

Yeah, that is so funny, Kassy. And like you said, it's just extremely ironic given that the name of this app is Robinhood. And, you know, that's another part of this story, too, is that these apps actually allowed this to happen in the first place, because it made investing in the stock market a lot more accessible because apps like Robinhood and some other apps that are brand new, are called zero commission trading apps. So that means that you can buy and sell stocks without having to pay a fee. And this is never really happened before until right now. So it has made the market and investing a lot more attractive to just regular everyday people who want to buy in low volume, right? They don't have thousands and thousands of dollars to invest. But maybe they have 100 or 200 bucks to buy some stocks and they can do it easily with these apps. But now, we're seeing that even these apps are

changing their policies, changing the rules very quickly, to make sure that the interests of big business are protected, and that the little everyday investors are getting pushed out.

Kassy

Yeah. And one more thing to add to this story is that I'm really interested to **see how this plays out**, how this changes things. Like is this stunt that these Redditor's pooled kind of like **poking a dragon with a stick**? Like, will the big hedge funds come back and crush them all or is this just the beginning? Is this the start of some sort of financial revolution?

Andrew

Yeah, only time will tell, but it will certainly be interesting to see what happens. Kassy, I think we should finish this episode with a meme. Since we are talking about meme stocks. And the meme here is what people on the subreddit, WallStreetBets call stocks. Have you seen what they call stocks?

Kassy

I have, yes.

Andrew

They don't say stocks. Actually, I've never heard anybody say this in real life but it's what they write on the internet. They write it as, stonks. S-T-O-N-K-S stonks. So if you see on the internet, somebody writing about stonks, then that specifically refers to these kind of meme stocks. And famously, Elon Musk tweeted out the other day, he tweeted out GameStonks, which was another big thing that pushed people to buy this GameStop stock. Interesting times indeed, Kassy.

Kassy

Yes, it is.

Andrew

Well, everyone, that wraps up our conversation here today, I hope you enjoyed it. And we'd love to hear from you and hear what you think about this topic. Please send us your feedback and share your opinion, you can do that by emailing us. Our email address is contact@culips.com. And if you liked this episode, if you found it educational or entertaining, then please support us. There are several ways that you can do that. The best way is of course, to sign up and become a Culips member. The Culips members allow us to keep making English lessons for everyone. And we really appreciate the support of all our members. But that's not the only way to support us. You could also follow us on social media, or leave us a nice review and a five-star rating on Apple podcasts or wherever you get your podcasts. Or you could even tell your friends who are learning English about Culips. We'll be back soon with another brand new episode and we'll talk to you all then. Goodbye.

Kassy

Catch you later.

Detailed Explanations

One half of the equation

Idiom

The subject of this episode is meme stocks. In breaking down the term, Andrew says that meme is only **one half of the equation** and that stock is the other. **One half of the equation** is another way of saying one half of the story. Think of a mathematical equation. You need to know all the parts of the equation before you can understand it. **One half of the equation** is also a useful expression you can use when explaining a concept that has two sides that are opposed to each other. For example, showing up early to a party means you won't be late, but that's only **one half of the equation**. Showing up too early might make the hosts uncomfortable.

Here are a couple more examples with **one half of the equation**:

| | |
|----------|---|
| Mike: | Do you have a plan to finance our business yet? |
| Brianne: | Kind of. Yes, I can secure financing. That's no problem. |
| Mike: | That's great! |
| Brianne: | But that's one half of the equation . We're going to be deeply indebted to my father-in-law. |
| Mike: | Oh. That's awkward. |

| | |
|----------|---|
| Brent: | Why don't you go back to school and finish your bachelor's degree? |
| Monique: | I thought about it. It would be interesting. |
| Brent: | Yeah. And you already invested a lot of money. |
| Monique: | True. But that's only one half of the equation . I already have a good job. I don't think spending more money to finish my degree would change much. |

To recoup [something]

Verb

Among the many financial terms used in this episode, Kassy mentions how hedge funds need to buy back their stocks in order **to recoup** their losses. **To recoup [something]** is to regain it or to win it back. **To recoup** is almost always used in finance terms. You want **to recoup** your losses after a bad financial deal. You should **recoup** your investment once the term of the investment has ended.

Here are a couple more examples with **to recoup [something]**:

| | |
|----------|---|
| Karl: | I'm in so much trouble. |
| Sandeep: | Oh, no. What happened this time? |
| Karl: | I went to the casino again last night. |
| Sandeep: | Again? Why would you go again? You lost 200 dollars last week. |
| Karl: | I know, but I thought I could recoup the money this time if only I played smarter. |
| Sandeep: | Did it work? |
| Karl: | No. Of course not. That's why I'm in so much trouble. |

| | |
|--------|---|
| Nina: | I can't believe how much time I wasted on this project. |
| Olive: | It's done now. Just move on. |
| Nina: | I will. I just can't get over how long it took. |
| Olive: | You can never recoup the lost time, so don't worry about it. Look forward to the future and try to do things more efficiently the next time. |

Mind-boggling

Adjective

When Kassy talks about the skyrocketing stock prices of underperforming companies, she says the situation is insane and **mind-boggling**. To boggle is to cause confusion, so **mind-boggling** is when your brain has difficulty understanding something.

The story behind GameStop and these memes stocks was very improbable before it happened, so it might be difficult for people to comprehend the massive amounts of money involved and the unlikely groups involved in the story. Because these things are difficult to understand, your mental reaction can also be one of confusion.

Here are a couple more examples with **mind-boggling**:

| | |
|--------|--|
| Frank: | I just watched a television show on the Navy Seals. |
| Nancy: | Was it interesting? |
| Frank: | Very much so. It's absolutely mind-boggling to think of the training you have to do to become Navy Seals. |
| Nancy: | I can only imagine. Are you thinking of trying out? |
| Frank: | Not in this lifetime. |

| | |
|----------|--|
| Melanie: | Have you read anything interesting lately? |
| Darla: | I read an article on Bill Gates the other day. There were a few mind-boggling facts about how rich he actually is. |
| Melanie: | What were some of the things they wrote? |
| Darla: | It is estimated that he and his wife have given over 45 billion dollars to charitable foundations over the years. Can you imagine giving away that much money? |

Namesake

Noun

In this episode, Kassy says that a company called Robinhood is doing the opposite of its **namesake**. A **namesake** is someone or something that has the same name as someone or something else. This can occur on purpose or by coincidence. For example, the company Robinhood took its name from the legendary character named Robin Hood.

Children are often given the same name as a family member. If a grandson has the same name as his grandfather, his **namesake** is his grandfather. However, it can happen that two people have the same name. Your **namesake** is the other person.

Here are a couple more examples with **namesake**:

| | |
|--------|--|
| Betty: | Are you doing anything special this weekend? |
| Josh: | Yeah. I'm going on a short road trip to Quebec City with a friend of mine. |
| Betty: | Cool. Do I know him? What's his name? |
| Josh: | Believe it or not, his name is Michael Jordan. |
| Betty: | Wow, that's funny. Does he play basketball too? |
| Josh: | Actually, he does. But I don't think he's as good as his namesake . |

| | |
|-----------|--|
| Erin: | Who is that person in the old black and white picture? |
| Patricia: | The woman in the hat? That's my grandmother. Her name was Patricia too. |
| Erin: | Oh my god, you look just like your namesake . |
| Patricia: | I know. I always wondered if they knew I would look like her so they gave me her name. |

To see how [something] plays out

Idiom

Toward the end of this episode, Kassy adds that she is excited to **see how** this meme stocks story **will play out**. **To see how [something] plays out** is to follow an ongoing event until it is concluded. It might be foolish to draw conclusions about something before you **see how it plays out**. If the score of a soccer match is 3-0 at halftime, the winning team has not yet won. You have to wait to see **how the game plays out**.

Here are a couple more examples with to see **how [something] plays out**:

| | |
|---------|---|
| Peter: | Did you hear the mayor was arrested on corruption charges? |
| Sandra: | I did. |
| Peter: | That's so bad. I can't believe it. |
| Sandra: | This is the second time though. |
| Peter: | Really? |
| Sandra: | Yes. There was a problem with the evidence the first time. So the case was thrown out of court. It might happen again. We'll see how it plays out this time. |

| | |
|--------|--|
| Jiwon: | Are all the election results in? |
| David: | Not yet. |
| Jiwon: | How are we doing? |
| David: | We're leading in a majority of districts, but there are still a lot of votes left to be counted. |
| Jiwon: | I see. I guess we'll have to wait and see how it plays out . |

To poke [something] with a stick Idiom

In this episode, Kassy wonders if the actions of Reddit users will provoke the hedge fund managers. She asks if it's like **poking a dragon with a stick**. **To poke [something] with a stick** causes it to get angry. This is usually an expression of caution.

If you **poke a sleeping bear with a stick**, you might anger the bear and be in danger. The animal in this expression is usually a large and dangerous animal, such as a lion, a tiger, or even a dog. You wouldn't tell someone not to poke a mouse with a stick because the expression would lose its meaning.

Here are a couple more examples with **to poke [something] with a stick**:

| | |
|-------|---|
| Kirk: | About tonight's game, I don't want you to trash talk their star player. |
| Lyle: | Why do you say that? |
| Kirk: | Because he feeds off other people's negative energy. It makes him play better. |
| Lyle: | I can handle him. |
| Kirk: | No. Think about the team. You know you shouldn't poke a tiger with a stick . |
| Lyle: | OK. I understand. |

| | |
|----------|---|
| Chandra: | You look a little aggravated. What's going on? |
| Paul: | I'm thinking of walking into John's office and telling him exactly how I feel about his actions at last year's Christmas party. |
| Chandra: | Are you still thinking about that? Do you know the expression let sleeping dogs lie? |
| Paul: | Of course. |
| Chandra: | If you bring up old news like that, it's like poking the dog with a stick . You might get bitten. Just let it go. |

Quiz

1. What is the best way to describe what our hosts think about the GameStop and meme stocks situation?

- a) it's interesting to follow
- b) it's sad to watch
- c) it's old news
- d) it's incomprehensible

2. Which of the following is NOT synonymous with to recoup?

- a) to regain
- b) to win back
- c) to make back
- d) to go back

3. What does to see how [something] plays out mean?

- a) you want to play music
- b) you want to play sports outside
- c) you're waiting to see the ending
- d) you've already decided your opinion

4. Which of the following is NOT an example of a namesake?

- a) I'm named after my father, William Jones Senior.
- b) Google is the misspelling of the word googol.
- c) My friend Sidney Crosby's favourite hockey player is actually Sidney Crosby.
- d) The automobile company Tesla took its name from the inventor Nikola Tesla.

5. What usually happens when you poke [something] with a stick?

- a) it gets agitated
- b) it continues to sleep
- c) it tickles
- d) it is funny

Writing and Discussion Questions

1. How well do you understand the stock market?
2. What is your opinion on hedge funds shorting stocks?
3. What do you think of the Reddit subgroup fighting back against Wall Street?
4. Do you share the same name as someone famous? Do you know anyone who does?
5. Don't poke [something] with a stick is a common saying in many languages. What is the equivalent in your native tongue?

Quiz Answers

1. a 2. d 3. c 4. b 5. a

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