

What is 'pump and dump' in Finance?

This refers to a form of financial manipulation where investors in a stock, or any other financial security, try to temporarily increase its price in order to sell their holdings at a favourable price. Stock manipulators usually bring about a sharp spike in the price of the targeted stock by spreading exaggerated news that is favourable to the stock. It is usually targeted at small and mid-cap stocks which have low liquidity, and so can be influenced more easily by manipulators. Even large-cap stocks, however, can be manipulated temporarily by bigger investors wanting to make a quick buck. Pump and dump schemes have been outlawed in markets across the world.

The new U.S. Fed Chairman is unlikely to opt for policies that might upset the President's plan

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