

Shares in Trump-linked social media venture surge again

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An investment vehicle linked to former President Trump's social media startup has soared the last two days on Wall Street.

A new investment vehicle linked to Donald Trump's fledgling media venture soared again Friday in a frenzy that reflects the former president's staying power, as well as a stock market increasingly prone to casino-like tendencies.

Shares of Digital World Acquisition Corp, which is set to merge with Trump's Media & Technology Group (TMTG) startup, surged Friday prompting a temporary trading halt for a second straight day.

Shares ended at \$94.20, more than doubling its value from Thursday and more than nine times the price on Wednesday afternoon before the venture was announced.

"It's a piling in effect. Everyone is just hoping the next person who comes is willing to pay more," said Briefing.com analyst Patrick O'Hare.

While Trump remains a beloved figure to a sizeable minority of the US population, pundits said he could face challenges in building the sort of

"media powerhouse" described by in a TMTG presentation, which includes plans for social media and streaming services.

Digital World, which trades under the ticker "DWAC" on Nasdaq, is a special purpose acquisition company (SPAC), sometimes called a "blank check" company because it is set up with the sole purpose of merging with another entity.

The ventures raised \$293 million in an initial public offering in September.

Use of SPACs has soared in the last couple of years amid low interest rates, as investors look for higher returns, and provides a short cut to sell shares publicly. Office-sharing company WeWork employed the strategy to go public on Thursday.

A joint press release from the TMTG and Digital World said the companies plan to launch "TRUTH Social" a social media platform nationally early next year.

The new outlet will serve "a rival to the liberal media consortium and fight against the 'Big Tech' companies of Silicon Valley, which have used their unilateral power to silence opposing voices in America."

New GameStop?

Trump set the national media agenda with aggressive use of social media sites such as Twitter and Facebook, a technique that propelled him to the presidency, where he frequently announced policies with tweets.



Donald Trump was banned from leading social media platforms over his role in the January 6 riots at which his supporters built a gallows for political opponents.

But the former president was tossed from both platforms after he goaded supporters into a violent takeover of the US Capitol on January 6 of this year while falsely claiming election results were fraudulent.

In the wake of those events, Trump's hotel business lost key deals with the Professional Golf Association, among other groups.

Following the Trump deal, Saba Capital sold most of its shares in Digital World in a reprimand of the former president, The New York Times reported.

While Trump has been underestimated before, some commentators noted that TMTG will face hurdles.

In the aftermath of January 6, the conservative social [media](#) site Parler was cut off from platforms operated by Amazon, Apple and Google because of concerns on how it was policing content that incited violence.

Rich Greenfield, partner at research firm LightShed Ventures, said TMTG likewise could get "boxed out" since it is not initially focusing on building its own Internet infrastructure.

"If it's like Parler, they're going to run into the same

problem," Greenfield told CNBC.

Other experts noted that successful [social media](#) firms require a growing mass of users who post frequently, a challenge to recreate given the existing platforms.

The jump in the DWAC share price is reminiscent of outsized gains earlier this year by GameStop and other so-called "meme" stocks that soared in ways detached from business fundamentals, O'Hare said.

"It's gambling," he added. "There is no fundamental reason you're seeing the moves you're seeing."

Some on Wall Street Bets, a Reddit platform central to the meme stock phenomenon, also saw parallels.

"Turns out that DWAC was the new GME," one user wrote, referring to GameStop's ticker symbol.

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