



## Letter from the Editor

Happy Holidays to all and welcome to those of you who just signed up for the CMT program. As discussed in the inaugural CMT Newsletter, the objective of the CMT Newsletter is to keep you informed about your upcoming exams. We hope to add value to your exam experience. Part of the value of this letter will be up to you, the candidates, so send in your questions so that I can address them in the "Ask the Director" part of this e-letter, where some of your questions will be posted. In this edition of the letter, there were no questions submitted, therefore; I included a question which has been giving many candidates lots of trouble understanding. I will include some additional helpful readings and information on where to find additional materials on certain topics. In another section of this letter, Marie Penza, Director of Member Services, and your key contact in the CMT process, will comment on instructions and helpful hints about Prometric registration and your examination specifics. Finally, Cassandra will write you about the library book acquisition process and, in the future, the required sponsorship process to becoming a full member

Jeanette Young, CMT, CFP  
CMT Program Director

## Getting Started (Where to Start Your Studies)

### Recommended Readings

For CMT Level 1 candidates, begin your study with *Technical Analysis: The Complete Resource for Financial Market Technicians*, written by Charlie Kirkpatrick, CMT and Julie Dahlquist, CMT. MTA's Knowledge Base is also available to you online to support your study and preparation for your upcoming exam. The Knowledge Base is a good source for quick answers to many of your questions regarding many of the subject matters that you have been assigned. CMT Level 1 is a basic exam concentrating on definitions.

CMT Level 2 candidates should start with a review of the books assigned for the Level 1 exam. This will serve as a refresher for the Level 2 materials. Start again with the Kirkpatrick and Dahlquist book, *Technical Analysis: The Complete Resource for Financial Market Technicians*. Remember, this level of the CMT exam involves more definitions and plenty of applications.

CMT Level 3 candidates should review all the information learned in Levels 1 and 2 as the exams are cumulative. This exam is all application and analysis, delivered in an essay format. Start your CMT Level 3 readings with the John Murphy, CMT book: *Intermarket Analysis: Profiting From Global Market Relationships*. This book is a very good beginning for your preparation for the CMT Level 3 exam.

### Recommended Study Times

After many years of examination administration, our candidates have constantly updated us on the required study times required for CMT exam success and have provided tips for "best practice" studying techniques.

At the start of your review process, you need to clearly understand the recommended study times for each examination. These times are the minimum amount of time you should devote to study. They are as follows:

- Level 1---100 Hours
- Level 2---140 Hours
- Level 3---160 Hours

There is no substitute for study. The recommended "best practice" is to understand these required study times now and set a WEEKLY goal for yourself as you prepare for the examination. It is far more advisable to study over time than to attempt to short-cut, or worse, to not complete, the required readings. Keep a log!! Start a study group!! In essence, start now!!

### All Levels

I think the one thing that the candidate needs to remember is that this exam builds on the previous assignments. For example, if you are taking the CMT Level 2 exam, you are responsible for all

## Administrative Notes

### Registration for All Levels Open

The MTA is pleased to announce that registration for all levels for the Spring 2010 CMT Administration, are **NOW OPEN!** Sign up today to ensure your preferred time, date, and location! Contact Marie Penza, 646-652-3300, for information on the CMT Program and/or if your having trouble scheduling your exam for Prometric. For detailed instructions on how you can register online, please [click here](#).

### Test Dates

The Spring 2010 CMT Exams will be held from April 29, 2010 through May 8, 2010.

### Registration Closing Dates

Registration for Levels 1 and 2 closes on April 23, 2010. Registration for Level 3 closes on April 9, 2010.

### Recommended Reading Lists

- [CMT Exam Level 1](#)
- [CMT Exam Level 2](#)
- [CMT Exam Level 3](#)

## Special Opportunity

### Apprenticeship Program

A leading brokerage firm seeks candidates for an analyst apprenticeship program. The firm focuses on the U.S. equity market and is located on Wall Street. Candidates should have passed Level 2 of the CMT program, although special Level 1 candidates will be considered. Candidates need to have a Series 7 and 63 and will be registered with the firm. Apprentices will work directly for the Chief Market Analyst of the firm. Those interested, please call Mr.

CMT Level 1 materials. Naturally, by CMT Level 3, you are responsible for the assigned readings from all three levels.

### What You Have To Know (And is Always Tested!)

Start your examination study with an understanding of the MTA CODE OF ETHICS. This is a one-page document (see [mta.org](http://mta.org) - [Code of Ethics](#) section) that you will be tested on in all three levels. You will not be asked to quote a rule, but rather, for example, identify if a violation exists in a given situation that we provide you with. It is the application/interpretation of the rules that is important. HELPFUL HINT: Being able to reference a specific rule's number might be beneficial during the CMT Level 3 Exam.

### Confidentiality

Candidates are expressly prohibited from disclosing any information regarding the content of the CMT examinations on our blogs, forums, discussion groups, or any other means of communication. A statement is provided by Prometric during the testing process to reinforce this confidentiality message. Any information you disclose after taking the examination is, of course, distinctly unfair to those who have already taken the examination. ANY violations in this area will be treated as a most severe offense by the MTA.

### Registration Process Explained by Marie Penza, Director of Member Services

By getting this CMT Newsletter, you are already enrolled in the CMT Program. After enrolling into the CMT Program, the next step is to register for the actual exam and set up your date, time and location for the exam with Prometric.

The registration process for the exams is simple. First, got to [mta.org](http://mta.org), log into the Member Homepage, and click on My Profile Information. On that page, if you scroll towards the bottom, click on the link that says "click here for your Charter Program information." The following page will allow you to register for the exam that you are eligible for. Simply follow the remaining prompts that ask you for your payment information.

After paying for the exam, it is time to select your date, time and test center location with Prometric. When you complete the payment process on the [mta.org](http://mta.org) website for the exam, a link to Prometric's website to schedule your exam will appear. To the left, under "For Test Takers", select "Academic, Professional, Gov't and Corporate." The testing program you select is "Market Technicians Association, Inc." On the next page, select "Schedule an Exam," then follow the remaining prompts. Please note that you will your MTA Member ID Number. This can be found on your membership card and other invoices. If you have trouble finding this number, please contact the MTA Office and anyone who answers will be able to help you with this.

What if you have paid for your exam, but want to schedule it later? Maybe you are encountering difficulties on the Prometric website, or there are no dates available at the test center you selected. Don't panic! Contact me and I will help you resolve all your problems. You can either reach me at 646-652-3300 or at [marie@mta.org](mailto:marie@mta.org). If you are a non-US candidate it might be easier for you to email me as I respond to my emails throughout the day.



*"You are updating Point and Figure charts. They are three box reversal charts with a \$1 box size. The current column is an up column with a most recent posting at \$40. The stock closed yesterday at \$40.50. Today, the stock opened at \$40.60, ran up to \$41.95, before falling sharply to close at the low for the day of \$36.11. How many NEW postings will you be making on the chart to reflect today's trading?"*

- a. 0                      b. 1                      c. 2                      d. 3

Kaufman at 212-299-7838 between the hours of 4:00 - 5:00 PM EST.

### Guide to Sponsorship

Receiving *Membership Status* with the MTA grants you all the same privileges as an *Affiliate*, as well as allows you to vote on MTA matters, hold an office or chair a committee, and become eligible to hold the CMT designation after successful completion of all three levels of the exam.

Since *Membership Status* is essential to holding the CMT designation, why not [get started with the process today!](#)

### Cassandra's Corner

By way of introduction, I am the voice you hear at the other end of the phone when you call the MTA offices, I am Cassandra Townes.

As a CMT candidate, there will come a time when you want to borrow books from our library so, with that in mind, let's talk about the library. We do lend the "RECOMMENDED READING" text books for all levels, so feel free to borrow them if you like. These "recommended reading" books are in high demand and are distributed on a "first-come-first-serve" basis.

If you are interested in borrowing a book, go to the website at [www.mta.org](http://www.mta.org) and log in. Click on "Member Home;" scroll down until you see the "library" section. We have over 4,000 books available in our library. You may borrow up to three books for a maximum of 6 weeks. A "due back" date will be sent with your book order. The borrower (If US based) is required to pay for the cost of the shipment in one direction and the MTA will bear the cost of shipment in one direction. A credit card is needed to pay for the one way shipping. We use UPS ground for tracking purposes. If the borrower lives in Canada he/she is required to bear the cost of shipment in both directions.



**Q. 61, Page 7 - Level 1 Practice Exam**

The key to understanding this question is to recognize that it refers to the special rules of the three box reversal method. This method was developed for those who appreciated the benefits of the point and figure chart, but did not have access to the intraday data required for the original method. The three box method assumes that you only have access to high, low, close data and thus only focuses on the day's high and low.

When using the three box method one first checks to see if the direction of the most current column is extended. If it is, the requisite number of postings are made and the update process is finished. In this question, you are updating a chart with a \$1 box size and the current column is an up column with the most recent posting at \$40. Thus, the column will be extended if the stock trades at, or above, \$41 and a reversal column will be entered if it trades at or below \$37.

In our question, the stock trades above \$41 AND below \$37. This is a problem for the three box method because it is impossible to know whether the high for the day came before, or after, the low for the day. The three box method rule is to first check for any extension of the current column. Only if there is no extension to the current column does one check for a reversal. In this question the stock trades above \$41, so you would put an X at \$41 and you are finished. The correct answer is b) 1 because the stock traded above \$41.

If the high for the day had been below \$41, then the correct answer would be d) 3. In this case there would be no extension of the current column and one's attention would be directed to the low of the day to see if there was a reversal. Because the stock traded at or below \$37, there was indeed a reversal and one would enter three Os in a new column.

*I am available for your questions and suggestions. Please send questions that you would like answered to me at: [jeanette@mta.org](mailto:jeanette@mta.org). I am also available for immediate questions by phone at 646-652-3300.*

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