

## PREFACE:

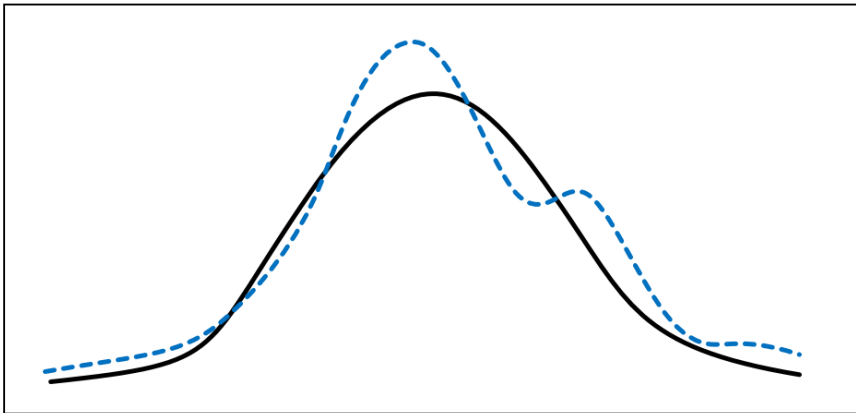
The following document is a sample exam paper. The questions have been constructed/ phrased in a manner that is similar to past exams. The objective of this sample exam is to give as clear an indication as possible of the question structure and language one can expect in the exam. Every reasonable effort has been taken to make these exam questions representative of what candidates will see in the exams, however the following caveats should be noted.

- Exam questions change constantly. There may be up to 25% variation in the question mix in the Level I exams from one test cycle to the next. These sample questions are patterned after a limited number of questions drawn from a much larger pool of actual exam questions. This further increases the chances that the questions appearing in the exam may be significantly different from those contained in this sample. Candidates are cautioned ***not to expect*** the questions from the previous years' exams to appear in the current year.
- These sample questions are drawn exclusively from the material listed in the Body of Knowledge.
- Candidate knowledge and experience will vary. The actual exam questions may be more difficult than those represented here, though that is unintentional. A question may be more difficult for one candidate and not another.
- The sample questions cover a variety of topics; however, in the actual exam the weighting may vary, i.e. the proportion of questions drawn from different topics may be different from the pattern followed in this sample paper.
- The actual exam consists of 135 questions of which 120 are scored items. Candidates are allotted 2 hours to take the Level I exam. This sample exam should be completed in 2 hours to better simulate performance on the exam.

Please note that this sample question booklet has been prepared completely independently from the exam to ensure that the questions that will appear in the actual exam paper remain secure and confidential. The MTA maintains a discussion group forum for CMT candidates on its web site. Candidates are encouraged to utilize this resource and to discuss and clarify questions regarding the areas of the Body of Knowledge where they lack familiarity or seek better understanding.

## CMT Level 1 Sample Questions

1. All else being equal, which of the following is the **LEAST** preferred method to identify a change in trend?
  - a) ADX
  - b) Trend lines
  - c) Moving Average
  - d) Linear Least Squares Regression
  
2. Charles Dow's first major contribution to the field of technical analysis is
  - a) The Dow Theory
  - b) Point and figure charting technique
  - c) The development and use of indices
  - d) The concept of Relative Strength Analysis
  
3. The principal theoretical argument against the validity of technical analysis is
  - a) Rational Expectations Theory
  - b) Theory of Supply and Demand
  - c) The Random Walk Hypothesis
  - d) Prospect Theory (Loss-Aversion theory)
  
4. In the following figure, the dashed line suggests the presence of



- a) Fat tails
- b) Negative skewness
- c) Normal distribution
- d) Kurtosis less than three

5. Which of the following is the most accurate statement regarding market efficiency?
- a) Current market prices reflect all the material information
  - b) The EMH is based on statistical studies of the equity market
  - c) No single investment strategy can be used to outperform the market
  - d) Market efficiency describes how prices in competitive markets respond to new information
6. The EMH assumes that
- a) Investors as a group will act rationally
  - b) Noise players are not counteracted by arbitrageurs
  - c) Arbitrageurs drive prices away from intrinsic value
  - d) Individuals can behave irrationally in the marketplace, but this behavior is usually nullified by rational arbitrage
7. Which of the following is **LEAST LIKELY** to be a necessary condition to facilitate the use of technical analysis in financial markets?
- a) Fungibility
  - b) Sufficient liquidity
  - c) Continuous trading
  - d) Presence of derivatives
8. Fungibility is
- a) The market's response to new information
  - b) Trading of financial assets on an exchange's platform
  - c) Interchangeability of financial assets on identical terms
  - d) The ability of trends to act similarly over different periods
9. In what type of market is technical analysis **LEAST LIKELY** to be considered useful?
- a) Dealer market
  - b) Auction market
  - c) Brokered market
  - d) Direct search market

10. What statement is least likely an advantage of trading futures as compared to trading stocks?

- a) Futures are leveraged
- b) Price moves in futures have daily limits
- c) Gains in futures are taxed at lower rates
- d) Futures are more liquid than their underlining

11. Which of the following is **LEAST LIKELY** to be an underlying assumption of technical analysis?

- a) Markets trend
- b) Investors act rationally
- c) Price discounts everything
- d) Price is determined by the interaction of supply and demand

12. Which of the following is a characteristic of trends?

- a) Trends are straight lines
- b) Trends tend to reverse rather than continue
- c) Trends negate the Random Walk Hypothesis
- d) Trends are influenced by their next longer and next shorter trends

13. Which of the following statements is **LEAST LIKELY** to be correct? An equal-weighted average

- a) Is a dollar weighted average
- b) Is also called an unweighted average
- c) Is the methodology used to construct the S&P 500 Index
- d) Most closely represents how typical investors organize a portfolio

14. Which of the following is **LEAST** fungible?

- a) Cash
- b) Futures
- c) Options
- d) Real Estate

15. The expression “The market is not a weighing machine, rather, it is a voting machine” refers to
- How the Efficient Market Hypothesis works
  - The correctness of the Random Walk Hypothesis
  - Individual investment activity which is often the product of emotion
  - The value of each issue being recorded by an exact and impersonal mechanism
16. Which of the following statements is correct with respect to a price-weighted average?
- The S&P 500 Index is a price-weighted average
  - Float is taken into account when constructing price weighted averages
  - A high-priced stock has more influence on the average than a lower-priced stock
  - Stock splits and stock dividends are not taken into account when constructing price weighted averages
17. When an indicator or oscillator fails to reach the bottom when the price bottoms, it is known as
- Confirmation
  - Positive divergence
  - Negative divergence
  - Negative momentum
18. Which of the following is one of the most common ways of measuring internal market strength?
- Equity line
  - Breadth line
  - ATR (Average true range)
  - Chande Momentum oscillator
19. Which of the following actions would cause a violation of Ethics Standard 2 regarding not making misleading statements:
- Accusing another member of falsifying reports
  - Forecasting a rise in price from an inverse head-and-shoulders pattern
  - Suggesting theoretical returns that differ from market benchmarks based on historical evidence
  - Writing sales material to imply that a stock will rise when the tools you typically use for technical analysis do not support that conclusion.

20. A graph of potential account value, adjusted for each trade's profit or loss, and used to measure the success of a trading system, is called
- a) Equity line
  - b) Portfolio line
  - c) Performance graph
  - d) System performance graph
21. The approximate duration of the Kondratieff wave (or K-wave) is
- a) 4 years
  - b) 17 years
  - c) 34 years
  - d) 50–60 years
22. A price pattern in the stock market that shows similar characteristics every ten years is commonly referred to as the
- a) Decennial pattern
  - b) Independence Day pattern
  - c) Head and shoulders pattern
  - d) Symmetrical triangle pattern
23. Cycles are generally measured from
- a) Top to top
  - b) Bottom to top
  - c) Top to bottom
  - d) Bottom to bottom
24. What is an appropriate scale to analyze long-term price movements with considerable volatility on a point-and-figure price chart?
- a) Ratio
  - b) Geometric
  - c) Arithmetic
  - d) Logarithmic

25. A stock trades in a range between 51 and 55 for ten days and then moves higher. If you had been charting the stock with a three-box reversal point and figure chart, with two points assigned per box, what would the horizontal count be?
- a) 10 points
  - b) 30 points
  - c) 60 points
  - d) There would be no horizontal count
26. To increase the sensitivity of a 5x3 point and figure chart, one would
- a) Increase the box size
  - b) Decrease the box size
  - c) Increase the number of boxes needed for a reversal
  - d) Decrease the number of boxes needed for a reversal
27. In Point and Figure charting, the ability to obtain price objectives through the use of a horizontal count is a principal advantage of the
- a) One-box reversal chart
  - b) Five-box reversal chart
  - c) Three-box reversal chart
  - d) Seven-box reversal chart
28. Using intraday 1x1 point and figure charts, the most significant breakout is from a
- a) 1 column zone.
  - b) 5 column congestion zone.
  - c) 10 column congestion zone.
  - d) 15 column congestion zone.
29. An analyst is updating one-box reversal point and figure charts (\$1 box size) and the current column contains 4 Xs. The most recent posting is \$40. The stock closed yesterday at \$40.50, opened today at \$40.60, went up to \$40.95, and closed at the low for the day at \$39.11. How many NEW postings should the analyst make on the chart to reflect today's trading?
- a) 0 new postings
  - b) 1 new posting
  - c) 2 new postings
  - d) 3 new postings

30. An analyst is updating 5x3 point and figure charts. The most recent posting is \$175. The stock began trading today at \$175.55, went up to \$177.88, and closed at the low for the day at \$161.23. How many postings should the analyst make on the chart to reflect today's trading?
- a) 0 postings
  - b) 1 posting
  - c) 2 postings
  - d) 7 postings
31. Which of the following is **LEAST** accurate with respect to secondary offerings?
- a) The sellers, usually insiders, may be liquidating
  - b) Secondary Offerings are usually a bullish sign for the market
  - c) More supply (secondary offerings) will absorb available funds
  - d) As per the principles of economics, as the supply of stock increases, the price will fall
32. Misery Index is calculated by
- a) Interest rates & exchange rates
  - b) Unemployment and interest rates
  - c) Adding inflation and interest rates
  - d) Adding inflation and unemployment
33. Short-term interest rates have an impact on the stock market because
- a) Rising rates translate into rising bond prices
  - b) Short term interest rates do not impact corporate earnings
  - c) Interest-bearing investments are alternatives to stock investments
  - d) When interest rates are high, interest-bearing securities look less attractive
34. Use of a logarithmic scale provides greater clarity and is more useful when the security's price range over the period being investigated is
- a) Less than 10%
  - b) Less than 20%
  - c) Greater than 10%
  - d) Greater than 20%



35. Which one of the following chart types uses more than one data point to plot a particular time interval?

- a) Line
- b) Tick
- c) Candle chart
- d) Point and Figure Charts

36. The Fractal nature of trends suggests

- a) Technical analysis is infallible
- b) Dow Theory always holds true
- c) Price discounts future market events
- d) Minute-to-minute trends behave exactly like day-to-day trends

37. The key to profiting from technical analysis is to

- a) Avoid the use of Elliott Wave for intraday trades
- b) Always use momentum indicators in decision making
- c) Determine, with minimum risk of error, when a trend has begun
- d) Select and enter a position in the direction opposite to the existing trend

38. Which of the following statement is most likely to be correct?

- a) Moving averages work in trending as well as non-trending markets
- b) Trend-following techniques work well during market consolidations
- c) Trend-following techniques work poorly during market consolidations
- d) Most technicians prefer to use price oscillators when dealing with trending markets

39. The simplest way to determine the trend is

- a) To look at moving average crossovers
- b) To look for peaks and troughs of the price swings
- c) To look for peaks and troughs of the swings in breadth line
- d) To look for peaks and troughs within a series of price oscillations

40. Which of the following statements accurately describes a property of support levels/ zones?

- a) They are preceded by a sharp price rise
- b) Price peaks often define a support point
- c) Buyers become as powerful or aggressive as the sellers and halt a price decline
- d) Sellers become as powerful or aggressive as the buyers and halt a price decline

41. Which of the following is **LEAST LIKELY** to act as a support or resistance level?

- a) Trendlines
- b) Even numbers
- c) Fibonacci ratios
- d) Previous peaks and troughs

42. Which of the following do analysts/ traders use trading ranges for?

- a) Breakout Trading
- b) Pivot Point Analysis
- c) As a trend confirmation
- d) Relative Strength Analysis

43. Which is a common method, generally used by the analyst, to spot an uptrend?

- a) Regression Line
- b) Moving Averages
- c) Momentum Indicators
- d) Chart Pattern Breakouts

44. Which of the following trendline techniques may Fibonacci ratios for construction?

- a) Fan lines
- b) Andrews pitchfork
- c) Internal trend lines
- d) Accelerating trend lines

45. All else being equal, the steeper the trend line

- a) The more significant it is
- b) The sooner it will be broken
- c) The more the number of times it will be touched by price
- d) The more profitable it is, in the long run

46. Which of the following is considered a strong confirmation signal of a trend change?

- a) Oversold Breakout
- b) Failure Swing
- c) Ascending Triangle
- d) Failed Divergence

47. Point and figure charts display

- a) Volume data
- b) Time on the horizontal axis
- c) High, low and closing prices
- d) Sequential reversals of price in unit increments

48. In constructing a point and Figure chart, a new entry is added only when

- a) Price has moved to a new high or low
- b) Volume confirms the price movement
- c) Price has moved equal to or more than the specified box size
- d) Price has moved less than the specified box size

49. As the price unit of a reversal on a point and figure chart is decreased

- a) The possibility of whipsaws decreases
- b) Time analysis becomes more critical for interpretation
- c) The sensitivity of the graphically displayed price movement is increased
- d) The sensitivity of the graphically displayed price movement is decreased

50. A technical analyst is **LEAST LIKELY** to use the moving averages technique to

- a) Determine trends
- b) Spot price extremes
- c) Confirm Elliott Wave counts
- d) Determine levels of support and resistance

51. Pullbacks occur when prices

- a) Fail to break out in the direction of the trend
- b) Consolidate between the boundaries of a price pattern
- c) Breakout upward and then fall back to their breakout level
- d) Breakout downward and then rally up to their breakout level

52. The double top pattern resembles the

- a) Rectangle formation with less detail
- b) Bullish cup and handle pattern with respect to the direction of breakout
- c) Triple top with respect to the number of touch points on the support line
- d) Triple bottom with respect to the number of touch points on the support line

53. The pattern in which both the upper and lower bounds are slanting in the same direction and converging, is called a

- a) Coil
- b) Wedge
- c) Broadening formation
- d) Symmetrical triangle

54. When upper and lower boundary lines diverge regardless of slope, it is called a

- a) Flag
- b) Isosceles triangle
- c) Broadening pattern
- d) Symmetrical triangle

55. In a triangle, the breakout commonly occurs near

- a) 40% of the length of the triangle from base to cradle
- b) 50% of the length of the triangle from base to cradle
- c) 75% of the length of the triangle from base to cradle
- d) 85% of the length of the triangle from base to cradle

56. In the following chart, name the price pattern that begins after the vertical line.



- a) Double top
- b) Rounding top
- c) Pennant
- d) Head and shoulders

57. In the following chart, name the pattern inside the marked box.



- a) Diamond bottom
- b) Double bottom
- c) Inverse head and shoulders
- d) Triple bottom

58. In the following chart, the bullish candlestick chart pattern inside the marked box is



- a) Harami
- b) Spinning top
- c) Hanging man
- d) Bullish engulfing

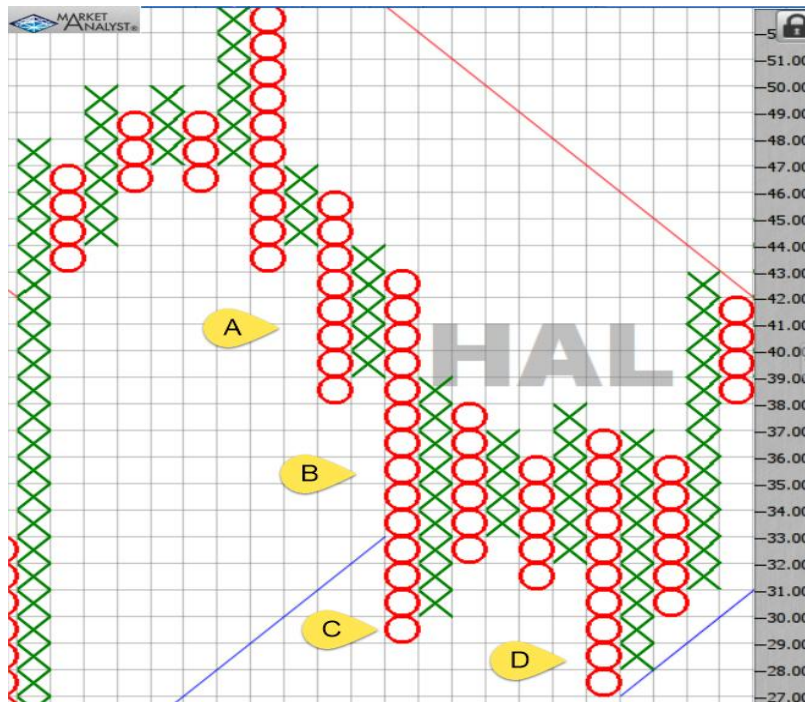
59. Which of the following chart types does not portray time and volume

- a) Line chart
- b) Tick charts
- c) Candlestick
- d) Point-and-figure

60. Which of the following chart types assumes a continuous price flow (as if price traded through any gaps).

- a) Line chart
- b) Tick charts
- c) Candlestick
- d) Point-and-figure

61. In the chart below, identify which row (marked by a yellow label) should be used for a horizontal count in determining a bullish price target.



- a) Row A
- b) Row B
- c) Row C
- d) Row D

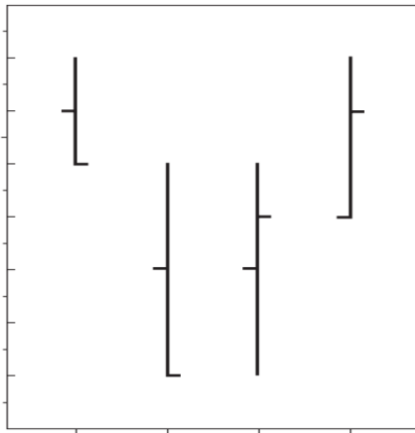
62. When the opening price for the day is outside the range of the previous day, it is called

- a) Opening gap
- b) Measuring gap
- c) Exhaustion gap
- d) Continuation gap

63. Gaps that occur along a trend, often at about the middle of a price run are called

- a) Opening gaps
- b) Runaway gaps
- c) Exhaustion gaps
- d) Continuation gaps

64. Identify the reversal pattern in the figure below.



- a) Pipe bottom
- b) Horn Pattern
- c) Island Reversal
- d) Bullish Engulfing Pattern

65. A bar with a range that is smaller than and within the previous bar's range, is commonly referred to as

- a) A four-bar
- b) An inside bar
- c) A shark pattern
- d) A narrow-range bar



66. \_\_\_\_\_ is a measure of implied volatility in the S&P 500 options

- a) VIX
- b) Beta
- c) R-Squared
- d) Average True Range

67. Identify the candlestick chart pattern inside the marked box



- a) Doji
- b) Harami
- c) Hammer
- d) Shooting star

68. A positive divergence occurs when

- a) Price reaches a new low confirmed by a new low in the oscillator
- b) Price reaches a new high confirmed by a new high in the oscillator
- c) Price reaches a new low unconfirmed by a new low in the oscillator
- d) Price reaches a new high unconfirmed by a new high in the oscillator

69. Which of the following oscillators incorporate volume

- a) RSI
- b) MACD
- c) Williams %R
- d) Williams Variable Accumulation Distribution (WVAD)

70. Which of the following is most accurate with respect to averages and oscillators

- a) Oscillators are more profitable in trending markets
- b) Oscillators can only be used as a confirmation tool
- c) Moving averages are only profitable in trading markets
- d) Moving averages are only profitable in trending markets

71. A rising ADX, between 15 and 25, indicates

- a) Definite uptrend
- b) Beginning of uptrend
- c) Overextended uptrend
- d) Very short swings; no trend

72. With regard to cycle analysis, translation is best described as

- a) The distance between peaks
- b) The distance between troughs
- c) To the left when the peak is beyond the halfway point
- d) Useful in checking where the trend direction is headed or if it is changing

73. A complete Elliott Wave cycle is composed of how many sub waves

- a) 3 sub-waves
- b) 5 sub-waves
- c) 8 sub-waves
- d) 13 sub-waves

74. 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 touched by prices

75. What is most likely indicated when Bollinger Bands narrow

- a) A stock is ready for a rally
- b) A stock is ready for a decline
- c) A stock's volatility has increased
- d) A stock's volatility has decreased

76. Which of the following is **LEAST LIKELY** to be correct about gaps?

- a) Gaps are always filled
- b) Common gaps are typically of no consequence
- c) Upward breakaway gaps are usually accompanied by heavy volume
- d) Exhaustion gaps are seen at the end of a move and signal a potential trend reversal

77. Dow Theory uses

- a) Low prices
- b) High prices
- c) Closing prices
- d) Average daily prices

78. Which of the following is usually associated with major market tops?

- a) A pennant pattern
- b) Ascending triangles
- c) An extended third wave
- d) A broadening formation

79. Which of the following is **LEAST LIKELY** to be an important use for an oscillator?

- a) Providing a trading signal in the direction of the price trend when it crosses zero
- b) Providing a warning when the oscillator and price are diverging and the oscillator is at an extreme
- c) Providing a method of evaluating the performance of a security relative to another security or index
- d) Determining when overbought or oversold conditions exist when the oscillator reaches an extreme reading near the upper or lower end of its boundaries

80. The Directional Movement Indicator (DMI) can be described as two

- a) Moving averages of the lows
- b) Moving averages of the highs
- c) Lines tracking higher highs and lower lows to determine trend
- d) Lines placed two standard deviations above or below a moving average

81. The most commonly used price to calculate a moving average is the

- a) Low
- b) High
- c) Close
- d) Midpoint

82. A candlestick with identical, or nearly identical, opening and closing prices is a

- a) Doji
- b) Spinning top
- c) Morning star
- d) Neutral cloud

83. All of the following are momentum oscillators EXCEPT the

- a) Stochastic Oscillator
- b) Advance/decline line
- c) Relative strength index (RSI)
- d) Moving average convergence-divergence (MACD)

84. For a futures contract, daily volume refers to the

- a) Open interest at the end of the day
- b) Cumulative price change for the day
- c) Number of contracts traded during the day
- d) Dollar amount of the contracts traded for the day

85. In a head and shoulders pattern, volume is generally

- a) Highest around the neckline
- b) Consistent throughout the pattern
- c) Light as prices approach the peak
- d) Heaviest during the formation of the left shoulder

86. The parameters of a cycle are

- a) Price, volume, and flow
- b) Length, width, and breadth
- c) Form, perimeter, and wave
- d) Amplitude, period, and phase

87. A simple moving average is often criticized because

- a) It involves a complex calculation
- b) The most recent events are given extra weight
- c) The entire price series is used in its calculation
- d) Equal weight is given to each point included in the calculation

88. An exponentially smoothed moving average

- a) Suffers from the drop-off effect
- b) Cannot be plotted on a bar chart
- c) Gives heavier weight to recent observations
- d) Excludes older price points in the calculation

89. A sell signal is normally given when a

- a) Shorter length moving average remains above a longer length moving average
- b) Longer length moving average remains above a shorter length moving average
- c) Shorter length moving average crosses a longer length moving average from above
- d) Longer length moving average crosses a shorter length moving average from above

90. Which of the following is least likely a component of the Code of Ethics? MTA members shall:

- a) Maintain at all times the highest standards of professional competence.
- b) Not unduly exploit their relationship with the Association for commercial purposes
- c) Not publish or make statements which they know or have reason to believe are inaccurate.
- d) Comply with applicable laws of government agency which has jurisdiction over the civil activities.

91. Oscillators are used by the analyst to determine

- a) Volume divergences
- b) Continuation patterns
- c) Extended rallies and corrections
- d) Overbought or oversold conditions

92. Violated support levels typically

- a) Indicate an imminent price reversal
- b) Become resistance levels on price rallies
- c) Become support levels as prices fall lower
- d) Are associated with declining price projections

93. Which of the following bar chart patterns are **LEAST** useful?

- a) Wedges
- b) Pennants
- c) Triangles
- d) Broadening formations

94. Which of the following is **LEAST LIKELY** to be a characteristic of the Doji pattern?

- a) It is often a warning of reversal
- b) It is an effective pattern based upon percent winners
- c) The opening and closing prices are identical or nearly identical
- d) It suggests the market is in equilibrium and affected by indecision

95. Which of the following would most likely be a continuation pattern?

- a) Flag
- b) Double bottom
- c) Engulfing pattern
- d) Head and shoulders

96. The January Effect refers to a seasonal tendency in which
- a) Returns for the year tend to be positive when January returns are positive
  - b) Returns for the year tend to be negative when January returns are positive
  - c) Large capitalization stocks outperform small capitalization stocks in January
  - d) Small capitalization stocks outperform large capitalization stocks in January
97. Which of the following is **LEAST LIKELY** an example of a sentiment indicator?
- a) Put/call ratio
  - b) Brokerage firm hiring
  - c) Consumer Confidence Index
  - d) Relative strength index (RSI)
98. Equivolume charting is best described as a
- a) Variation of candlestick charting
  - b) Variation of the McClellan Oscillator
  - c) Bar chart where the width of the bars is determined by volume
  - d) Technique that compares market performance on days with equal volume
99. Ratio line of U.S. dollars to gold versus gold has historically shown:
- a) No correlation
  - b) Positive correlation
  - c) Negative correlation
  - d) Perfect positive correlation
100. Which of the following is **LEAST LIKELY** to be a tool for money management?
- a) Stops
  - b) Exit strategies
  - c) Position size management
  - d) Trend following strategies

101. For the purposes of money management, risk is defined as

- a) Beta
- b) Volatility
- c) Loss of capital
- d) Variability of returns

102. Which of the following is **LEAST LIKELY** to be a method for determining optimum position size?

- a) Risk of Ruin
- b) Theory of Runs
- c) Optimal f (or Kelly)
- d) Modified Martingale

103. Methods to measure relative strength (RS) include all of the following **EXCEPT** for the:

- a) Beta method
- b) Alpha method
- c) Trend slope method
- d) Percentage change method

104. Which of the following is **LEAST LIKELY** to be a part of the stock screening method?

- a) Leader or laggard
- b) Annual sales increases
- c) Institutional sponsorship
- d) Annual earnings increases

105. Dow Theory teaches that the investor should forego attempts to predict the secondary trends because

- a) They are too random
- b) They are subject to manipulation
- c) Exogenous events can have too much of an influence
- d) Their reversals are too similar to primary reversals and can create confusion



106. Which of the following is **LEAST LIKELY** to be a Federal Reserve monetary policy tool?

- a) Discount rate
- b) Federal funds rate
- c) Open market operations
- d) Bank reserve requirements

107. A rising VIX index indicates

- a) Increasing implied volatility
- b) Decreasing implied volatility
- c) Increasing historical volatility
- d) Decreasing historical volatility

108. Which of the following statements regarding price-weighted averages is correct?

- a) The S&P 500 index is a price-weighted average
- b) Float is taken into account when constructing price weighted averages
- c) A high-priced stock has more influence on the average than a lower-priced stock
- d) Stock splits and stock dividends are not taken into account when constructing price weighted averages

109. Which of the following is **LEAST LIKELY** to be correct regarding the McClellan Oscillator?

- a) It is scaled to range from +1 to -1
- b) It is a measure of market breadth
- c) High readings indicate an overbought stock market
- d) It is the difference between two exponential moving averages of advances minus declines

110. The Arms Index

- a) Is a ratio of two ratios
- b) Measures market sentiment
- c) Is a market capitalization weighted average
- d) Is a bullish signal for the market when the reading is high

111. Which of the following statements regarding standard deviation is incorrect?

- a) It is a measure of volatility
- b) It ranges in value from -1 to +1
- c) It is a commonly used measure of risk
- d) It is measured in the same units as the mean

112. Three Steps and a Stumble is a market indicator based upon three consecutive

- a) Monthly increases in insider trading activity
- b) Monthly increases in the bank prime interest rate
- c) Highs in the Dow Jones Industrial Average achieved on decreasing volume
- d) Increases in either the federal funds target rate, margin requirements, or reserve requirements

113. A basic bar charts typically contains all of the following prices **EXCEPT** the

- a) Low
- b) High
- c) Closing
- d) Opening

114. Which of the following actions would cause a violation of Ethics Standard 7 regarding 'giving adequate opportunity to clients to act on recommendations, before trading in one's own account'?  
Trading in personal account:

- a) after seven days from sending the trade recommendation.
- b) after trade has been executed in the discretionary accounts.
- c) immediately after sending trade recommendation to all the clients via email.
- d) after getting conformation from all the clients that they have received the recommendation.

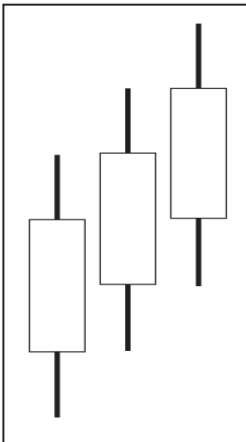
115. A Member writes a research report on sector rotation. In doing so, he includes the work of another analyst, with substantially identical analysis, without acknowledgement of the source of the study. Which of the following is **not a violation** of the MTA Code of ethics 8 in the above incidence?

- a) Including another analyst's work in his report.
- b) Not giving credit to the original author for his work.
- c) Not obtaining prior permission from the author for publication.
- d) Using substantially same language and analysis contained in reports

116. A stop order used to avoid the potential loss of profits, When a security is in a recognizable trend:

- a) Time stops
- b) Money stops
- c) Trailing stops
- d) Protective Stops

117. Identify the candlestick chart pattern inside the blue box



- a) Doji
- b) Harami
- c) Three outside up
- d) Three White soldiers

118. Which of the following numbers is also termed as the “golden ratio”

- a) 0.382
- b) 0.618
- c) 1.618
- d) 1.619

119. Ratio line of gold to the DJIA versus the DJIA line has historically shown:

- a) No correlation
- b) Positive correlation
- c) Negative correlation
- d) Perfect positive correlation

120. The January effect is a condition in which:

- a) small-cap stocks had a tendency to have strength
- b) small-cap stocks had a tendency to have weakness
- c) Large-cap stocks had a tendency to have abnormal strength
- d) Large-cap stocks had a tendency to have abnormal Weakness

# CMT Level 1 Sample Questions – Candidate Answer Sheet

- |           |           |           |            |
|-----------|-----------|-----------|------------|
| 1. _____  | 31. _____ | 61. _____ | 91. _____  |
| 2. _____  | 32. _____ | 62. _____ | 92. _____  |
| 3. _____  | 33. _____ | 63. _____ | 93. _____  |
| 4. _____  | 34. _____ | 64. _____ | 94. _____  |
| 5. _____  | 35. _____ | 65. _____ | 95. _____  |
| 6. _____  | 36. _____ | 66. _____ | 96. _____  |
| 7. _____  | 37. _____ | 67. _____ | 97. _____  |
| 8. _____  | 38. _____ | 68. _____ | 98. _____  |
| 9. _____  | 39. _____ | 69. _____ | 99. _____  |
| 10. _____ | 40. _____ | 70. _____ | 100. _____ |
| 11. _____ | 41. _____ | 71. _____ | 101. _____ |
| 12. _____ | 42. _____ | 72. _____ | 102. _____ |
| 13. _____ | 43. _____ | 73. _____ | 103. _____ |
| 14. _____ | 44. _____ | 74. _____ | 104. _____ |
| 15. _____ | 45. _____ | 75. _____ | 105. _____ |
| 16. _____ | 46. _____ | 76. _____ | 106. _____ |
| 17. _____ | 47. _____ | 77. _____ | 107. _____ |
| 18. _____ | 48. _____ | 78. _____ | 108. _____ |
| 19. _____ | 49. _____ | 79. _____ | 109. _____ |
| 20. _____ | 50. _____ | 80. _____ | 110. _____ |
| 21. _____ | 51. _____ | 81. _____ | 111. _____ |
| 22. _____ | 52. _____ | 82. _____ | 112. _____ |
| 23. _____ | 53. _____ | 83. _____ | 113. _____ |
| 24. _____ | 54. _____ | 84. _____ | 114. _____ |
| 25. _____ | 55. _____ | 85. _____ | 115. _____ |
| 26. _____ | 56. _____ | 86. _____ | 116. _____ |
| 27. _____ | 57. _____ | 87. _____ | 117. _____ |
| 28. _____ | 58. _____ | 88. _____ | 118. _____ |
| 29. _____ | 59. _____ | 89. _____ | 119. _____ |
| 30. _____ | 60. _____ | 90. _____ | 120. _____ |

## **Answer Sheet - CMT Level 1 Sample Questions**

1. Answer d. (Linear Least Squares Regression)  
Reference Kirkpatrick & Dahlquist, 2010, *Technical Analysis, 2nd Edition*, Chapter 2, pp. 12-14.
2. Answer c. (The development and use of indices)  
Reference Kirkpatrick & Dahlquist, 2010, *Technical Analysis, 2nd Edition*, Chapter 2, pp. 27.
3. Answer c. (The Random Walk Hypothesis)  
Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 4, pp. 34.
4. Answer a. (Fat Tails)  
Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 4, pp. 35-37.
5. Answer d. (Market efficiency describes how prices in competitive markets respond to new information)  
Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 4, pp. 41.
6. Answer d. (Individuals can behave irrationally in the marketplace, but this behavior is usually nullified by rational arbitrage)  
Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 4, pp. 46.
7. Answer d. (Presence of derivatives)  
Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 5, pp. 58.
8. Answer c. (Interchangeability of financial assets on identical terms)  
Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 5, pp. 58.
9. Answer d. (Direct search market)  
Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 5, pp. 58-59.
10. Answer d. (Futures are more liquid than their underlining)  
Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 5, pp. 64-65.
11. Answer b. (Investors act rationally)  
Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 2, p 9 & 17.
12. Answer d. (Trends are influenced by their next longer and next shorter trends)  
Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 2, pp. 15-6.
13. Answer c. (Is the methodology used to construct the S&P 500 Index)  
Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 5, p. 72.
14. Answer d. (Real Estate)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 5, p. 58.
15. Answer c. (Individual investment activity which is often the product of emotion)

- Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 3, p. 28.
16. Answer c. (A high-priced stock has more influence on the average than a lower-priced stock)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 5, pp. 69-72.
  17. Answer b. (positive divergence)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 5, p. 58.
  18. Answer b. (Breadth line)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 8, p. 134.
  19. Answer d. (Writing sales material to imply that a stock will rise when the tools you typically use for technical analysis do not support that conclusion.)  
Reference MTA Code of *Ethics*
  20. Answer a. (Equity line)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 8, p. 142.
  21. Answer d. (50–60 year)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 9, p. 164.
  22. Answer a. (Decennial pattern)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 9, p. 168.
  23. Answer d. (bottom to bottom)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 9, p. 170.
  24. Answer d. (Logarithmic)  
Reference du Plessis, *The Definitive Guide to Point and Figure*, Chapter 2, p. 71-77 Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 11m p. 220
  25. Answer d. (There would be no horizontal count)  
Reference du Plessis, *The Definitive Guide to Point and Figure, 2nd Edition*, Chapter 5, pp. 199-205
  26. Answer b. (decrease the box size)  
Reference du Plessis, 2012, *The Definitive Guide to Point and Figure, 2nd Edition*, Chapter 6, p. 243.
  27. Answer a. (one-box reversal chart)  
Reference du Plessis, 2012, *The Definitive Guide to Point and Figure, 2nd Edition*, Chapter 5, p. 177
  28. Answer d. (15 column congestion zone)  
Reference du Plessis, *The Definitive Guide to Point and Figure, 2nd Edition*, Chapter 3.
  29. Answer a. (0 new postings)  
Reference du Plessis, *The Definitive Guide to Point and Figure, 2nd Edition*, Chapter 2.
  30. Answer a. (0 new postings)

Reference du Plessis, 2012, *The Definitive Guide to Point and Figure, 2nd Edition*, Chapter 2, pp. 77-80.

31. Answer b. (Secondary Secondary Offerings are usually a bullish sign for the market)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 10, p. 180.
32. Answer d. (Adding Inflation and Unemployment)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 10, p. 188-189.
33. Answer c. (Interest-bearing investments are alternatives to stock investments)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 10, p. 185.
34. Answer d. (Greater than 20%)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 11, p. 214.
35. Answer c. (Candle chart)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 11, p. 200.
36. Answer d. (Minute-to minute trends behave exactly like day-to-day trends)  
Reference Kirkpatrick & Dahlquist, 2010, *Technical Analysis, 1st Edition*, Chapter 2, pp. 15-16.
37. Answer c. (Determine, with minimum risk of error, when a trend has begun)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 12, p. 224.
38. Answer c. (Trend-following techniques work poorly during market consolidations)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 12, p. 225.
39. Answer b. (To look for peaks and troughs of the price swings)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 12, p. 228.
40. Answer c. (Buyers become as powerful or aggressive as the sellers and halt a price decline)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 12, p. 230.
41. Answer b. (Even Numbers)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 12, p. 232.
42. Answer a. (Breakout Trading)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 12, p. 236.
43. Answer b. (Moving Averages)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 12, p. 238.
44. Answer a. (Fan Lines)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 12, p. 241.
45. Answer b. (The sooner it will be broken)



- Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 12, p. 242.
46. Answer b. (Failure Swing)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 18, p. 409.
47. Answer d. (Sequential reversals of price in unit increments)  
Reference du Plessis, 2012, *The Definitive Guide to Point and Figure, 2nd Edition*, Chapter 2, p. 53.
48. Answer c. (price has moved equal to or more than the specified box size)  
Reference du Plessis, 2012, *The Definitive Guide to Point and Figure, 2nd Edition*, Chapter 2, p. 53.
49. Answer c. (the sensitivity of price movement graphically displayed is increased)  
Reference du Plessis, 2012, *The Definitive Guide to Point and Figure, 2nd Edition*, Chapter 2 p. 53.
50. Answer c. (Confirm Elliott Wave counts)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 14, p. 285.
51. Answer d. (Breakout downward and then rally up to their breakout level)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 15, p. 303.
52. Answer a. (Rectangle formation with less detail)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 15, p. 309.
53. Answer b. (Wedge)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 20, p. 482.
54. Answer c. (broadening pattern)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 15, p. 314.
55. Answer c. (75% of the length of the triangle from base to cradle)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 15, p. 318.
56. Answer d. (Bearish Head and Shoulders)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 15, p. 314.
57. Answer b. (Double Bottom)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 17, p. 374.
58. Answer d. (Bullish Engulfing)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 15, p. 330.
59. Answer d. (Point-and-figure)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 16, p. 336.
60. Answer d. (Point-and-figure)  
Reference du Plessis, 2012, *The Definitive Guide to Point and Figure, 2nd Edition*, Chapter 2 p. 25.
61. Answer b. (Row B)

- Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 16, p. 342.
62. Answer a. (Opening gap)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 16, p. 343.
63. Answer b. (Runaway gaps)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 16, p. 343.
64. Answer a. (Pipe bottom)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 17, p. 374.
65. Answer b. (Inside Bar)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 17, p. 376.
66. Answer a. (VIX)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 17, p. 386.
67. Answer c. (Hammer)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 17, p. 394.
68. Answer c. (price reaches a new low unconfirmed by a new low in the oscillator)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 18, p. 410.
69. Answer d. (Williams Variable Accumulation Distribution (WVAD))  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 18, p. 415.
70. Answer d. (Moving averages are only profitable in trending markets)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 18, p. 441.
71. Answer b. (Beginning of uptrend)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 18, p. 443.
72. Answer d. (useful in checking where the trend direction is headed or if it is changing)  
Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 19, p. 457-8.
73. Answer c. (8 sub-waves)  
Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 20, p. 478-80.
74. Answer c. (Distance from current price)  
Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 12, p. 242.
75. Answer d. (A stock's volatility has decreased)  
Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 14, pp. 292-5.
76. Answer a. (Gaps are always filled)

Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 17, pp. 363-7.

77. Answer c. (closing prices)

Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 6, pp. 82-3.

78. Answer d. (A broadening formation)

Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 15, pp. 320-325.

79. Answer c. (Providing a method for evaluating the performance of a security relative to another security or index)

Reference Kirkpatrick & Dahlquist, 2007, *Technical Analysis, 2nd Edition*, Chapter 18, pp.433-4.

80. Answer c. (lines tracking higher highs and lower lows to determine trend)

Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 14, pp. 288-91.

81. Answer c. (Close)

Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 14, p. 276.

82. Answer a. (Doji)

Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 17, pp. 391-2.

83. Answer b. (advance/decline line)

Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 18, pp. 432-44.

84. Answer c. (number of contracts traded during the day)

Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 18, p. 427.

85. Answer d. (heaviest during the formation of the left shoulder)

Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 15, pp. 326-9.

86. Answer d. (amplitude, period, and phase)

Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 19, p. 454.

87. Answer d. (equal weight is given to each point included in the calculation)

Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 14, pp. 276-8.

88. Answer c. (Gives heavier weight to recent observations)

Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 14, pp. 282-3.

89. Answer c. (shorter length moving average crosses a longer length moving average from above)

Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 14, pp. 280-1.

90. Answer d. (Comply with applicable laws of government agency which has jurisdiction over the civil activities)

Reference MTA Code of *Ethics*

91. Answer d. (overbought or oversold conditions)

Reference Kirkpatrick & Dahlquist, *Technical Analysis, 2nd Edition*, Chapters 8 & 18, p. 139 and p. 422.

92. Answer b. (Become resistance levels on price rallies)  
Reference Kirkpatrick & Dahlquist, 2011, *Technical Analysis, 2nd Edition*, Chapter 12, pp. 236-7.
93. Answer d. (Broadening formations)  
Reference Kirkpatrick & Dahlquist 2011, *Technical Analysis, 2nd Edition*, Chapter 15, p. 320.
94. Answer b. (It is an effective pattern based upon percent winners)  
Reference Kirkpatrick & Dahlquist 2011, *Technical Analysis, 2nd Edition*, Chapter 17, p. 391.
95. Answer a. (Flag)  
Reference Kirkpatrick & Dahlquist 2011, *Technical Analysis, 2nd Edition*, Chapter 15, p. 320.
96. Answer d. (small capitalization stocks outperform large capitalization stocks in January)  
Reference Kirkpatrick & Dahlquist 2011, *Technical Analysis, 2nd Edition*, Chapter 9, p. 174.
97. Answer d. (Relative strength index (RSI))  
Reference Prang, 2002, *Technical Analysis Explained, 4th Edition*, Chapter 26, pp. 485-510.
98. Answer c. (bar chart when the bars vary in width determined by volume)  
Reference Kirkpatrick & Dahlquist 2011, *Technical Analysis, 2nd Edition*, Chapter 18, pp. 412-4.
99. Answer c. (Negative correlation)  
Reference Kirkpatrick & Dahlquist 2011, *Technical Analysis, 2nd Edition*, Chapter 21, pp. 511.
100. Answer d. (Trend following strategies)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 23, pp. 572-6.
101. Answer c. (loss of capital)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 23, p. 562.
102. Answer d. (Modified Martingale)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 23, pp. 565-7.
103. Answer a. (Beta method)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 21, pp. 517-20.
104. Answer b. (Annual sales increases)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 21, p. 521.
105. Answer d. (Their reversals are too similar to primary reversals and can create confusion)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 6, p.81.
106. Answer d. (Bank reserve requirements)

- Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 10, pp. 190-1.
107. Answer a. (increasing implied volatility)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 13, pp. 100-1.
108. Answer c. (A high-priced stock has more influence on the average than a lower-priced stock)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 5, pp. 69-72.
109. Answer a. (It is scaled to range from +1 to -1)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 8, pp. 142-3.
110. Answer a. (is a ratio of two ratios)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 8, pp. 149-51.
111. Answer b. (It ranges in value from -1 to +1)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Appendix A, pp. 585-6.
112. Answer d. (increases in either the federal funds target rate, margin requirements, or reserve requirements)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 10, pp. 193-4.
113. Answer d. (opening)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 11, pp. 201-1.
114. Answer c. (Immediately after sending trade recommendation to all the clients via email.)  
Reference MTA Code of Ethics
115. Answer a. (Including another analyst's work in his report.)  
Reference MTA Code of Ethics
116. Answer c. (Trailing stops)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 13, pp. 265.
117. Answer d. (Three White soldiers)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 17, pp. 399.
118. Answer c. (1.618)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 20, pp. 494.
119. Answer c. (Negative correlation)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 21, pp. 509.
120. Answer a. (small-cap stocks had a tendency to have strength)  
Reference Kirkpatrick & Dahlquist (2011), *Technical Analysis, 2nd Edition*, Chapter 9, pp. 174.