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Letter from the Editor

The CMT examination is rapidly approaching, with the examination window a little more than one month away. Hopefully, you have been devoting study time in a routine comfortable to you. If not, you should pick up the studying pace as soon as possible.



This newsletter is devoted to some tips about examination day...some expressed by previous examination takers. I believe their suggestions are good and thought it might be helpful to you. See the below recommendations:

- Examination test centers are operated by our outside vendor, Prometric. While most of the test centers seem to be kept at a comfortable room temperature, we occasionally get comments that the examination room is too cold or too warm. We would suggest you might want to wear a pullover sweater to the examination room. It's always easier to take off extra clothing than bear the risk of being distracted by the cold. Remember that should you remove that sweater, you will be asked to put it in your locker. Any clothing that is not worn must be stored in the locker provided. The test timer will not stop for this excursion to your locker, but hopefully you can assess the temperature prior to the start of the examination.

- You need to know that the test timer clock for the CMT examination will not stop once the examination begins. Some who have decided to take bathroom breaks, etc. lost valuable test taking time and found themselves in a time management crunch. Obviously, we would urge you to try to manage your bathroom needs before the examination commences. Naturally, if nature calls there is little one can do but to yield to that demand.

Our test analysis of past examinations generally shows that level 1 and level 2 (multiple choice examinations) have little time pressures (vast majority complete with time to spare). Level 3 however is more time sensitive and requires good time management skills. Remember that there are 240 minutes (4 hours) available for the CMT 3 examination and the examination points available are 240. Therefore for your planning purposes, a general guideline of 1 minute a point can be used as a time management guide.

- New for this administration of the CMT 3 exam, the candidates will be presented with a table of contents at the beginning of the exam. It is worth a review to assess your examination strategy. This table of contents will allow the candidate to review the points awarded for each question.

- Some have expressed that during the examination they could not copy and paste from one page to another page. You cannot. Please do not waste your time trying to do this; it does not work.

- Some examination takers have gotten confused when they see blank space after a particular question. This is done deliberately by the examination designers to ensure more than ample space is provided for your answer. So, if you don't see a question on a page, click the "next" button to find the question.

- You can mark your questions if you need to return to review them. This feature is found on all of the exams. To do this, click the button on the bottom of the examination page that says "mark" and it will turn red. At the end of the examination, the questions that you marked will be listed for you to review. This provides you with a method to review the questions that you were unsure about.

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

Have a Question?



Administrative Notes

Sign Up Today!

Registration for CMT Level 3 closes in 2 weeks!

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're 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) - It's Not Too Late!

Classes for the CMTi have already started,

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. 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

Robert asked a question about the topic of "open interest." In an effort to give you the clearest answer to this question, I stepped outside of our reading list to give you this quote:

Answer: "Open interest is the total number of outstanding futures contracts that are held by market participants at the end of the day. Open interest is the number of outstanding contracts held by the longs or the shorts, not the total of both." John Murphy, TECHNICAL ANALYSIS OF THE FINANCIAL MARKETS, Chapter 3, Page 42. (No, that text is not assigned, but it is the best answer for your question.)

When I took CMT 1, I wasn't allowed to bring a ruler and pencil into the exam room.

Answer: This should not have happened as all administrators are specifically told that you are allowed to bring in a ruler, pencil and a very simple calculator. If the proctor will not allow you to have those items, simply ask them to read through the MTA test taking guidelines (which each test center has). If you would rather, you may just take the exam without a ruler or pencil as, in reality, you probably won't require these tools for the level 1 and 2 as the examination is multiple choice and a simple calculator is on the examination screen for your use. *You definitely will need the items for CMT 3.*

How is the CMT 3 exam graded?

Answer: A group of graders (all CMTs of course!) who are subject matter experts (SMEs) meet at a conference center and grade the exams over an extended weekend. This administration the grading will be the first weekend in June. The SME's each grade one question on the exam. Naturally, they grade the question where the Accreditation Chair and Program Director believe they have the most expertise. We have groups of three SME's grading each question so we ensure a careful and complete review. All marginal exams are reviewed by the graders and are also reviewed by me, CMT Program Director.

however it is not too late to still register. All classes are recorded and archived allowing you to go back and view what you might have already missed. 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.

Guide to Sponsorship Attend the Symposium!

Many MTA Affiliates often ask me for help identifying sponsors. Aside from "combing" through the list of current "Members Willing to Sponsor Others," I normally suggest attending local chapter meetings, if available. What's even better than networking at a local chapter meeting -- How about the MTA Annual Symposium!

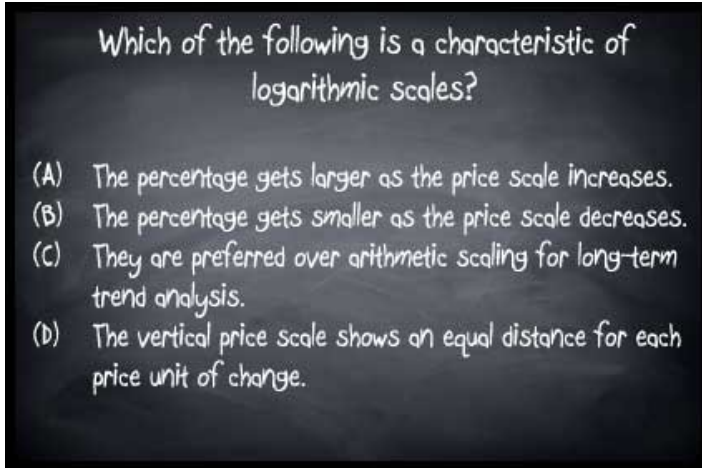
This event will feature over 100 attendees, many of which are Members that might be a great fit as a potential sponsor for you. What better way to network, learn from industry leaders, find potential sponsors and further your knowledge of TA!

If you are interested in attending this event you can register online, [click here](#), or you can contact me at 646-652-3300 and I can help register your over the phone or answer any questions you might have.

Cassandra Townes
Member Services Assistant
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646-652-3300

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

CMT Exam Level 1



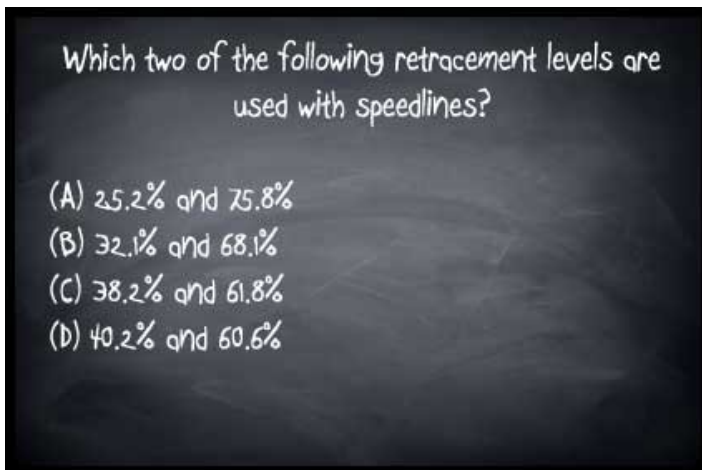
Answer: C

"A specific vertical distance on a chart indicates the same percentage change in the price being measured, whatever the level." The options "The percentage gets larger as the price scale increases" and "The percentage gets smaller as the price scale decreases" are opposites.

References:

Kirkpatrick/Dahlquist, TECHNICAL ANALYSIS, Chapter 11, Page 206
Pring, TECHNICAL ANALYSIS EXPLAINED 4TH EDITION, Chapter 5, Page 69

CMT Exam Level 1

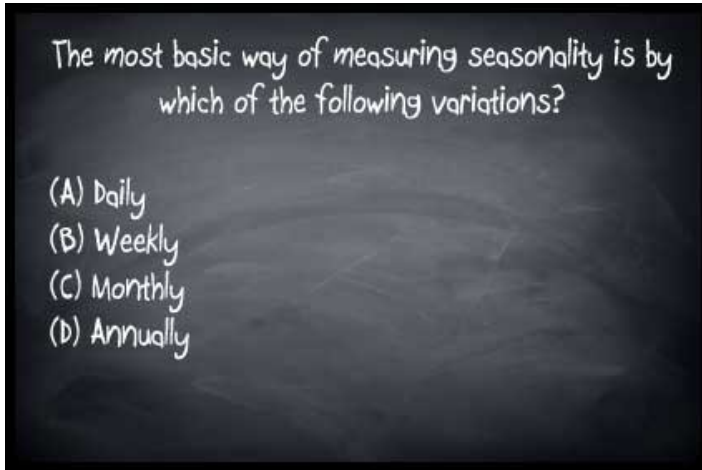


Answer: C

Reference:

Kirkpatrick/Dahlquist, TECHNICAL ANALYSIS, Chapter 12, Page 242

CMT Exam Level 2



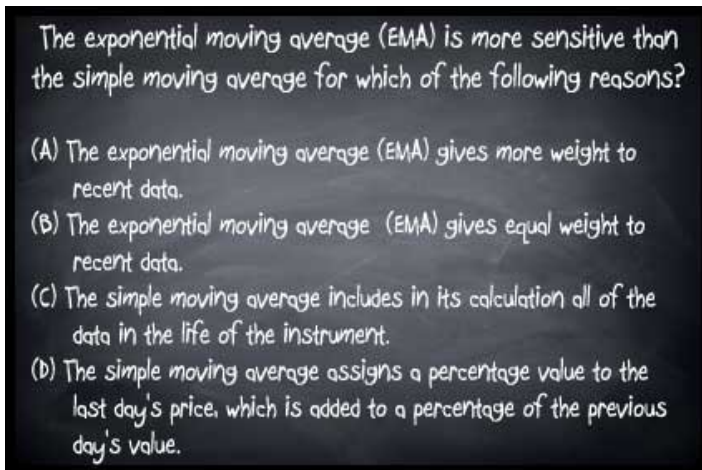
Answer: C

"The most basic way of measuring or describing seasonality is by the monthly variation from the yearly average or, for agricultural products, from the average of the crop year."

Reference:

Kaufman, NEW TRADING SYSTEMS AND METHODS FORTH EDITION, Chapter 10, Page 412

CMT Exam Level 2



Answer: A

"The reason for the use of an EMA is that it is easily calculated and that it weighs more strongly the prices that are more recent. It is thus called a "weighted moving average."

Reference:

Kirkpatrick/Dahlquist, TECHNICAL ANALYSIS, Chapter 14, Page 282

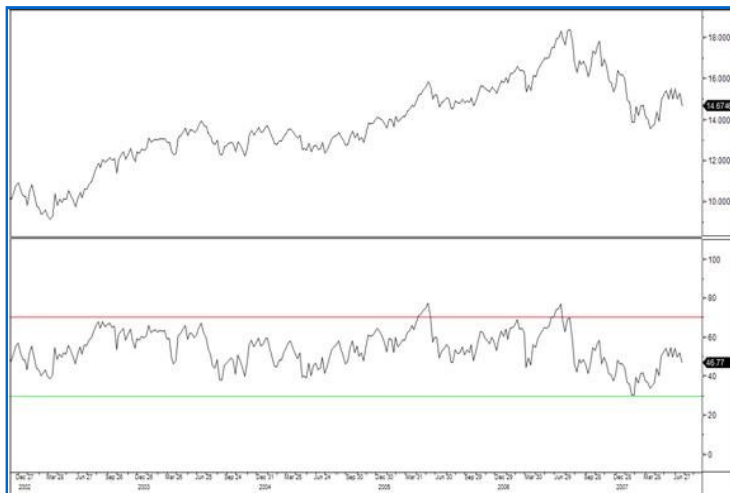
CMT Exam Level 3

You are a senior technical analyst at Big Bank Inc. A junior technical analyst on your team provided you with the following analysis of the stock vs. bonds ratio.

"Based on the chart of stocks relative to bonds presented below, we recommend aggressively increasing exposure to stocks and reducing exposure to bonds. Stocks have held a major support vs. bonds at the prior 2004-2005 highs, keeping the overall trend positive for stocks relative to bonds and supporting the case for relative outperformance from stocks vs. bonds. This test of support has been confirmed by a positive divergence on the 14-week RSI indicator (see arrows) and the breakout above downtrend resistance on both RSI and the relative ratio of stocks vs. bonds."

Stocks vs. bonds—weekly chart of stocks relative to bonds

Weekly RSI



(Click to Enlarge)

You do **NOT** agree with the junior analyst's analysis of stocks relative to bonds and the conclusion of increasing Big Bank's exposure to stocks and away from bonds. Support your case with an analysis of the 14-week RSI and include in your answer an analysis of overbought vs. oversold levels and supports and resistances for the RSI (7 points) as well as an analysis of the chart pattern for the stocks vs. bonds ratio (3 points). - (10 points in total)

ANSWER KEY USED BY CMT 3 GRADERS

2 points – The initial bearish divergence for stocks vs. bonds in mid 2007.

2 points – The break below bull market oversold levels / support in the 40 area for the RSI in late 2007 / early 2008.

3 points - Identifying the failure below a bullish overbought in mid 2008 as a potential major turning point for stocks vs. bonds that favors underperformance from stocks.

3 points – An analysis of the pattern for stocks vs. bonds – (1 point for highlighting the breaks below a major uptrend supports, 1 point for identifying the short-term trend as still down based on major highs from 2007, and 1 point for test of relative chart resistance (prior support) for stocks vs. bonds).

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