

Weekly Market Analysis #531 — 11 October 2024

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This Week

Watch Out for Price Manipulation

There are a variety of ways that large investing firms may manipulate security prices to take advantage of individual investors. Here are some strategies that you may see:

1. Pump and Dump Schemes — Large investing firms seldom engage in this technique because it's too obvious and easy for them to get caught at it. Pump-and-dump is usually a tactic used by a private financial exchange, forum, or dark pool (a secretive syndicate for trading securities) because it's harder for the SEC to identify the perpetrators.
2. Order Spoofing — Large firms can place numerous buy or sell orders for a security without intending to execute them. This creates the illusion of high demand or supply, influencing other traders to adjust their positions. The firms can then cancel the fake orders and capitalize on the price movement.
3. Wash Trading — This involves a firm simultaneously buying and selling the same security through different brokers. Again, the artificial trading volume gives the impression of increased interest in the security, potentially attracting individual investors.
4. Spreading False Information — Firms may use broadcast or social media to manipulate investor sentiment and drive prices in a desired direction. They may also spread false or biased information about a company, security, or market to mislead retail (individual) investors.
5. Coordinated Price Manipulation — Large firms may collude to artificially inflate or deflate stock prices. For example, they might coordinate short-selling activities to artificially drive down a stock's price.
6. Creating Artificial Scarcity — Large players may attempt to corner (dominate) part of the market by buying up available assets or futures contracts. This creates artificial scarcity, allowing them to control prices and squeeze other investors who need to fulfill delivery obligations. These manipulative practices are often difficult for regulators to detect and prove, especially in highly liquid markets.

How Do Large Investing Firms Profit from These Strategies?

Sucker Rally — Using their vast capital, the big houses start rapidly buying up shares of a security, driving the price up. Individual investors who watch the market every day – the ones with an overly short-term focus – see the price going up and buy. As the retail buying reaches a crescendo, the big houses sell off their big positions at a profit, price drops back to where it was a few days or weeks before, and the individual investors are left holding the bag. (This is what Keith Fitz-Gerald aptly calls a "rug-pull".)

Front-Running — Big investing houses spend billions of dollars a year just collecting data. When a big firm gains access to information before it becomes public knowledge, they can buy a security before individual investors get the news and start to act.

Running the Stops — Most individual investors naïvely put their sell stop orders on round numbers, forgetting or not knowing that their stop orders are visible to brokers. If price is close to one of these round numbers, it's not hard for the big investment houses to drive price down far enough to trigger those stop orders and pick up the shares on the cheap.

These tactics are employed on the short-selling side, too.

How to Avoid Falling into Price Manipulation Traps

Learn about price manipulation strategies. Education pays dividends.

Focus on longer-term trends. Don't let yourself be distracted by short-term price moves. Wait for price moves to be confirmed before jumping in.

Be wary of glowing news reports. Also, be skeptical of recommendations from people you don't know. Do your own research and make your own decisions.

Don't put stop orders on round numbers. I don't ever place stop orders with my broker. I write down my stop levels and I don't exit until price closes below them. I generally ignore intraday wiggles below my stop level.

[Market Barometers](#) ← Use this link to see all the market barometer charts

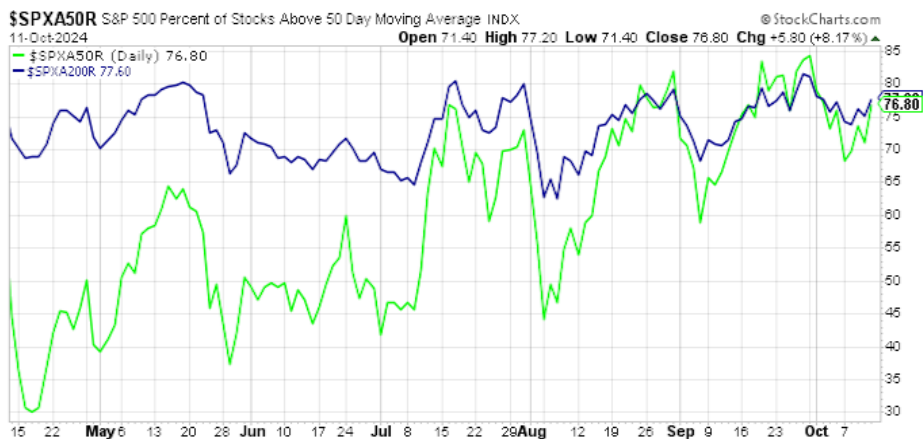
All 5 MTAs are up and solid green. SPX, and DIA made all-time highs. All five indexes advanced about the same amount (between 1.0% and 1.3%).



Week-over-week: VTI: 1.2%, SPX: 1.1%, COMPQ: 1.1%, DIA: 1.3%, IWM: 1.0%.

A Closer Look

The SPX rose Tuesday, Wednesday, and Friday. It ended the week at an all-time high \$5815. The Advance-Decline line has not gotten above its Sep 30 high. The stocks above their 50-day and 200-day averages confirmed the SPX this week. Also, they are both above 75, so they remain strong.



[S&P Price Chart](#)

[Advance-Decline Line](#)

[Stocks Above Averages](#)

[Bullish Universe](#)

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[Bearish Universe](#)

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SPX Sector Universe Analysis for 11-Oct-2024							
Symbol	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XLU	UTILITIES	ETF	UP	4.32:1.76	-DN-	1/3	-0.7
ITB	HOME CONSTRUCTION	ETF	UP	4.27:1.76	-up-	1/4	-0.7
XLRE	REAL ESTATE	ETF	UP	3.38:1.76	«UP»	1/7	-0.6
ITA	SPACE & DEFENSE	ETF	UP	3.18:1.76	«UP»	928/1	0.0
XLY	CONSUMER DISCR	ETF	UP	3.07:1.76	-up-	2/3	-0.5
KIE	INSURANCE SECTOR	ETF	UP	3.00:1.76	«dn»	1/4	-0.1
XLI	INDUSTRIALS	ETF	UP	2.86:1.76	=UP=	999/1	0.0
PAVE	INFRASTRUCTURE	ETF	UP	2.38:1.76	=UP=	383/1	0.0
XLF	FINANCIALS	ETF	UP	2.26:1.76	UP	999/1	0.1
KBE	S&P BANK SECTOR	ETF	UP	2.23:1.76	«UP»	3/1	0.2
XLB	MATERIALS	ETF	UP	1.92:1.76	≡UP≡	2/3	-0.2
XLC	COMMUNICATION SRVCS	ETF	UP	1.86:1.76	-up-	1/2	-0.1
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	1.76:1.76	≡UP≡	999/3	0.0
XLP	CONSUMER STAPLES	ETF	UP	1.66:1.76	=dn=	1/8	-0.4
IYI	TRANSPORT NDX	ETF	UP	1.51:1.76	«UP»	999/1	0.2
IGM	EXPANDED TECH SECTOR	ETF	UP	1.47:1.76	≡UP≡	13/1	0.3
XLV	HEALTH CARE	ETF	UP	0.98:1.76	«UP»	2/9	-0.1
XRT	RETAIL	ETF	UP	0.00:1.76	«UP»	1/4	-0.1
BIL	CASH EQUIVALENT	ETF	«DN»	0.00:1.76	=DN=	2/1	-0.0
SMH	SEMICONDUCTORS	ETF	DN	-0.14:1.76	≡UP≡	12/1	0.9
XLE	ENERGY	ETF	DN	-0.27:1.76	UP	20/1	0.5

WoW price changes for the top 5 sectors were: XLU: -2.5%, ITB: 0.0%, XLRE: -0.2%, ITA: 0.7%, XLY: -0.8%.

The WoW changes for the Big 7 were: AAPL: 0.3%, AMZN: 1.2%, GOOGL: -2.3%, META: -1.0%, MSFT: 0.1%, NFLX: 0.4%, TSLA: -12.9%

Sector Relative-Strength History

13 weeks of slope history for 20 sector ETFs and the SPX.

Relative Strength History

19-Jul-2024 to 11-Oct-2024

19 Jul	26 Jul	02 Aug	09 Aug	16 Aug	23 Aug	30 Aug	06 Sep	13 Sep	20 Sep	27 Sep	04 Oct	11 Oct
SEMIS	SEMIS	BANKS	BANKS	BANKS	BANKS	BANKS	REALE	REALE	REALE	REALE	BLDRS	UTILS
TECHS	BANKS	BLDRS	REALE	REALE	REALE	REALE	BANKS	UTILS	BLDRS	BLDRS	UTILS	BLDRS
SP500	TECHS	REALE	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	BLDRS	UTILS	UTILS	REALE	REALE
DISCR	SP500	SEMIS	UTILS	UTILS	UTILS	UTILS	UTILS	INSUR	INSUR	INSUR	INSUR	DFEND
BANKS	DISCR	TECHS	INSUR	DFEND	DFEND	INSUR	INSUR	BANKS	BANKS	BANKS	DISCR	DISCR
COMMS	REALE	UTILS	DFEND	INSUR	INSUR	DFEND	DFEND	STAPL	STAPL	DFEND	DFEND	INSUR
REALE	COMMS	SP500	FINAN	HLTHY	HLTHY	HLTHY	STAPL	DFEND	FINAN	STAPL	INDUS	INDUS
UTILS	FINAN	INSUR	HLTHY	FINAN	STAPL	STAPL	FINAN	FINAN	DFEND	DISCR	BANKS	INFRA
FINAN	UTILS	FINAN	STAPL	STAPL	FINAN	FINAN	HLTHY	HLTHY	HLTHY	FINAN	FINAN	FINAN
HLTHY	BLDRS	DISCR	SP500	COMMS	INDUS	INDUS	INDUS	INDUS	INDUS	INDUS	STAPL	BANKS
STAPL	HLTHY	DFEND	COMMS	SP500	SP500	SP500	SP500	SP500	DISCR	HLTHY	MATER	MATER
DFEND	INSUR	HLTHY	INDUS	INDUS	COMMS	COMMS	COMMS	DISCR	SP500	MATER	INFRA	COMMS
INSUR	DFEND	COMMS	DISCR	MATER	MATER	MATER	MATER	MATER	MATER	SP500	SP500	SP500
SALES	STAPL	STAPL	TECHS	INFRA	SALES	SALES	DISCR	COMMS	COMMS	TRANS	COMMS	STAPL
INDUS	INDUS	INDUS	INFRA	SALES	INFRA	INFRA	TRANS	TRANS	TRANS	INFRA	TRANS	TRANS
MATER	SALES	SALES	MATER	TECHS	TECHS	TECHS	SALES	INFRA	INFRA	COMMS	HLTHY	TECHS
ENRGY	INFRA	INFRA	SALES	DISCR	DISCR	DISCR	INFRA	TECHS	TECHS	TECHS	TECHS	HLTHY
INFRA	MATER	MATER	ENRGY	ENRGY	TRANS	TRANS	TECHS	SALES	SALES	SALES	SALES	SALES
TRANS	ENRGY	ENRGY	SEMIS	TRANS	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	SEMIS	SEMIS	SEMIS
BLDRS	TRANS	TRANS	TRANS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	ENRGY	ENRGY	ENRGY

Details

Symbol	Slope	Synonym	Sector Name	Symbol	Slope	Synonym	Sector Name
1 XLU	4.32	UTILS	UTILITIES	11 XLB	1.92	MATER	MATERIALS
2 ITB	4.27	BLDRS	HOMEBUILDERS	12 XLC	1.86	COMMS	COMMUNICATION SRVCS
3 XLRE	3.38	REALE	REAL ESTATE	13 SPX	1.76	SP500	S&P 500
4 IIA	3.18	DFEND	AEROSPACE & DEFENSE	14 XLP	1.66	STAPL	CONSUMER STAPLES
5 XLY	3.07	DISCR	CONSUMER DISCR	15 IYT	1.51	TRANS	TRANSPORTATION
6 KIE	3.00	INSUR	INSURANCE	16 IGM	1.47	TECHS	TECHNOLOGY
7 XLI	2.86	INDUS	INDUSTRIALS	17 XLV	0.98	HLTHY	HEALTH CARE
8 PAVE	2.38	INFRA	INFRASTRUCTURE	18 XRT	0.04	SALES	RETAIL SALES
9 XLF	2.26	FINAN	FINANCIALS	19 SMH	-0.14	SEMIS	SEMICONDUCTORS
10 KBE	2.23	BANKS	BANKS	20 XLE	-0.27	ENRGY	ENERGY

This week, the first 7 sectors are the same, although their order has changed. Aerospace and Defense moved up to 4th place.

This Week's Selections

My sector choices last week were: 10% ITA, 10% KIE, 10% XLB, 10% XLI, 10% XLU, and BIL 50%

Top Sector ETFs By Slope

Svmbol	MTA	Slope	8%-Stop	21D-Stop	Close	Position
XLU	UP	4.32	\$72.91	\$79.35	\$79.25	Watch-
ITB	UP	4.27	\$113.82	\$124.11	\$123.72	No
XLRE	UP	3.38	\$39.96	\$43.84	\$43.43	No
ITA	UP	3.18	\$140.63	\$149.29	\$152.86	Hold
XLY	UP	3.07	\$180.85	\$195.91	\$196.58	No
KIE	UP	3	\$52.74	\$56.44	\$57.33	Watch-
XLI	UP	2.86	\$127.35	\$134.17	\$138.42	Hold
PAVE	UP	2.38	\$38.50	\$40.51	\$41.85	BUY
XLF	UP	2.26	\$42.79	\$45.25	\$46.51	BUY
KBE	UP	2.23	\$49.73	\$52.34	\$54.05	No
XLB	UP	1.92	\$88.22	\$94.71	\$95.89	Hold
XLC	UP	1.86	\$83.20	\$89.31	\$90.43	Watch+
SPX	UP	1.76	\$5,349.83	\$5,708.02	\$5,815.03	INDEX

Legend: Up: ↑, Down: ↓, Flat/Stable: —

New Entries in the Position Column

"Watch+" means I am watching (monitoring a security daily) for a reason to buy. "Watch-" means I am watching for a reason to sell.

Analysis

[XLU](#) is 10 cents under its 21-day stop. The long-term chart, MTA, is still up. The medium-term charts (ARI and Slope) are okay. The four short-term price charts (KB, ATS, RSI, and MACD) are down. As for the money flow charts, CMF is neutral- and OBV is neutral+. [ITB](#) is 39 cents below its 21-day stop. It has been declining slowly for 16 days. [XLRE](#) is still below its 21-day stop. Basic price charts are down. CMF is up and OBV may be turning up, but slope is turning down and ARI looks like it may follow. [ITA](#) made a 17.85-year high. All basic charts are up.

[XLY](#) remains between \$195 and \$200. Basic charts are mixed. CMF is strong at 2.8 but XLY won't be interesting until it gets above \$200. [KIE](#) is above both stops but charts are mixed. CMF has been declining since late August and OBV is flat. [XLI](#) made another all-time high. All basic charts are up. [PAVE](#) broke out and made another high, 383 weeks (7.36 years). 7 of 8 basic charts are up. OBV is kind of flat.

[XLF](#) closed above \$46. All basic charts are up. [KBE](#) needs to get above \$55 before it becomes interesting. [XLB](#) bounced up off its 21-day average and is now back above \$95. Its ARI continues to climb, Slope is strong, and the remaining basic charts are turning up. [XLC](#) is now going sideways.

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Thoughts and Decisions

Buy PAVE and XLF. Watch KIE and XLU for an exit. Watch XLC for an entry. In alphabetical order, my choices for this week are 10% ITA, 10% KIE, 10% PAVE, 10% XLB, 10% XLF, 10% XLI, 10% XLU, and BIL 30%.

New Highs

SPX and RSP have made all-time highs for 4 weeks in a row. DIA and VTI have made all-time highs for 3 weeks in a row. And this week IYT joined the party (The actual Dow Jones Transports Index hasn't made a new high yet, but it has been flirting with \$16,000 for years and now looks ready to break out.)

SECURITIES MAKING NEW HIGHS ON 11-Oct-2024					
SYMBOL	COMPANY	INSTR	MTA	SLOPE	WEEKS
DIA	DOW JONES INDUSTRIALS	ETF	UP	2.04	999
IGV	SOFTWARE	ETF	UP	2.13	999
IYT	TRANSPORT NDX	ETF	UP	1.51	999
RSP	EQU-WTD S&P 500 INDEX	ETF	UP	2.13	999
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	1.76	999
SPY	S&P 500 (LARGE-CAP)	ETF	UP	1.73	999
VTI	TOTAL STOCK MARKET	ETF	UP	1.75	999
XLF	FINANCIALS	ETF	UP	2.26	999
XLI	INDUSTRIALS	ETF	UP	2.86	999
ITA	SPACE & DEFENSE	ETF	UP	3.18	928
DFS	DISCOVER FINANCIAL SERVICES	STOCK	UP	2.46	873
USMV	USA MIN VOLATILITY	ETF	UP	2.12	653
VIG	DIVIDEND APPRECIATION	ETF	UP	2.08	393
IVE	S&P 500 VALUE	ETF	UP	1.80	391
SPYV	S&P 500 (VALUE)	ETF	UP	1.78	388
VTV	US LARGE CAP VALUE	ETF	UP	2.11	388
XAR	EQU-WTD SPACE & DEFENSE	ETF	UP	2.83	385
PAVE	INFRASTRUCTURE	ETF	UP	2.38	383
IBM	INTERNATIONAL BUSINESS MACHINES	STOCK	UP	7.60	372
IRM	IRON MOUNTAIN	STOCK	UP	7.04	361
KMI	KINDER MORGAN	STOCK	UP	4.38	361
WMB	WILLIAMS	STOCK	UP	4.13	280
SPG	SIMON PROPERTY GROUP	STOCK	UP	3.13	271
PLTR	PALANTIR	STOCK	UP	14.83	203
INFL	INFLATION BENEFICIARIES	ETF	UP	3.77	189
COF	CAPITAL ONE FINANCIAL	STOCK	UP	2.06	133
EEM	EMERGING MARKETS	ETF	UP	2.80	133
IEMG	EMERGING MARKETS	ETF	UP	2.60	133
CSQ	CALAMOS STRATEGIC	CEF	UP	1.31	128
ARKW	NEXT GENERATION INTERNET	ETF	UP	2.71	127

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