

Stock Market Update 4-1-19

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I have been trading stocks since I was 19 years old. I am almost 70 now. What I have learned that is important out of proportion to everything else, is when not to trade and when not to own stocks. This has nothing to do specifically with technical analysis, fundamental analysis or any dogma. If I don't any criteria for making a decision, I am on the sidelines. That is where I have been since 2013. Yes, I have missed out on an entire bull market. I have no regrets about that at all. I would make the exact same decision

again.

I know for a fact, yes a fact, that there are thumbs on the scales in this market. I began, noticing that back in the fall of 2005. At that point, I did not think we would ever get to the point we are at today when the trend is completely managed. By 2013 I was absolutely certain and quit. For actually trading and timing, I have a great deal of confidence in a market that operates with normal supply and demand. With a rigged market I do worse than a rank amateur does. The last eight years have been an amateur's dream. Just buy and watch it fly. Since I rely on actual signals for buying and selling, I would have lost my shirt because along the way I would have traded according to my normal criteria which requires actual reasons for doing something. Everything I did would have turned out to be a loss. Don't get me wrong. I would have loved to have participated. All during the six years I have been on the sidelines I have been tempted to short. Knowing what I know, I would have never bought and held anyway.

Way back in 2006, I noticed that candlestick chart formations, which historically had been good 55 to 60 percent of the time were generating losses 100 % of the time. Any short sale, and I do mean every single short sale would be a loss. I have shorted in many bull markets and have never before seen a situation where it was completely impossible to make a successful short sale. Suppose you go to a pond to do some fishing and notice that rocks are floating on top of the water. In trading there are always more fortunes fly by a person's nose than anything else. Since 2013 I have been watching fortunes fly by.

So, am I going to jump in now and try and make up for lost time? No chance. Nothing has changed. The economy is going to collapse. There is no chance that it won't. Forty plus years of central economic planning guarantees that it will collapse. So, everyone is used to central economic planning, so it doesn't matter. It matters more and more with every day that passes. The presence of the business

cycle is perhaps the most essential ingredient of a free market economy. Destroy the business cycle and the economy is destroyed with it.

The huge reality gap really will slam shut. At the moment I cannot imagine anything worse than being fully invested when it happens. Stops are food for the Deep State and pretty much a guaranteed loss. Surely some others know how to game the Deep State. It is their turn. Go Get em. I wish them all well. I have no insight into how to trade a rigged market. I do have sense enough to stay out of it.

I don't make short term trades anymore. A number of years back, I did come up with an algorithm based system that works very well. What it does is defuse the advantage the ALGOs have. In a blog post, hopefully this week, I am going to make it available. It isn't doing me any good. I am not interested in sitting in front of a computer screen all day anymore. For folks who don't mind doing that it is a great tool. I will describe it. I have lost the code but the concept is so sound almost anyone who can write code could put it together. The trick to these things is what the system is designed to do. Writing code for doing anything gets complex. You can watch the trading throughout the day and see what the ALGOS code accomplishes.

The big thing the ALGOs seem to do best is manage volume and keep it low. Just by the way the market opens it is becoming simple to figure out what the plan is for the day. There are days I call up no matter what days. These days either gap down and get immediate support, then get enormous support with every dip. Or there is a gap up. it is held steady and then moves higher toward the end of the day. Typically a snake like pattern carries the market into the last hour. It looks like a great opportunity to short. Then it sails higher into the close. Basically, the ALGOS count on traders using traditional dogma. Buy and sell signals become traps. None of these things are hard to figure out.

For myself, what I have to do to trade in these situations is not worth it no matter how much money is involved.

Here it is in a nutshell and I am sure I have written this before, There aren't enough shorts here for a successful squeeze day. The Deep State is having a lot of trouble controlling the market. Notice the number gap ups that are up but black candles at the end of the day. Black candles draw in supply. They don't like black candles but one day reversals are even worse. All of the news outlets report the same news and it is always supportive of Deep State agendas. Anything that might draw in supply is never reported or back paged. Have you read anything meaningful about Julian Assange lately? You won't. Wars for profit are ongoing and there is never anything but superficial news with respect to those. Corporate buybacks are part of the process of cornering the market. Buybacks are coordinated with the Federal Reserve.

Because the market gets so much organized support, as long as there are no accidents and nothing causes a surge in selling there is not much way there is going to be a lot of action on the downside. With stock ownership so concentrated at the top, managing the trend is easy. All they do is buy more stock. The market goes up and their net worth goes up at the same time. That means more buying power. This can go on a long long time. If they don't they will be put out of business in a bear market. Chances are as good the economy will collapse before the stock market does.

I am currently the only analyst, economist or whatever who is advising everyone about the market being cornered. That is not uncommon at all. Causes and solutions are usually right under our noses. Because those causes and solutions are distasteful they are ignored and the search is on for more palatable answers.

When I was in New Your City in 1973 training with a large brokerage firm, a bunch of us from out of state decided to walk over to the New York Stock Exchange. We knew exactly where it was but when we got there we couldn't see it anywhere. Then we walked across the street, turned around and discovered we had been standing under it. It works in a similar way with folks who can't notice that the equities market is cornered and the trend is currently managed by Deep State operators buying outright, increasing their net worth and using their new buying power to move the market even higher.

They aren't crazy. When it all crumbles, they will have had their cake and eaten it already. We are not dealing with a bunch of patriots.