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Letter from the Editor

The CMT test is derived from our list of recommended readings, and as such, if you have mastered these readings, you should have no trouble with the exam. However, some candidates after reading the required books, either still require, or would like, some additional resources to augment/assist in the study process. With that in mind, below are a few suggestions that might help to provide a clearer understanding of particular topics for the exam.



- *The Definitive Guide to Point and Figure* by Jeremy du Plessis, CMT, FSTA does an excellent job of clearly explaining the topic of Point and Figure. Not only is this a good book to enhance your study process, but it is also a wonderful addition to your home library, which you should begin to build. This book is not only available through the MTA Library, but Udata PLC (publishing company) has agreed to offer this book at a special discounted rate (\$49 + \$10 shipping from the UK) for all MTA members. Please [click here](#) to purchase this book at the discounted rate.
- Another helpful additional resource is *Technical Analysis of the Financial Markets* by John Murphy, CMT. This book comes with a workbook that has questions broken out by chapter according to the text.
- There is a workbook that is also available for Martin Pring's book called *Study Guide for Technical Analysis Explained fourth edition*. This workbook will help you to test the skills and material that you learned from his book.

Naturally, I also recommend that you utilize the [Knowledge Base](#). This is a great source for answers to your questions and additional material on specific subject matters, broken out in an interactive and user friendly structure.

By Now....

CMT 1: You should be through the Kirkpatrick/Dahlquist book and have started the Pring book. You can start to add in *Technical Analysis of Stock Trends* by Edwards, Magee and Bassetti. Remember, we have assigned the 9th edition. This is one of the classic technical analysis books.

CMT 2: You probably haven't finished the Kaufman book *New Trading Systems and Methods fourth edition* yet, but it is time to open up the Aronson book *Evidence-Based Technical Analysis*. After Aronson, move onto lighter reading with the Martin Pring book *Investment Psychology Explained*. All of the assigned books should be read whether I mention them by name or not.

CMT 3: Read *Irrational Exuberance, 2nd edition* written by Robert Shiller. Once finished with Shiller, you should be onto candlesticks. I recommend reading the entire Nison book *Japanese Candlestick Charting Techniques, 2nd edition*. You will enjoy reading this book.

Test Tips

For CMT 3 candidates, here are a few test taking tips...

- You **cannot** copy and paste from one page to another page. Please do not waste your time trying to do this; it does not work.
- Sometimes, test publishers provide too much space for the candidates to answer the questions. They do this because they do not know how long the answer should be. Should this occur, you do not have to fill in all the blank space. Actually, short brief answers are preferred, where appropriate. To access the next question click the "next" button on the screen.

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 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](#)

CMT Institute (CMTi) - Don't Delay!

Registrants have already began communicating through the discussion forums and viewing the archives that are made available to them upon registration. Don't miss out on the opportunity to enhance your preparation process. 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 the CMTi Director, Carson Dahlberg, CMT.

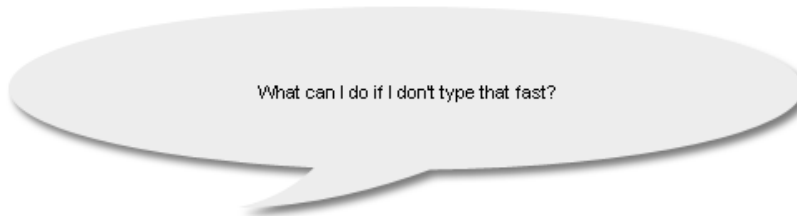
- You will have a chart package available for your use during the CMT 3 exam. If there is no chart package at the testing center, immediately stop, and speak to the test administrator (a chart book should be provided). If for any reason the chart book is not awaiting you, and the test administrator cannot locate one, please call Marie Penza at 646-652-3300. She will reschedule your exam.
- Remember also, that the chart packages are destroyed after the exam. The graders do not see the chart packages and only see what you have written on the computer. So, move any meaningful notes onto the computer. It may be worth points to you!

- **Jeanette Young, CMT, CFP**
 CMT Program Director
jeanette@mta.org

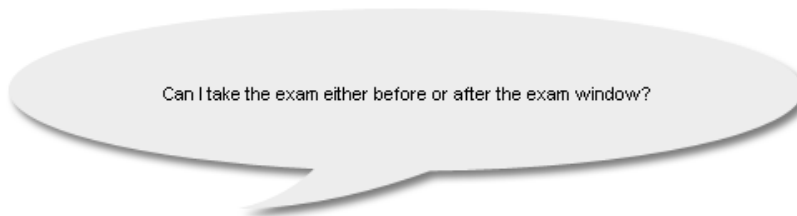
Have a Question?

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. If I don't post the answer here for all to see, rest assured I will answer them directly with you by e-mail.

Ask the Director



Answer: If you have a disability that prevents you from typing, let Marie Penza know and she will set up your exam so that you can hand-write your answers. Unless you have a disability that prevents you from using the keyboard, or you truly can't type, a good piece of advice might be to answer the easy short questions first, then go back to those that will take need more typing. If your goal is to become a technical analyst, you will eventually have to learn to type reports. There are some free keyboarding (touch typing) classes on-line that you might want to sign up for. I found several with a simple Google search.



Answer: That is an easy question to answer, NO. If, for some reason, you don't have the charts at the exam site or have some other currently unknown difficulty at the exam center, Prometric or Marie Penza will reschedule your exam. That exam might fall outside the window, but exam testing outside the window will be on an exception basis and certainly not by design!

MTA Member Sponsorship Process

How do I find three sponsors?

The MTA has made it very easy for you to find sponsors. We have over 600 Members who are willing to sponsor other candidates. You can find this list by visiting our website; log into the "Member Home" page, scroll down until you see the heading "My Information," and in that section you will find "Steps to Becoming a Member." At the top of that page select "Members willing to Sponsor."

Select three (3) Members from the list and request that they sponsor you. If they agree to do so, email them a current resume and a copy of some technical analysis work that you have written. Explain what type of TA you use, what sectors of the market you concentrate on in your day to day work, etc. The sponsors will want to know that you use this discipline to perform your tasks. They might want to get to know you professionally so that if called upon, they can discuss your work.

Once a Member agrees to sponsor you, send them a "sponsor questionnaire" form that they must fill out and return to Cassandra Townes. If you have any questions, please contact Cassandra Townes at cassandra@mta.org or 646-652-3300.

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!](#)

Can I take 2 exams at once? If I take and pass one at the beginning of the test window can I sign up for the next exam before the test window closes? Or maybe sign up for level one and level two at the same time?

Answer: NO, you must wait to take the next exam. You may take only one exam per test window. You actually are not able to sign up for more than one test at a time because you must have passed the previous level to gain entry into the next level. The test window closes before you take the exam so it is impossible to do even if you pass the exam on the first testing day.

The name I "go by" and my "formal" name on my ID documentation are different. Which should I use when registering with Prometric?

Answer: Whichever name you chose, make sure that you have valid identification with the same name on it and that you used that name to register for the exam. If you used a different name than what appears on your ID, you will be refused admission to the exam center. Sometimes people have more than one given name and this may cause difficulties registering for the exam. Remember, the proctors will check your identification and that identification must match the name you used for registration. You will not gain entrance to the exam unless you can prove that you are really the person registered to take the exam. Any questions/concerns, check with Marie Penza now! It is better to be safe than sorry.

I have read Connie Brown's book, Technical Analysis for the Trading Professional, but have some questions. Her comments seem to disagree with my own experiences and readings from the other books. Bear in mind English is not my first language; hence I might be misunderstanding something. Please help and explain.

Page 58 (last paragraph): Previously we learned, and through experience my understanding is that, Momentum often leads price. The statement referenced seems contrary to that. Please help and explain this paragraph from the text.

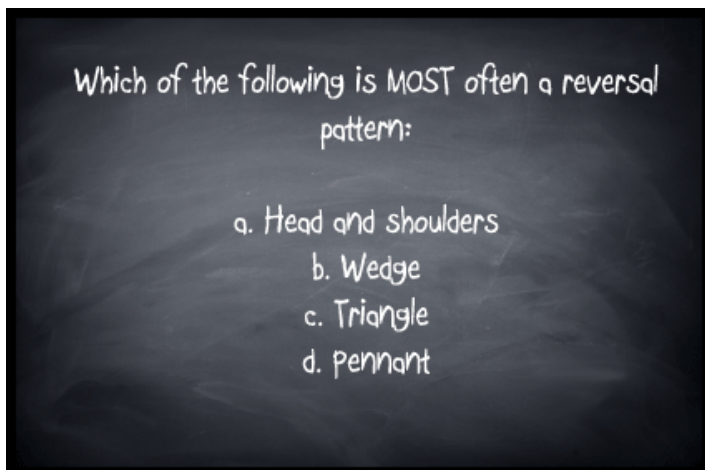
Answer: I believe she is telling you to pay attention to the price. "When an oscillator advances or declines disproportionately to the markets' movement, you are on the wrong side of the market if you are positioned with the oscillator."

Page 77 (last paragraph): The last few sentences do not seem to coincide with the other books I have read. The sentence in question begins: "This is confirmation"...Please explain.

Answer: I think she is pointing to the divergence seen in this chart. I would be concerned if the oscillator made a lower low than seen at point 8 and look for confirmation of that divergence. A divergence is a warning for you to look at what is wrong and important for you to recognize it when you see it.

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

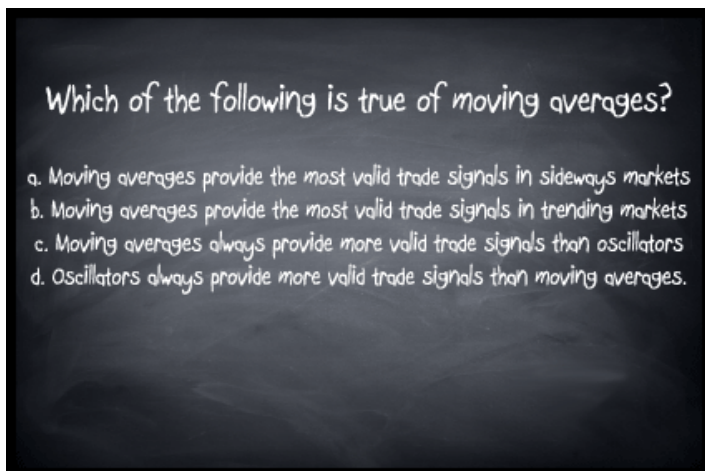
Level 2 CMT practice exam



Answer: a.

Here is what Edwards and Magee say on page 59 of their text book *Technical Analysis of Stock Trends, 9th edition*: "This is one of the more common and, by all odds, the most reliable of the Major Reversal Patterns." Kirkpatrick, on page 318 of his book *Technical Analysis*, describes wedges, triangles and pennants as "broadening patterns."

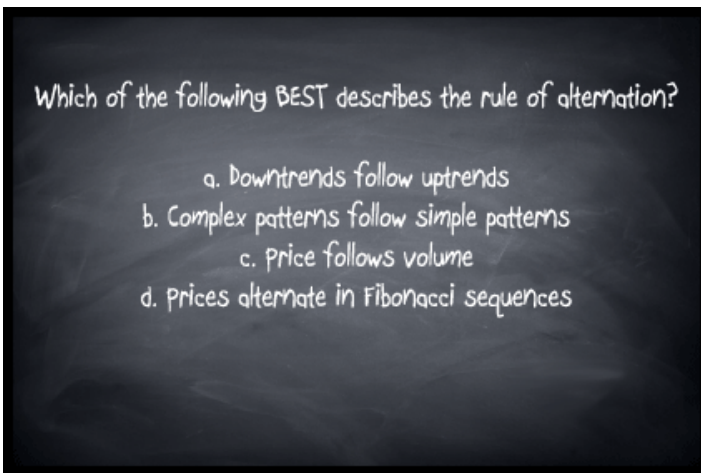
Level 2 CMT practice exam



Answer: b.

Edwards and Magee pg 508 *Technical Analysis of Stock Trends, 9th edition*: "The Moving Average is a fascinating tool. And it has real value in showing the trend of an irregular series of figures (like a fluctuating market) more clearly."

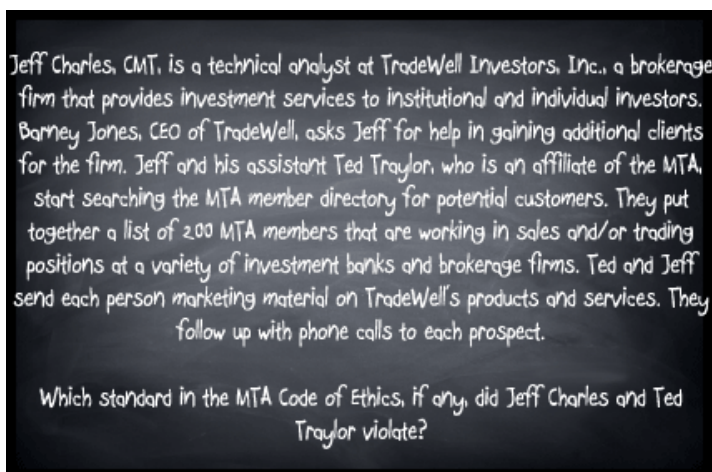
Level 2 CMT practice exam



Answer: b

Kirkpatrick, page 495 *Technical Analysis* "Alternation refers to the common occurrence of one type of corrective wave occurring in wave 2 and a different type of correction occurring in wave 4. In other words, the types of corrective waves tend to alternate."

Level 3 CMT practice exam



Answer: **Violation: Standard #1:** "...Members and Affiliates shall not unduly exploit their relationship with the Association for commercial purposes, no use or permit others to use, Association mailing lists for other than Association purposes." Actually, just knowing it was a violation and the reason why it was a violation would be good enough to have earned the full 5 points awarded for a correct answer to this question.

Series 86 FINRA Exemption Explained

In February of 2005, FINRA amended NASD Rule 1050 to provide an exemption from the analysis portion of the Research Analyst Qualification Examination (Series 86) for applicants who have passed Levels I and II of the Chartered Market Technician (CMT) certification examination. The Research Analyst Qualification Examination consists of Series 86 (analysis part) and 87 (regulatory part).



What does this mean to you as a CMT candidate? After you have passed Levels 1 & 2 of the CMT exam, you can apply for this exemption. However, you must apply for this exemption within two years of having passed the Level 2 exam or be able to prove that you have functioned continuously as a research analyst since having passed the CMT Level 2 exam.

How do I go about applying for the exemption? Have your company's compliance department apply for the exemption. Please note that your company must be a member of FINRA and that you must have passed your Series 7 exam before applying for the exemption.

What is the procedure to apply for the exemption? The following link, <https://www.mta.org/eweb/docs/pdfs/Series86Instructions.pdf>, will bring you to the MTA website where the instructions are listed. On that page you will also find the information that must be submitted when applying for the exemption. FINRA will request, your name, birthday, your CRD Number and Broker-Dealer Name and CRD#.

If you have any questions, please feel free to contact me directly at marie@mta.org or 646-652-3300.

- Marie Penza
Director of Member Services
marie@mta.org

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