



[View a Printer Friendly Version of this Newsletter](#)

Special Edition CMT Level 1 & 2 Issue!

Letter from the Editor

Exams are a little more than a week or so away for many of you. Be sure to relax, eat properly, and get plenty of sleep the night before the exam. Go into the exam like you would any competition -- ready to do battle and win. You will receive immediate results at the test center, so you will know whether you passed or failed the exam.



As you know, levels 1 and 2 of the CMT exam are entirely composed of multiple choice questions. If you have studied and read the materials, it is likely that you will recognize the correct answer when you see it. Remember to read each question carefully. If the question asks for the "best answer," that's a clue that perhaps more than one choice could be on the right track. If you are asked to find the false statement, do not get confused and give the correct statement. *Read the questions!*

Prior test experience has shown that there is plenty of time allotted to complete the exams. There will be a running clock on your screen to indicate how much time you have left in the session. Pace yourself, mark the questions that you are not sure of, and go back to them once you have answered the other questions. If you do not know the answer to a question, mark that question and return to it at the end of the exam.

After you have answered all of the questions on the exam, you will come to a review page with a list of the questions you marked previously for review. Click on each question you marked and do your best to answer the question. There is no penalty for guessing.

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

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

CMT Level 1



Administrative Notes

Test Dates

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

Recommended Reading Lists

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

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

Which of the following is characteristic of "belt-hold lines?"

- (A) Bullish belt hold is a one-candle pattern consisting of a long candle in which the price opens on the session high and goes lower throughout the session.
- (B) The price should always close at the low in the bullish belt hold.
- (C) The longer the real body the more positive the candle.
- (D) If a belt hold has not appeared on a chart for a while it loses importance.

Answer: D

Reference: Pring, TECHNICAL ANALYSIS EXPLAINED 4TH EDITION, 2002, Chapter 13, Page 266

CMT Level 1

Which of the following terms is used to describe the difference between the open and close price for the day on a candlestick chart?

- (A) Body
- (B) Cone
- (C) Cylinder
- (D) Shadow

Answer: A

Reference: Kirkpatrick/Dahlquist, TECHNICAL ANALYSIS, 2006, Chapter 11 Page 204

CMT Level 1

over the phone or answer any questions you might have.

Cassandra Townes
Member Services Assistant
cassandra@mta.org
646-652-3300

Which of the following terms describes a 2-day reversal pattern in which the first day of the pattern is a long white candlestick and the second day opens above the high price of the first day but trading for the rest of the second day is lower, with a close price at least below the midpoint of the body of the first day?

- (A) piercing line
- (B) Evening star
- (C) Morning star
- (D) Dark cloud cover

Answer: D

Reference: Kirkpatrick/Dahlquist, TECHNICAL ANALYSIS, Chapter 17, Page 402

CMT Level 1

Money management includes all of the following EXCEPT...

- (A) Use of stops
- (B) Timing
- (C) Allocation of funds
- (D) Diversification

Answer: B

Reference: Kirkpatrick/Dahlquist, TECHNICAL ANALYSIS, 2006, Chapter 23, Pages 587-89

CMT Level 2

A 20-day moving average differs from a 50-day moving average in which of the following ways?

- (A) The 20-day moving average is less sensitive to price reversals.
- (B) The 50-day moving average works better during price reversals.
- (C) The 50-day moving average is closer to prices than the 20-day moving average.
- (D) The 20-day moving average is more sensitive and tracks the price more closely.

Answer: D

Reference: Kirkpatrick/Dahlquist, TECHNICAL ANALYSIS, 2006, Chapter 14, Page 276

CMT Level 2

Which of the following is characteristic of the behavioral aspects of prices?

- (A) Rational
- (B) Random
- (C) Abnormal
- (D) Predictable

Answer: A

Reference: Kaufman, NEW TRADING SYSTEMS AND METHODS 4TH EDITION, 2005, Chapter 3, Page 60

CMT Level 2

Which of the following is the conservative stop-loss for a short position on the head and shoulders top?

- (A) Above the head
- (B) Above the left shoulder
- (C) Above the right shoulder
- (D) On the penetration of the neckline

Answer: A

Reference: Kaufman, TRADING SYSTEMS AND METHODS 4TH EDITION, 2005, Chapter 3, Pages 108-110

CMT Level 2

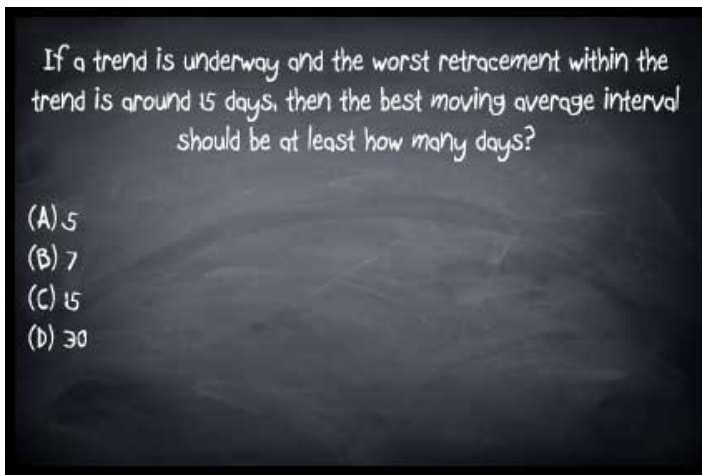
Which of the following is the measuring formula for a consolidation area using the point and figure charting method?

- (A) Vertical width of the formation added to the breakout point
- (B) Horizontal length of the formation added to the breakout point
- (C) Horizontal length of the formation added to the bottom of the formation
- (D) Number of point and figure boxes times the value of each box added to the breakout point

Answer: C

Reference: Pring, TRADING SYSTEMS AND METHODS 4TH EDITION, Chapter 5, Page182

CMT Level 2



Answer: D

Reference: [TRADING SYSTEMS AND METHODS 3RD EDITION](#), 1998, Chapter 5, Page 121

"To be cautious, select moving average intervals slightly longer than two times the worst retracement within the trend to prevent being stopped-out of the trend." $n/2$
This information is not in the currently assigned Kaufman book but is useful enough for reproduction.

[Opt out of receiving this type of mailing from the Market Technicians Association](#)