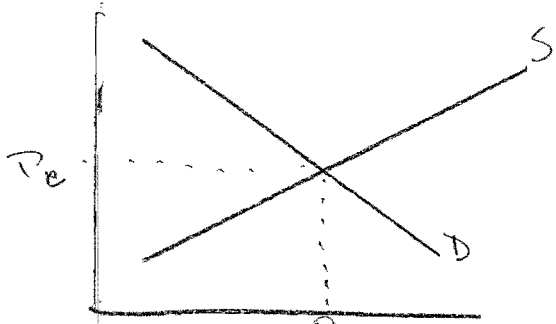
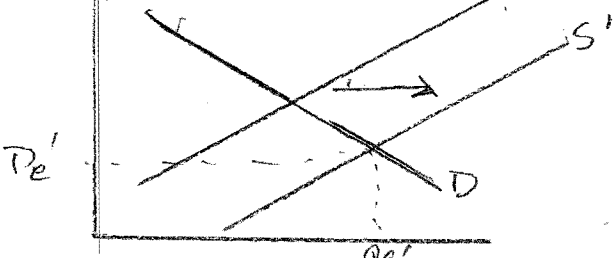


Illustrations

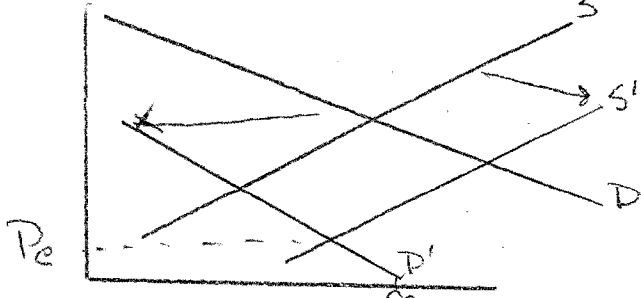
Basic supply and demand graph for stock X.



Short selling shifts supply curve to  $S'$ .  $S$



Changes in tastes and preferences for stock shift demand curve to  $D'$ .



Feedback loop—further selling and short selling depressing price further.