

## **Technical Analysis: Penny Stock Manipulation Company Share Listed on the Indonesian Sharia Stock Index in 2022**



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**ABSTRACT:** Penny stock manipulation refers to unethical and illegal practices in the stock market which involve the manipulation of share prices and trading volumes with the aim of generating undue profits for the manipulators. The purpose of this study is to detect manipulation of penny stocks in Islamic stocks registered on ISSI in 2022. This type of research is qualitative research using technical analysis of candlestick indicators, moving averages, and volume. The results showed that there was manipulation of penny stocks in Islamic stocks including shares of PT Winner Nusantara Tbk (WINR), PT Wahana Pronatural Tbk (WAPO), PT Damai Sejahtera Abadi Tbk (UFOE), and PT Sunter Lakeside Hotel Tbk (SNLK) companies. This stock has a low market cap and liquidity, candlestick patterns and volume detects movements that tend to fluctuate, and is included in the UMA (Unusual Market Activity) list which has unusual transactions. In the context of Sharia, penny stock manipulation can lead to doubts and distrust in the Islamic capital market as a source of investment that is in accordance with Islamic values. This underscores the importance of upholding the integrity of Sharia-compliant capital markets and implementing strong supervisory mechanisms to protect investors from manipulative practices while adhering to Shariah principles

**KEYWORDS:** Penny Stock Manipulation, Technical Analysis, Islamic Stocks

### **INTRODUCTION**

Capital market in Indonesia has continued to grow rapidly in recent years. The Islamic capital market is a financial sector that has Islamic rules and principles as a guide in making investments. There are various financial instruments that can be traded in the Islamic capital market, one of which is Islamic stocks (Bugan et al., 2022). Islamic stocks offer an investment alternative for investors who follow sharia principles based on Islamic law.

However, like the conventional capital market, the Islamic capital market has its own risks and challenges. There is a phenomenon that often causes concern, namely penny stock manipulation or manipulation of stock prices with a relative market capitalization small (D'Alvia, 2021). Penny stock manipulation refers to the practice of manipulating stock prices with low values in the capital market (Chau, 2021). This practice can lead to significant price imbalances and have a negative impact on investor confidence and the integrity of the Islamic capital market. Stocks that have high volatility and often experience significant price increases in a short time. However, penny stock manipulation also carries a high risk because the price movements are unstable and are often not supported by the company's fundamentals (Fletcher, 2020).

According to Sahu (2022) the practice of penny stock manipulation can include the dissemination of false information, investor fraud, mass sales or purchases with manipulative purposes, or other activities aimed at controlling stock prices and taking unfair advantage. In the context of the Islamic capital market, Islamic principles must be followed in stock investment, and stock price manipulation is a more serious concern. Sharia principles prohibit practices that violate ethics and justice, including manipulation of share prices (T hian, 2021). Therefore, it is important to investigate and understand penny stock manipulation in Islamic stocks, especially in the leading Islamic stock indexes such as the Islamic Stock Index (ISSI).

There have been many studies in the academic literature ( Nam & Skillicorn, 2023; Sahu, 2022 ; J aroenjitrkam & Nguyen , 2021 ; Bouri et al, 2022; Putnins, 2020) regarding price manipulation in stock transactions. The researchers found that there was a practice of penny stock manipulation in stock transactions that spanned stocks that had just been IPO, they found signals indicating stock price manipulation. IPO shares are more often associated with fraud and manipulation and necessity u efforts to control and regulate to prevent or reduce share price manipulation.

Another study was conducted by Bouraoui et al ., (2013) conducted research on stock spam, namely unsolicited e-mail that promotes certain stocks, and found that this spam is related to stock price manipulation. On the Indonesian stock market, studies

## Technical Analysis: Penny Stock Manipulation Company Share Listed on the Indonesian Sharia Stock Index in 2022

have been conducted on various topics such as underpricing (Budiman et al., 2022 ; Sari et al., 2022), and investor sentiment during the COVID-19 pandemic (Fadhel et al. , 2022). However, research on penny stocks manipulation in the Indonesian stock market is still very minimal, especially in the context of Islamic stock indices. Researchers chose Islamic stocks due to several factors including, firstly there is still a relatively low market size and liquidity of Islamic stocks, this can be an opportunity to influence stock prices. In addition to regulation, this study will describe the implementation and effectiveness of supervision on the stock market, because when the supervisory system is not strong enough or there are loopholes in regulation, manipulators can try to take advantage of it . Therefore, a technical analysis of penny stock manipulation on the 2022 Islamic stock index will be a valuable contribution to the literature.

The purpose of this study is to analyze the phenomenon of penny stock manipulation in Islamic stocks, in the Sharia Stock Index (ISSI) during 2022. In this study, a technical analysis will be carried out on stocks in ISSI to identify penny stock manipulation. Technical analysis is an analytical method used to predict future stock price movements by studying historical stock price data and trading volume. In this study, technical analysis will be used to identify suspicious patterns of stock price movements.

This research begins by defining penny stock manipulation and stocks registered at ISSI using literature books and journals and published information from research supporting sources. The research methodology is then continued by describing technical analysis models including the theory of candlestick chart patterns, volume and liquidity, technical indicators, sentiment analysis, market manipulation and stock samples used, analyzing the methodology and presenting the results. Finally, this study ends with the conclusions generated by the model and some suggestions for further research. Through a comprehensive theoretical review and careful analysis, this research is expected to provide a better understanding of the phenomenon of penny stock manipulation in Islamic stocks at ISSI and contribute to the research literature in the field of Islamic capital markets and technical analysis.

### LITERATUR REVIEW

#### Market Efficiency

Market efficiency is a concept in financial economics which states that stock prices reflect all publicly available information (Rizki et al., 2022). This theory implies that the stock market efficiently aggregates and processes information quickly and accurately, so that stock prices reflect the true value of the underlying companies. According to Yulianti & Jayanti (2019) Market efficiency has three forms, the first is *Weak-Form Efficiency* in this form, technical analysis cannot consistently produce sustainable profits. Second, *Semi-Strong Form Efficiency* although fundamental analysis and technical analysis can provide valuable insights, it is still difficult to consistently outperform the market and generate sustainable profits. Third, *Strong Form Efficiency* In this form, no investor has a significant information advantage over other investors, because all information is reflected in the current stock price. Therefore, it is very difficult to make consistent profits based on insider information.

### TECHNICAL ANALYSIS

Technical Analysis is a framework used in financial market analysis to predict stock and other asset price movements based on studies of historical data, prices, trading volume, and other technical indicators (Wu, 2021) . In general, technical analysis is divided into several basic theories (Rockefeller, 2019) . First, *Prices Reflect All Information* states that all relevant information that can affect stock prices has been reflected in the current price by identifying price patterns and trends that can provide buy or sell signals ( Taewook & Ha, 2019) . Second, *Repetition of Behavior* theory assumes that price patterns that appeared in the past may recur in the future. Third, *Support and Resistance* This theory states that stock prices tend to move around support and resistance levels. Fourth, *Trend Following* This theory states that prices tend to move in trends that can be recognized and followed by traders and investors. According to Tam (2022) a technical analyst \_ use various technical indicators, such as *moving averages* to identify trends and make buy or sell decisions based on the direction of the trend. Next , namely chart patterns , are *chart patterns, such as Double Top , Head And Shoulders , and Bullish / Bearish Engulfing , to identify possible changes in price direction in the future.*

### PENNY STOCK MANIPULATION

Penny stock manipulation is a concept that refers to unethical and illegal practices in the stock market that involve manipulating the price and trading volume of shares with the aim of generating unfair profits for the manipulator (Thopan et al., 2021). Several theories related to penny stock manipulation. First, *Pump and Dump* describes the practice whereby the manipulator buys penny stocks at a low price ( *pump* ) and then actively promotes these shares to attract small investors (Loa et al., 2020) . Second, *churning* is an activity that generates high trading volume but does not have a strong fundamental basis, thereby deceiving unwary investors (Nasrulloh & Nurhaeti, 2022) . Third, *False News and Rumors* This theory focuses on the spread of fake news and rumors that aim to influence stock prices (Petratos, 2021) . Fourth *Wash Trading* is carried out to create The impression of high trading activity, induce investor interest, and artificially increase stock prices (Karla et al, 2021). Fifth, *front-*

## Technical Analysis: Penny Stock Manipulation Company Share Listed on the Indonesian Sharia Stock Index in 2022

*running* occurs when the manipulator knows plans for large purchases or sales that will be carried out by investors or other institutions ( Aksenov et al., 2020).

### SHARIA PRINCIPLES

Sharia principles in the capital market refer to ethical guidelines and Islamic principles that are applied in investing and trading in the capital market. Among them are the prohibition of usury, the prohibition of gharar, the prohibition of maisir, the prohibition of prohibitions such as the alcohol industry, gambling, pornography and usury, the principles of justice and openness (D'Alvia, 2020) . The application of sharia principles in the capital market usually involves a process of valuation or screening of stocks and other financial instruments based on criteria that comply with sharia principles (Suryadi et al., 2021).

The impact of penny stock manipulation in a shariah perspective involves ethical and legal implications for the capital market based on Islamic principles. Penny stock manipulation can cause financial losses for investors who are trapped in manipulation practices, penny stock manipulation involves significant uncertainty in transactions (gharar), there is a violation of the principle of fairness because it is detrimental to investors who do not have the same access or information as manipulation actors (Syahla & Harahap , 2023) . Penny stock manipulation can undermine investor confidence in the capital market ( Sahu, 2022) . Overall, this can lead to doubts and distrust of the Islamic capital market as a source of investment that is in accordance with Islamic values.

### RESEARCH METHOD

This study uses a qualitative approach to analyze penny stock manipulation on the 2022 Islamic Stock Index (ISSI) using technical analysis. A qualitative approach was chosen because the aim of this study was to understand the context, strategy, and impact of penny stock manipulation in depth. The sample will be selected using a purposive sampling technique by considering the characteristics of penny stocks that are vulnerable to manipulation. The samples taken will represent various penny stocks in the Sharia Stock Index. These criteria include:

1. Listed in the 2022 Sharia Stock Index
2. low market cap and liquidity : The market cap ( market size ) of a share is calculated by multiplying the number of outstanding shares by the price per share. Islamic stocks with a low market size have a smaller market capitalization compared to large and well-established stocks in the Islamic stock index (Insani . 2023). The liquidity of Islamic stocks refers to the ease with which an asset can be bought or sold in the market at a fair price. Stocks with low liquidity have a relatively small trading volume, which means that the number of transactions that occur on these shares tends to be fewer than stocks with high liquidity.
3. False News and Rumors: Market participants spread fake news and rumors and buy stocks at low prices, then artificially announce positive information or carry out over-promotions to encourage other investors' buying interest (Li, 2022) . Once the stock price rises due to increased buying interest, those market participants sell the stock at a higher price, making a profit, while other investors who catch the trend too late suffer losses.
4. The company's fundamentals are unstable with rising stock prices
5. Included in the Unusual Market Activity (UMA) category: Islamic stocks that fall into the UMA category that have significant and unusual price movements or trading activity in a stock. These criteria are as follows:

### Unusual Market Activity (UMA) Stock Criteria

Table 1. Sample Shares of Sharia Stock Index h (2022)

No	Reference Price	Upper Auto Rejection (ARA)	Lower Auto Rejection (ARB)
1	IDR 50, - up to IDR 200,	>35%	<IDR 50,- or <7%
2	> IDR 200, - up to IDR 5,000	>25%	<7%
3	> IDR 5,000	>20%	<7%

Source: Directors Decree Number Kep-00023/BEI/03-2020 concerning Auto Rejection Limits

Researchers found a total of 536 registered shares in 2022 and obtained 4 shares that met the research criteria. The company's shares include:

## Technical Analysis: Penny Stock Manipulation Company Share Listed on the Indonesian Sharia Stock Index in 2022

**Table 2. Sample Shares of Sharia Stock Index (2022)**

No	Code	Company Share Name
1	WINR	PT Winner Nusantara Jaya Tbk
2	WAPO	PT Wahana Pronatural Tbk
3	UFOE	PT Damai Sejahtera Abadi Tbk
4	SNLK	PT Sunter Lakeside Hotels Tbk

The data used in this study are secondary data obtained from reliable sources in the capital market on the Sharia Stock Index, company financial reports, and news related to penny stocks. Analysis of the information data used uses the observation method, namely observation and research through the Panin Sekuritas website, to see stock movements during 2022. This data includes stock price data, trading volume, and information related to events or activities related to the manipulation of penny stocks. Stock price data and trading volume will be analyzed using technical analysis methods. This method involves using technical indicators and chart patterns to identify potential price manipulation of penny stocks. Several technical indicators that can be used include candlesticks, moving averages, and volume.

The results of the analysis will be interpreted and presented descriptively. Significant findings related to penny stock manipulation on Islamic stocks in the 2022 Sharia Stock Index will be explained in detail. In addition, graphs, tables and diagrams can also be used to provide a clearer picture and make it easier to understand. Research validity will be considered by conducting data triangulation, namely comparing data obtained from different sources to ensure the validity of the results. Research reliability will be considered through accurate and systematic data recording, as well as using proven analytical techniques.

### DISCUSSION

#### Research Subject Descriptive Data

The descriptive data of the following research subjects is a sample of company shares taken to represent registered shares at ISSI and referred to in penny stock manipulation including the following:

**Table 3. Sample Shares of Sharia Stock Index (2022)**

No	Code	Company Share Name	Stand Up(2022)	Last Price	Outstanding Share (Rp)	Market Cap(IDR)
1	WINR	PT Winner Nusantara Jaya Tbk	10 October 2007	50	5.235 Billion	261.760 Billion
2	WAPO	PT Wahana Pronatural Tbk	August 7, 1993	250	1.240 Billion	310,230 Billion
3	UFOE	PT Damai Sejahtera Abadi Tbk	January 29, 2004	238	2.287 Billion	544.425 Billion
4	SNLK	PT Sunter Lakeside Hotels Tbk	November 15, 1991	620	450 Billion	279,000 Billion

Table 3 shows that of the 4 company shares, UFOE (PT Damai Sejahtera Abadi Tbk) has the largest market cap of IDR 544.425 billion. According to the prosecutor's office, shares with a market scale of IDR 500 billion - IDR 10 trillion are included in the category of Second Layer Shares ( Middle Cap ). This stock category is also included in the LQ45 with a fairly good financial

## Technical Analysis: Penny Stock Manipulation Company Share Listed on the Indonesian Sharia Stock Index in 2022

Performance. However, stock price movements tend to fluctuate and vary, some are liquid and some are illiquid. Furthermore, on the WINR code or the company owned by PT Winner Nusantara Jaya Tbk which has the smallest market cap of 261.760 billion. These shares are included in the category of Third Layer Shares ( Small Cap ), which have a small market capitalization with a value of under IDR 500 billion (Wardhani 2022) . The price of these shares also tends to be relatively small so that they are prone to fluctuations and volatility. Additionally, categories This stock is also classified as having a high risk tendency.

Therefore, stocks of companies with small market caps tend to be better suited for trading in the short term. We recommend that investors who want to transact shares of small cap companies need to be careful and need to do proper analysis in order to minimize losses.

### Candlestick Technical Analysis

In technical analysis to be able to find out patterns of price movements easily, price data is depicted in graphical form. A candle chart (Candle Chart/Candle Stick ) is a method that provides an overview of price changes in a stock exchange transaction. The candlestick pattern as follows:

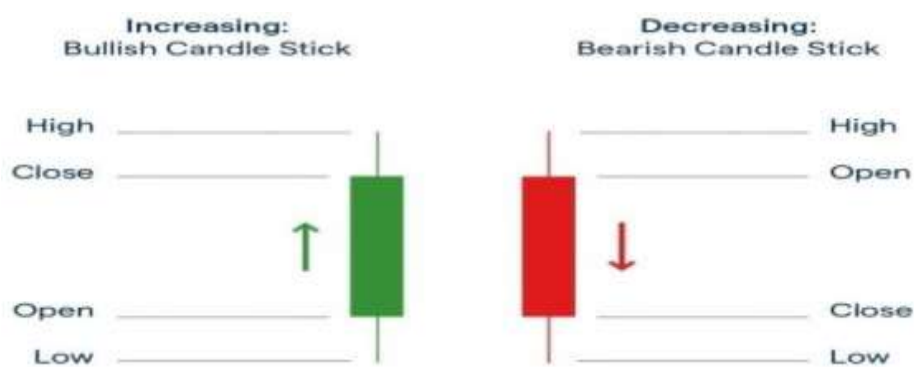


Figure 1. Candlestick Body

### Information:

Open (Opening Price) means the opening price High (Highest Price) means the highest price Low (Lowest Price) means the lowest price Close (Closing Price) means the closing price

In Figure 1, there are certain formation signals, each of which provides a buy or sell signal. The green body candle indicates greater demand or more requests to buy a stock than sales. Conversely, if a dominant candlestick has a red body, it can signal that the seller is in control of the trade at that time or the supply position is greater than the purchase.

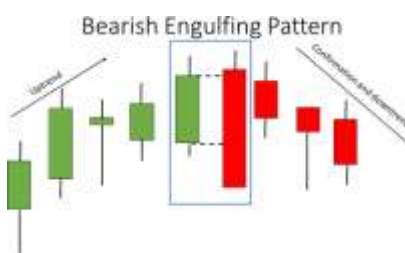


Figure 2. Candlestick Bearish Engulfing Pattern

Figure 2 is a type of candlestick that provides a potential indication of stock price manipulation, this pattern indicates collective action by groups or individuals trying to manipulate stock prices by creating significant price movements to attract investors and then selling on a large scale to suppress stock prices and gain profits. The Engulfing Pattern occurs when the next candlestick (usually the larger candlestick) completely engulfs (covers) the previous candlestick. If the engulfing candlestick is bullish (increase in price / uptrend), it is called bullish engulfing, whereas if the engulfing candlestick is bearish (decrease in price / downtrend ), it is called bearish engulfing. Candlestick patterns that can detect penny stock manipulation are as follows:

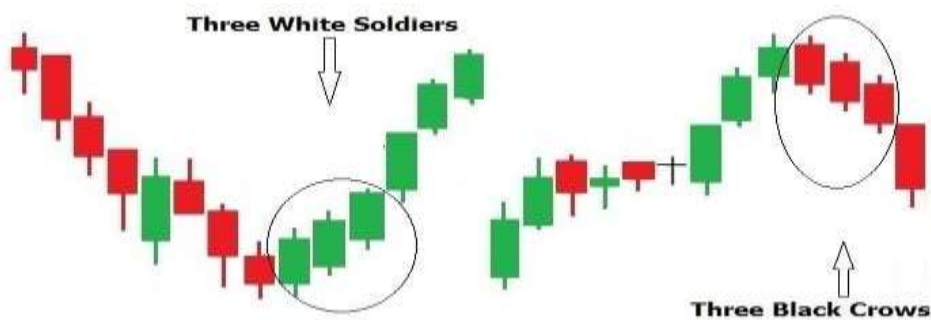


Figure 3. Candlestick Three Black /White Crows

The next candlestick pattern is shown in figure 3. The Three Black Crows and Three White Soldiers candlestick patterns can provide a potential indication of stock price manipulation. Three Black Crows: This pattern is formed when three consecutive bearish candlesticks form a strong downtrend. Each new candlestick opens higher than the previous close, but then closes lower than the previous candlestick. This pattern can indicate strong seller pressure and a potential price reversal. This Three White Soldiers pattern is the opposite of Three Black Crows. This pattern is formed when three consecutive bullish (increasing price) candlesticks form a strong uptrend. Each new candlestick opens lower than the previous close, but then closes higher than the previous candlestick. This pattern indicates intense buyer pressure and a potential price reversal.

Overall, these two patterns can provide an indication of collective action by certain groups or individuals (market makers). Manipulating stock prices by making a series of repeated trades.

**Moving Averages**

Moving average is one of the indicators to calculate the average price value over a certain period of time, then observe the average movement over time to detect potential manipulation of stocks. Price movements that are too far from the moving average can be a potential signal of inappropriate behavior.



Figure 4. Moving Average Indicator Chart

Moving averages can provide information about trend direction, support and resistance levels, and trading signals. One common use of moving averages is to use two moving average lines with different periods, for example, MA 8 (blue line) and MA 20 (red line) to identify *crossovers* between the two as signals of a trend reversal or continuation.

Moving averages can also help filter out short-term price fluctuations and provide a clearer picture of long-term trends. In addition, moving averages can be used in trading strategies involving "golden cross" signals (crosses between shorter and longer moving averages in the upward direction) or "death cross" (crosses between the shorter and longer moving averages in the direction lower).

**Volume**

Volume is an indicator to study and understand patterns and trends in trading volume of a stock within a certain timeframe . Disproportionately high and unreasonably high trading volume can be an indicator of manipulation or unusual action in the market; this is often called a "volume spike".



.Figure 5. Volume Breakout Chart

Figure 5 shows the volume spike that appears when a breakout occurs indicating that the price will continue strengthening. the volume of buying interest spikes is depicted in green bars. However, on the other hand, if the breakdownprice and selling pressure volume (red bars) increase suddenly, there is a possibility that the price will continue to decline.



Figure 6. Volume B reactdown chart

A sudden increase in volume can occur because there is news that appears, it can be fundamental news that is directlyrelated to the company (such as earnings and new product launches), macroeconomic news, political news or news of natural disasters.

### Panny Stock Manipulation

The practice of panny stock manipulation can be detected through candlestick patterns, moving averages and volumes. This pattern describes the movement of stock prices in a certain period and can provide clues to the direction of further price movements. Here is an example of penny stock manipulation practice:

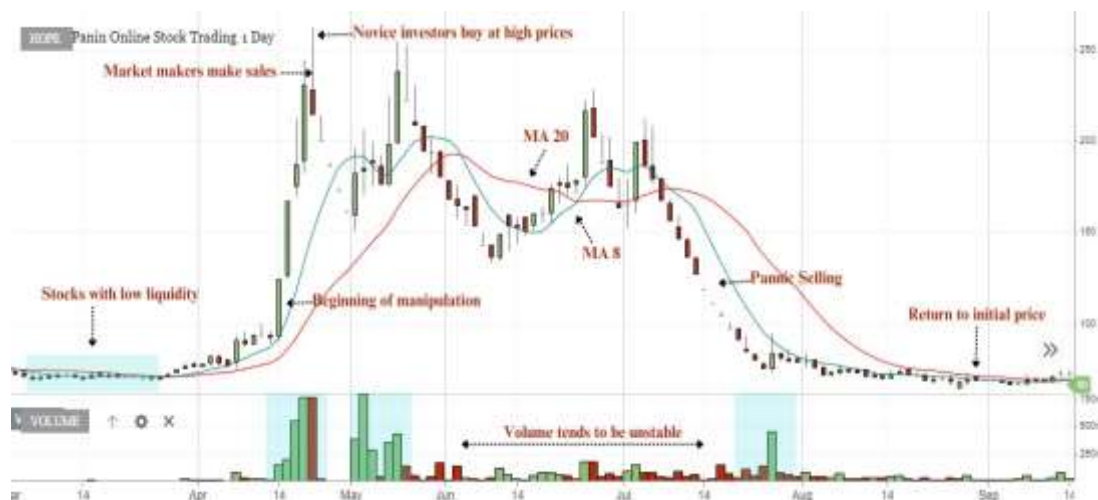


Figure 7. Panny Stock Manipulation

Figure 7 is an example of stocks detected in panny stock manipulation. Candlestick patterns show this stock is likely to fluctuate during 2022 and has low liquidity. This manipulation activity was detected in April-May, the green candle increased from 50 per lot to 240 per share but the next day when the price touched 250 per share lot there was a sale which made the stock ARB (Auto Reject Down) which is an indication that the owner Stocks that have not sold their shares or realized profits when the price has reversed will experience a risk of loss because at that time sales transactions were dominated and there were no buying transactions.

Moving average and volume analysis also provides signals in April, May and July, the volume that occurred in April was quite large, from 250 billion, increasing to 750 billion in a few days, continued in July, in one trading day it was 400 billion, but the nextday the volume ran out . The moving average in the form of a crossing line of MA 8 (blue) and MA 20 (red) gives a signal in June that a reversal pattern will occur (change in price) where MA 8 is above the MA 20 line which indicates a price increase. This results in signals of unusual trading activity so that stocks in this pattern tend to be included in the UMA (Unusual Market Activity) list.

Overall the use of technical analysis gives a signal that these stocks tend to be manipulated by market makers. Shown in Figure 7, during one year there was *panic selling*, a condition where novice investors sold all their shares at a loss to minimize deep losses. Furthermore, researchers will reveal several Islamic stocks during 2022 that have the practice of panny stock manipulation as follows:

RESEARCH VARIABLE DATA

PT Winner Nusantara Jaya Tbk (WINR)



Figure 8. WINR Stock Chart

Winner Nusantara Jaya Tbk stock movements using the candlestick, moving average, and volume approaches. The results of the analysis found that the stock chart was classified as panny stock manipulation. Very unstable volume. At a certain moment the



## Technical Analysis: Penny Stock Manipulation Company Share Listed on the Indonesian Sharia Stock Index in 2022

volume suddenly rises dramatically, then the volume slightly decreases again. Stock price patterns show irregular price patterns. Stock prices suddenly rose high, then decreased significantly. During 2022 the moving average gives a downward signal, the MA 20 line (red) tends to be above the MA 8 line (blue). Manipulation activities make investors who do not get transparent information carry out *panic selling*, which is determined to be detrimental to investors and makes this company's shares not liquid.

### PT Wahana Pronatural Tbk (WAPO)



Figure 9. WAPO Stock Chart

Figure 9 is the shares of PT Wahana Pronatural Tbk with the code (WAPO). The candle pattern shows stocks with low liquidity managed to increase in price in September and the MA 8 line is above the MA 20 line which gives a signal that there will be a price change. However, this increase was not accompanied by stable volumes, some volumes even reached 150 billion but the next day it dropped dramatically. The trading volume increased for only a few days and after that it decreased until ARB occurred. This means that if investors buy shares on days when high sales occur, these investors do not have the opportunity to sell their shares due to manipulation by market makers.

### PT Damai Sejahtera Abadi Tbk (UFOE)



Figure 10. UFOE Stock Chart

PT Damai Sejahtera Abadi Tbk (UFOE) company shares. Stocks with this pattern have two nearly parallel peaks, followed by a decline in price after the second peak, known as a "double top" pattern. Moving averages provide crossover signals several times to provide information on price changes. Whereas the volume of UFOE shares has a suspicious increase, it can be seen in the chart from the beginning of January to June the average transaction volume is still 20 billion, but in July the trading volume rises to 40 billion but the candle pattern has decreased or consolidated.

Market makers may buy a stock in large numbers at the first peak with the aim of creating the illusion that the stock is experiencing a strong uptrend. After buying the stock at the first peak, the manipulator can make additional purchases or make fake deals to push the stock price up at the second peak. This can create the impression that the stock is experiencing strong momentum. Once the share price has risen to a second peak, manipulators can sell their shares in large volumes, creating selling pressure and triggering a price drop. Investors in a position like this can only sell at a price below the purchase price and experience losses or often called panic selling. PT Sunter Lakeside Hotel Tbk (SNLK)



Figure 11. SNLK Stock Chart

Figure 11 is a graphic pattern of the PT Sunter Lakeside stock Hotel Tbk code SNLK. This stock has an unstable trading volume, in January the average volume was below 10 billion indicating that transactions were dominated by sales until ARB occurred many times and the moving average pattern can also be seen as MA 20 is still above MA 8 which gives a signal that there is a downtrend. However, in May the moving average indicated a price change accompanied by a green candle and increased volume. The highest volume for stocks was above 20 billion, but the next day there was a significant decrease in volume until a downtrend occurred again which almost touched the lowest price support. This activity is often called *pump and dump*, that is, market makers as manipulation actors create the impression of high demand for shares by excessively promoting these shares, often through false recommendations or misleading information. After the share price has increased due to the buying interest created, the manipulator sells the shares at a higher price and makes a profit, while other investors who are trapped suffer losses.

Indonesia does not yet have a law specifically dealing with the Islamic capital market. The Islamic capital market still uses Law no. 8 of 1995 concerning the Capital Market. Regarding the penny stock manipulation, the Indonesian Financial Services Authority issued several regulations regarding the Islamic capital market. This is intended so that Islamic capital market activities are always protected by a clear legal basis. Financial Services Authority Regulation (POJK) Number 13/POJK.04/2014 concerning the Implementation of Stock Exchanges: This regulation regulates procedures for and supervision of stock exchanges, including rules regarding stock manipulation and related violations. POJK Number 2/POJK.04/2013 concerning Prohibition of Fraud and Unfair Practices in Capital Market Activities: This regulation prohibits fraudulent and unhealthy practices in the capital market, including stock manipulation. POJK Number 5/POJK.04/2013 concerning Monitoring of Securities Price Movements and High Volume Securities Transactions: This regulation regulates the monitoring of securities price movements and high volume securities transactions which could be an indication of market manipulation.

Overall, to avoid penny stock manipulation activities carried out by market makers, a strategy is needed that can provide benefits to investors. According to Ryan Filbert's theory (2002) there are several strategies for investors to benefit, namely:

1. Money Management is needed in stock transactions to protect owned capital and minimize the risk of loss. The risk of loss is 2% of the total value owned. For example, if an investor has Rp. 10,000,000 in funds, the profit that can be Rp. 10,000,000 x 2% = Rp. 200,000. After the profit is obtained, the investor is required to exit the trade and return to analysis and review of the transactions that have been made.
2. Averaging Down is an additional repurchase of a share that is already owned in order to get a lower average value. For example, if shares A are priced at IDR 1,000 per share lot and there is a price decrease to IDR 500 per share lot and the investor is unable to realize the loss, then he may buy back additional shares at IDR 500 per share lot so as to get a median price of IDR 750 per share lot.
3. Opening a New Account is a condition when an investor runs out of capital due to losses from falling prices and can't do anything. So opening a new stock account is a sign of accountability for capital that has expired, and as evaluation material so you don't get tempted by stocks with high profits but only manipulation.

In addition, to avoid penny stock manipulation according to Islamic principles, there are steps that can be taken:

1. Understanding Sharia Principles: Sharia principles that apply in investment, especially in stock transactions. Understanding the prohibitions and limits set by Islamic teachings regarding investment will help investors avoid practices that are not in accordance with these principles, including *gharar*, *maisir*, and illicit activities such as alcohol, gambling, and pornography and apply the principles of fairness and transparency.

## Technical Analysis: Penny Stock Manipulation Company Share Listed on the Indonesian Sharia Stock Index in 2022

2. Invest in Companies Complying with Sharia Principles: Choose stocks from companies that comply with Islamic principles. Such companies are usually inspected and certified by an independent sharia institution to ensure that their business activities comply with Islamic principles. Investors can use available analysis and look for Islamic stocks on the Islamic Stock Index (ISSI).
3. Avoid Penny Stocks That Are Vulnerable to Manipulation: Penny stocks are generally more susceptible to manipulation due to their low liquidity and greater opportunities for market participants to manipulate prices. It's best to avoid penny stocks or do a careful and thorough analysis before investing in such stocks.
4. Perform Thorough Technical Analysis: Perform careful technical analysis of the companies you wish to invest in. Review candlestick charts, moving averages, and volume transactions. This will help you make better investment decisions and avoid investments that are prone to manipulation.
5. Portfolio Diversification: Portfolio diversification is an important strategy for reducing risk in investments. By owning a number of different stocks across different sectors and industries, investors can reduce their exposure to manipulation of certain stocks and offset potential losses.
6. Using Valid Information: Make sure that the information used to make investment decisions comes from trusted and valid sources. Do not rely on rumors or unverified information, as this could negatively influence your investment decisions.
7. Consult an Investment Manager: If you have doubts or questions regarding investments, Investors are strongly advised to consult with investment managers or other financial advisors who are experienced in Islamic investment matters. They can provide proper guidance according to Islamic principles.

### CONCLUSIONS

The application of Sharia principles in the capital market involves the process of valuing or screening stocks and other financial instruments based on criteria that are in accordance with Sharia principles. This process aims to ensure that investments are made in companies that comply with Islamic values and principles. Penny Stock manipulation has a significant impact from a sharia perspective. The practice of penny stock manipulation involves significant uncertainty (gharar) in transactions. In addition, this manipulation also violates the principle of justice because it is detrimental to investors who do not have the same access or information as the perpetrators of manipulation. The impact can cause financial losses for investors and undermine investor confidence in the Islamic capital market as a whole.

PT Winner Nusantara Jaya Tbk (WINR), PT Wahana Pronatural Tbk (WAPO), PT Damai Sejahtera Abadi Tbk (UFOE), PT Sunter Lakeside Hotel Tbk (SNLK) are company shares listed in the Sharia Stock Index (ISSI) for 2022. Even though these 4 shares are included in Islamic stocks, investors are required to remain vigilant and have an investment plan in order to minimize the risk of loss. Investors can use technical analysis with moving average indicators, candlestick patterns and trading volume charts, so they can help find signals of price movements that are increasing or decreasing. Penny stock manipulation from a sharia perspective can lead to doubt and distrust of the Islamic capital market as a source of investment that is in accordance with Islamic values. This emphasizes the importance of maintaining the integrity of the Islamic capital market and implementing strong supervisory mechanisms to protect investors from manipulation practices to comply with Islamic principles.

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## Technical Analysis: Penny Stock Manipulation Company Share Listed on the Indonesian Sharia Stock Index in 2022

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