

You are required to answer ALL the multiple choice questions. Please circle the answer you think is correct. There is only one correct answer for each multiple choice question.

1. When analyzing long-term charts with considerable volatility it is most appropriate to use a chart with which type of scale?
 - a. Arithmetic
 - b. Geometric
 - c. Logarithmic

2. The Random Walk Theorists claim that:
 - a. Price changes are “serially independent”
 - b. Price changes are predictable
 - c. Buy and hold strategies are useless
 - d. None of the above

3. Which of the following is not common to all reversal patterns:
 - a. The existence of a prior trend
 - b. The smaller the pattern, the greater the subsequent move
 - c. Bottoms usually take longer to build
 - d. All of the above

4. The most common application of the moving average is to use:
 - a. The last 10 day’s prices
 - b. The last month’s prices
 - c. The last quarter prices
 - d. The last year’s prices

5. The exponentially smoothed moving average:
 - a. Assigns a lesser weight to recent price action
 - b. Lacks sophistication
 - c. Discounts price data
 - d. Includes the entire price data of a specific futures contract

6. Percentage “envelopes” can be used to:
 - a. Determine when a market is overextended
 - b. Estimate volume
 - c. Estimate open interest
 - d. None of the above

7. Point and figure charts are designed to measure:
 - a. Time and price movement
 - b. Time movement
 - c. Price movement
 - d. Time, price and breadth movement

8. The system using four preceding calendar weeks rule states:
 - a. Cover long positions when prices fall
 - b. Liquidate long positions and sell short positions when prices fall
 - c. Liquidate short positions and cover long positions when prices rise
 - d. Cover short positions and liquidate long positions when prices rise

9. Which of the following would be the LEAST important factor in determining the significance of a trendline?
 - a. Duration
 - b. Angle of ascent or descent
 - c. Distance from current price
 - d. Number of times tested by the actual price action

10. What is technically indicates when the Bollinger Bands come close to each other?
 - a. A stock is ready for a sharp rally
 - b. A stock is ready for a sell off
 - c. A stock's volatility has increased
 - d. A stock's volatility has decreased

11. Which of the following does NOT indicate a sell confirmation signal according to Dow Theory?
 - a. The Dow Jones Industrials and the Dow Jones Transportation indexes peak at approximately the same time
 - b. The Dow Jones Industrials and the Dow Jones Transportation indexes fail to confirm at the high prices
 - c. Both the Dow Jones Industrials and the Dow Jones Transportation indexes break below an important support level

12. The Dow Theory is best applicable for:
 - a. The long-term trend
 - b. The medium-term trend
 - c. The short-term trend
 - d. All of the above

13. Which of the following is NOT an important use of an oscillator?
- Providing a trading signal in the direction of the price trend when it crosses zero
 - Providing a warning when the oscillator and price are diverging and the oscillator is at an extreme
 - Providing a method of evaluating the performance of an instrument relative to its benchmark
 - Determining when overbought or oversold conditions exist when oscillator reaches an extreme reading near the upper or lower end of its boundaries
14. An inverse head and shoulders pattern is:
- A topping pattern
 - A reversal pattern
 - Generally unreliable
15. Volume in a head and shoulders pattern is usually highest:
- At the top of the head
 - At the completion of the head
 - During the formation of the left shoulder
 - During the formation of the right shoulder
16. All of the following are momentum oscillators EXCEPT the:
- Stochastic oscillator
 - Advance/decline line
 - Relative strength index (RSI)
 - Moving Average Convergence-Divergence (MACD)
17. The concept of the Relative Strength (RS) measure the relationship between:
- Two securities
 - Volume changes and price changes
 - Buying pressure and selling pressure
 - A stock's own price movement during the past 14 periods
18. Moving average crossovers can be used to indicate:
- Trend divergence
 - Buy and sell signals
 - Positive relative strength
 - All of the above

19. Point and figure charts display:
- Volume data
 - Time on the horizontal axis
 - High, low and closing prices
 - Sequential reversals of price in unit increments
20. Standard deviation is calculated by taking the square root of:
- Variance
 - Mean deviation
 - Quadratic mean
 - Geometric mean
21. Which of the following cycles is the longest by duration:
- Decennial Pattern
 - Kondratieff Wave
 - Presidential Cycle
 - 34-year Historical Cycle
22. As per Elliott Wave Theory, in an impulse wave:
- Wave 4 always overlaps the price territory of wave 1
 - Wave 2 can move beyond the start of wave 1
 - Wave 3 can be the shortest motive wave
 - Wave 3 can never be the shortest motive wave
23. Gaps appearing midway in a price trend are called:
- Opening gaps
 - Runaway gaps
 - Continuation gaps
 - Exhaustion gaps
24. Symmetrical triangles shorter than three weeks in duration are categorized as:
- Flags
 - Pennants
 - Wedges
 - Rectangles
25. Which of the following chart types does not show price gaps?
- Bar
 - Point and Figure
 - Line
 - Equivolume

26. Which of the following can be categorized as an unbound oscillator?
- MACD
 - RSI
 - Stochastic
 - Williams %R
27. The advance-decline line is used to indicate:
- Market breadth
 - Price momentum
 - Volume momentum
 - A moving average crossover method
28. The body of the candlestick line displays the different between the ceccurent sessions:
- High and low price
 - Opening and high price
 - Opening and closing price
 - Closing price and the prior session's closing price
29. The parameters of a cycle are:
- Price, volume and flow
 - Length, width and breadth
 - Form, perimeter and wave
 - Amplitude, period and phase
30. Violated support levels typically:
- Indicate an imminent price reversal
 - Become support levels as prices fall lower
 - Become resistance levels on price bounces
 - Are associated with declining price projections
31. Which indicators are most helpful during a trading range market condition?
- Cycles
 - Oscillators
 - Elliott Wave
 - Moving averages
32. Which type of chart is usually considered best suited for establishing targets on a horizontal measurement?
- Line charts
 - Bar charts
 - Point and figure charts
 - Market Profile

Solutions:

1) c 26) a

2) a 27) a

3) b 28) c

4) a 29) d

5) d 30) c

6) a 31) b

7) c 32) c

8) b

9) c

10) d

11) b

12) a

13) c

14) b

15) c

16) b

17) a

18) b

19) d

20) a

21) b

22) d

23) b

24) b

25) b