

Letter from the Editor

Four months to the exam window, and counting!

Now would be a good time to set up a study schedule for the next few months. To begin the process, you will need to devote about **7 hours of study per week for level one, 9 hours for level two and 10 hours a week for level three**, to meet the minimum recommended study levels, and it is likely that you will have to devote more time for preparation for these exams, especially as we near the exam dates.

To help you along the next 15 weeks, we've created printable charts for you to keep track of your total study hours. To print any of the charts, select the link that applies to you:

[CMT Level 1](#)

[CMT Level 2](#)

[CMT Level 3](#)

I recommend marking off the line chart every week as well as filling in your hours of study in the blank boxes underneath. This can be a great tool to keep you on pace for the exam.

After completing the initial reading list, it may be helpful to form or to join a study group. As you begin your studies, it is likely that you will do better studying alone, but as you move through the material, you might find it helpful to speak with others who are also preparing for the exam. Many people find that joining a study group helps reinforce the knowledge you have gained. To find other candidates that will be taking the CMT exams, go to the CMT discussion group and attend your local MTA chapter meetings where you will be able to network with other candidates.

Jeanette Young, CMT, CFP
CMT Program Director
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Administrative Notes

Sign Up Today!

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 you are 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](#)

Where to Start Your Studies: Recommended Reading

This month's tips:

CMT 1: Once you have finished reading the Dahlquist/Kirkpatrick book, begin reading Martin Pring's book *TECHNICAL ANALYSIS EXPLAINED, 4th edition*. No, you can't use the 3rd or any other editions. The assignment is the 4th edition. We do have this book available for loan from the library. Contact Cassandra@MTA.org for the books availability. There is a "Study Guide" available for purchase, or to borrow from our library, for Martin Pring's *TECHNICAL ANALYSIS EXPLAINED*. It will help you check your understanding of what you have read. The study guide provides questions and answers and is a good way for you to check your progress and understanding of the materials found in Martin Pring's *TECHNICAL ANALYSIS EXPLAINED*.

CMT 2: Continue your studies with Perry Kaufman's book: *NEW TRADING SYSTEMS AND METHODS*.

CMT 3: Re-read the Elliott Wave book then continue on to Constance Brown's book: *TECHNICAL ANALYSIS FOR THE TRADING PROFESSIONAL*. You will enjoy the Brown book and find lots of trading ideas within its covers. We have an excellent DVD for those who need the visual help with Elliott Wave - Steven Poser's Elliott Wave video. Finally, look at the Knowledge Base (KB) on our website for more information, quiz cards and videos on various subjects.

Exam Time: CMT 1 and CMT 2 exam candidates typically do not have a problem with enough time to complete the test. There have been instances where CMT 3 candidates seem to have a time management problem. This occurs because CMT 3 is an essay exam. It takes time for the candidates to organize their thoughts and answers in essay form. My suggestion is to answer the questions in short, succinct answers which are to the point statements, wherever possible. There

CMT Institute (CMTi)

What is it and how it can help your study process...

We are pleased to announce the opening of the Spring 2010 Session of the CMTi, to help you prepare and do your best for your respective exams. The CMTi is an online CMT Exam prep course available to MTA Members and Affiliates only. This is a self paced study program with live review and prep sessions including access to CMTi Faculty and discussion groups. The classes will meet once a week and run for four consecutive weeks. All classes will be recorded and posted as an archive within

are 240 minutes and 240 points available. Each question has a point value and that value is disclosed to the test taker so, you can see where the lion's share of the points might be. This gives you, the test taker, an advantage which is to concentrate on what you know. At the end of the exam, you can go back and attempt the questions which were questionable in your mind.

Scheduling Your Exam Explained

In the past two test administrations, we have had an unprecedented amount of candidates taking the CMT exams. During that time we have found that a number of test centers fill up rather quickly and our candidates have had difficulty in finding a seat. It's always best to register and schedule your exam early, no matter where you are located.



I would recommend that candidates located in the following cities schedule their exams early: *Cairo, London, Toronto, Montreal, Singapore, Hong Kong, Burnaby, Amsterdam, and Dubai*. If you find that there are no seats available, please contact me right away (marie@mta.org) and I will have Prometric, our test administrator, schedule you. Sometimes this might take a week or two as Prometric either waits for a cancellation or is arranging to have the test center open earlier/stay open later so that they can accommodate everyone.

It is best not to wait until a few days before registration closes or after it has "closed" to contact me about scheduling your exam. This is especially true for CMT Level 3 candidates who need to be scheduled by the last day of registration as Prometric promptly closes scheduling for Level 3.

Don't forget, register and schedule your exam as early as possible!

Marie Penza
Director of Member Services
marie@mta.org

Have a Question?

I am available for your questions and suggestions! Please send questions that you would like answered to me at: jeanette@mta.org. I am also available for immediate questions by phone at 646-652-3300. Several initially received questions were answered below.

Ask the Director

"I am ready for the CMT 3 examination and come from Egypt. While my English writing and speech is good, it takes me longer than most to write down my thoughts? Any suggestions for me on the upcoming CMT 3 examination."

Answer: We are testing your knowledge of technical analysis. We do not grade you on grammar, spelling or anything approaching an English exam. I have found it helpful to practice answering the questions in English. It also helps to keep your answers as brief as possible. Remember, the grader is looking for you to demonstrate that you understand technical analysis and the questions that are being asked. For example if you are asked to identify a candlestick pattern on a chart, simply write the answer such as "this is an abandoned baby" or "Abandon Baby." Those answers

24 hours. In addition you will also receive the archived sessions from the previous year.

Many individuals find the CMTi helpful because the instructors work diligently to prepare the candidate for the CMT Exam. Whether through hours of webcasts, Q&A sessions, homework assignments, etc., the candidates do not just review various technical analysis topics, but they are taught how to answer the questions on the test properly. This is especially important when it comes to the CMT Level 3 Exam which is in essay format, as opposed to multiple choice on the first two levels. We find, through various surveys, that there is a 96% satisfaction rate of those that took the CMTi, and are willing to recommend this course to other candidates.

Sign up today to start viewing these archives and begin your study process now. To register for one of the CMTi courses, please [click here](#), or call Cassandra Townes at 646-652-3300. [Click here](#) to read a letter from me, CMTi Director, Carson Dahlberg, CMT.

Cassandra's Corner

Books for the CMT exams can be purchased through a special website created by Trader's Library (www.invest-store.com/mta). If you have any questions regarding your purchases from this website, please contact Becky Dean at from Trader's Library at bdean@traderslibrary.com.

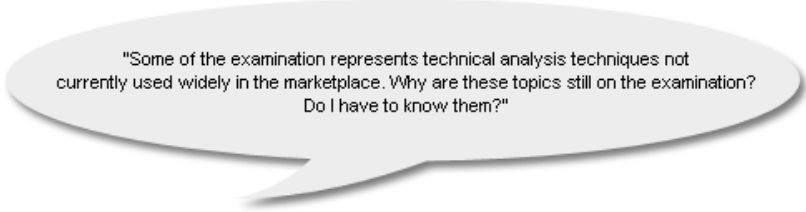
We encourage you to purchase the books as a way to build your own library at home, however; if you prefer, you can borrow the books from the MTA library upon availability. Remember, these books will be needed as you continue through the exams.

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.

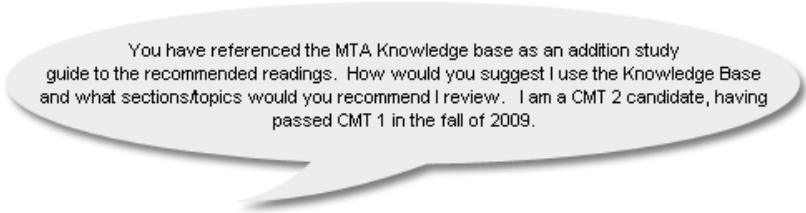
Since *Membership Status* is essential to holding the CMT designation, why not [get started with the process today!](#)

will tell the grader that you know the answer. Practice writing answers in English so that when you have to write the exam you feel more comfortable. Keep your answers brief and to the point. We don't penalize you for English usage or spelling so, don't worry about that. Practice is the only suggestion I can offer. The better you know the material, the less time it will take you to complete this exam.



"Some of the examination represents technical analysis techniques not currently used widely in the marketplace. Why are these topics still on the examination? Do I have to know them?"

Answer: Yes, if the subject is assigned, you must know it. Sometimes, what seems to you as not widely used in your circle may be used in other parts of the globe. We teach you analysis techniques that, many times, are the basis for further techniques. Sometimes you have to learn to crawl before you can walk and you must be able to walk before you run. Many times, technical analysis that you view as unimportant just might be the "foundation or the building blocks" of other analysis which support the "building."



You have referenced the MTA Knowledge base as an addition study guide to the recommended readings. How would you suggest I use the Knowledge Base and what sections/topics would you recommend I review. I am a CMT 2 candidate, having passed CMT 1 in the fall of 2009.

Answer: The Knowledge Base is an additional resource for you to use. If you have a particular question about a subject or a strategy, you just might find a good answer to your questions in the Knowledge Base. In the Knowledge Base you will find a plethora of information. For example, type in point and figure and you will find articles, power points, and even quiz cards covering point and figure. If you want more information on Elliott Wave Principles, go to the Knowledge Base and you will find numerous articles and videos on Elliott Wave.

Practice, Practice, Practice:
Sample Questions with the Correct Answer

The following multiple choice questions are in the format you will see on the exam.

Q 60, pg 7, Practice Exams for CMT Level 1

You are updating point and figure charts. They are one box reversal charts (\$1 box size) and the current column has 4 X's. The most recent posting is \$40. The stock closed yesterday at \$40.50. Today, the stock opened at \$40.60, ran up to \$40.95, and closed at the low of the day at \$39.11. How many NEW postings will you be making on the chart to reflect today's trading?

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

ANSWER: (a) The key to understanding this question is to recognize that it refers to the original 1-box reversal method. In 1-box charts, one posts every significant price change. The box size in this chart is \$1, so you must post every \$1 price change.

The last posting is at \$40, so the next posting will occur when the price rises to, or above, \$41 or falls to, or below, \$39. In the question, it is stated that the day's high does not reach \$41, or \$39. Thus, there are no postings required and the correct **answer is zero**.

Q 62, pg 7, Practice Exams for CMT Level 1

You are updating point and figure charts. They are three box reversal charts with a \$1 box size. The current column is a down column with a most recent posting at \$80. The stock closed yesterday at \$80.50. Today, the stock opened at \$80.62, fell to \$75.41, before rallying sharply to close at the high for the day at \$86.11. What is the FINAL posting for the day's activity?

- a. 75 b. 80 c. 86 d. 76

ANSWER: (d) 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 a down column with the most recent posting at \$80. Thus, the column will be extended if the day's low is at, or below, \$79. Only if the column is NOT extended will you check the day's high to see if a new up column should be created.

In this case, the day's low is \$75.41, so the current down column is extended and the subsequent rally is ignored. Because the price did not fall to, or below, \$75.00, the final **posting for the day will be \$76**.

Q 63, pg 7, Practice Exams for CMT Level 1

You are updating point and Figure charts. They are 5 x 1 charts. The most recent posting is \$75. The day's trading begins at \$75.55. A rally ensues that takes the stock up to the day's high of \$77.88. A decline sets in for the rest of the day and the stock closes at the low of \$71.23. How many postings will you make on the chart?

a. 0 b. 1 c. 2 d. 7

ANSWER: (a) The key to understanding this question is to understand the shorthand point and figure chart type listing (5x1). A 5x1 chart has a box size (also referred to as a "reversal value") of \$5 and is a 1 box reversal chart. One box reversal charts are the original P&F method. That means you plot (also referred to as "post") every price change of the specified reversal. The last posting is \$75 and the specified reversal is \$5. That means the next plotting points are either \$80 ($\$75 + \5) or \$70 ($\$75 - \5). In this case, the price does not reach \$80 or \$70 during the day, so there is no posting activity required. **Answer, zero.**

** Thank you to Ken Tower, CMT for your expert explanations on Point and Figure charting!*

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