

THE PRINCIPLED TRADER INSTITUTE

A Principled Trader's *Mindset*

ISSUE NO. 05 —
RECOGNIZING MANIPULATION, NOT PEOPLE

Notes on judgment, integrity, and the long game of a trading career — for aspiring commodity traders.

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Recognizing Manipulation, Not People

A Principled Trader's Mindset — Issue 5

Last issue made one point: the prices a trader lives by are assessed, not found. An agency gathers trades, firm bids and offers, and indicative levels, weighs them by a published method, and prints a number. This issue takes the next step. Any process that weighs inputs can be fed an input chosen to steer it, and a trader who relies on the number needs to be able to notice when that may be happening.

The opening is small and specific. An assessment's evidence hierarchy ranks inputs by commitment, not by sincerity. A firm bid counts for more than an indicative level because it is enforceable if someone lifts it. Nothing in that ranking asks whether the bidder ever wanted it lifted. A bid or offer placed with no real intention to deal, purely to move where the window's print lands, is known as spoofing, and it is a documented form of market abuse, not a classroom hypothetical. The same shape turns up wherever a number other people rely on is built from submitted inputs: something that looks like a legitimate input, submitted for a reason other than reflecting the market.

The pattern has recognizable features. The bid appears only in the closing minutes of the window. It comes from a participant with no history of dealing at that level. It is sized just large enough to matter. It is withdrawn when someone moves to deal on it. And the party behind it has an obvious interest in where the print lands. A trader who knows how an assessment is built can see these things. A trader who has only ever read the output cannot.

Here is the part that matters more than the list. Every one of those features has an innocent explanation. A real buyer can arrive late. A new participant has no history at any level. A bid can be pulled because the market moved, not because the bidder never meant it. Intent is the one thing a screen doesn't show, and intent is what separates abuse from an ordinary afternoon. So the features tell you where to look harder. They do not tell you what someone did.

That is why this issue is about recognizing manipulation, not people. There are two ways to get this wrong. The first is the trader who never notices, trusts every print, and is steered by it. The second is the trader who notices everything, sees a scheme behind every late bid, and starts attaching names. The first is naive. The second is unfair, often wrong, and no better at reading the market than the first. This Institute's founding line asks for both halves at once: wise as serpents, harmless as doves. Sharp enough to see the pattern. Disciplined enough not to turn a pattern into a verdict.

What recognition changes is your own conduct. You lean less on the number that looks leaned on. You check it against other evidence: what actually traded, what the next assessment shows, what a second source printed. And if the pattern holds, it would be wise to raise it through the channel built for that question, with what you observed rather than what you suspect.

A question worth carrying onto the desk: when a number moves in a way that doesn't sit right, can you say exactly what you saw, and stop there?

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