

Technical analysis question bank

[Literature](#), [Russian Literature](#)



Most important of cycles in the studying the relationship between cycles of different lengths? Phase 3. Translation Is best described as useful in checking where the trend direction Is headed or If It Is changing. 4. Elliot Wave cycle Is composed of 8 sub waves. 5. 5-wave Elliot upward motive Impulse wave, the longest and most dynamic Is the third wave. 6. Long-term price movements with volatility - logarithmic 7. Not a continuation pattern - broadening formation 8. According to DOD theory, secondary corrections can most likely be replaced by a line 9.

Least important when analyzing a trend - distance from current price 10.

What is most likely indicated when Bolling Bands narrow? A stocks volatility

has decreased 11. Which of the following is NOT true about gaps? Gaps are

always filled 12. Which of the following does NOT represent a sell signal

confirmation for DOD theory? The DOD Jones Industrials and the DOD Jones

Transportation indexes peak simultaneously. 13. DOD Theory uses closing

prices 14. Point and figure charts are LEAST likely suited for Identifying areas

of accumulation or dilutions. 15. Which of the following Is a Fibonacci ratio use

In treatment? 50% 16. Using MA to signal buy/sell decisions can result In a

number of whipsaws in sideways trending markets 17. Point-and-figure 18.

Which of the following is usually associated with major market tops?

Ascending triangles Broadening formation 19. In DOD Theory, the length of

secondary trend is most likely three weeks to three months 20. As a general

rule, in rectangle, triangle, flag and pennant patterns, volume most likely

decreases as the pattern nears completion. 21.

Which of the following types of gaps is LEAST likely to be filled when it occurs

with high volume? Breakaway 22. Trends are more likely to persist than

reverse in all markets 23. Which of the following is NOT an Important use for an oscillator? Providing a method for evaluating the performance of a security relative to another security or Index. 24. Which of the following Is characteristic of trends? Any trend Is Influenced by Its next longer and next shorter trend 25. Directional Movement Indicator 26. Regarding trend, which one is NOT correct? Breakouts from support/resistance are usually a change in trend.

The longer the trend, the more difficult it is to identify its reversal. 27. To increase the sensitivity of a ex. point and figure chart, one would decrease the box size. 28. Point and figure 29. Which of the following patterns are found on point and figure charts? Doll Head and shoulders 30. Point and figure 31 . Point and figure 32. Which of the following Is characteristic of a log scale for a chart? They are typically used In Antiradar charts. They are preferred over arithmetic scaling for long-term trend analysis 33. Point and figure 34. An Inverse head and shoulders pattern Is a reversal pattern 35.

Which of the following is NOT an advantage of trading futures contracts relative to trading stocks? Theology used to construct the S&P 500 Index 37. Symmetrical triangles are also called coils 38. The simple moving average gives equal weight to each period's price 39. Not true? Moving averages lead market action 40. The most commonly used price to calculate a MA is the close 41 . Not correct? Long-term MA give fewer buy and sell signals than shorter SAM. Are better at giving signals at major tops than Smash. 42. ***A moving average is a smoothing device 43. When compared to long term Mass, SMASH produce more trades 44.

Volume in a head and shoulders pattern is usually highest during the formation of the left holder 45. Symmetrical triangle price patterns should generally be accompanied by a gradual decline in volume until the breakout 46. Open interest is the number of future contracts outstanding at any one time in each delivery month 47. A candlestick with identical, or nearly identical, opening and closing prices is a doll 48. The primary use of a candlestick pattern is to identify indications of both reversal and continuation patterns 49. Not a momentum oscillator - advance/decline line 50.

Which of the following can be used in conjunction with candlestick analysis to improve results? Using western techniques to confirm a candle pattern. 51 . Which is correct? Triangles do not appear in long-term charts because of their very short nature The proper order to follow in chart analysis is to begin with the long range and gradually work to the near term in order to gain perspective 52. For a futures contract, daily volume refers to the number of contracts traded during the day 53. The objective of the DOD theory is to determine the primary direction of the stock market. 54.

Point and figure ignores time and volume 55. The concept of RSI measures the relationship between two securities 56. The resistance level of a price trend refers to the level where selling interest is sufficiently strong to overcome buying pressure 57. Advance-decline line 58. Considerate Wave extends for a period of 54 years 59. The target for a rectangle can be calculated by adding the height of the formation to the breakout price 60. MA crossovers can be used to indicate buy and sell signals 61 . Not

considered a sentiment indicator? Specialist short sales ratio advance decline line 62.

Not correct regarding speed resistance lines? 63. ***An exhaustion gap is associated with the beginning state of a bear market 64. Statements that is right regarding point and figure charts and bar charts is correct? A new plot on a point and figure chart is made only when the price changes by a given amount. 65. Point and figure charts display sequential reversals of price in unit increments 66. Point and figure chart, a new entry is added only when the price has moved by equal to or more than the specified box size 67. Point and figure 68. RSI between a stock and the market? Line 69.

Candlestick displays opening price and closing price 70. A shaded real body candlestick means the closing price is lower than the opening price 71 . An important use of a trend line is to identify a price target for the extent of the price movement provide a signal of a reversal in trend 72. TA believes the more times a trend line has been successfully tested, the greater the significance of its violation 73. In a head and shoulders, volume generally is heaviest during the and phase 75. A SAM is often criticized because equal weight is given to each point included in the calculation 76.

An exponentially smooth MA gives more weight to more recent observations 77. A sell signal is normally given when a shorter length moving average crosses a long length MA from above. 8. Oscillators are used to alert the analyst to overbought or oversold conditions 79. Oscillators are most useful when prices are in a trading range 80. Violated support levels typically become support levels as prices fall lower become resistance levels on price

bounces 81 . As with trend lines, speed resistance lines must be confirmed with volume reverse roles once they are violated 82.

A rising RSI line for a stock in a falling market indicates that the stock is underperforming outperforming the market 83. Which indicators would be most helpful in analyzing a trading range? Oscillators 84. Not used to measure arrest breadth? Plurality index sell/buy ratio 85. RSI indicates positive price momentum the security is performing better than the market or the entity being compared 86. Not an assumption of TA? Investors act rationally 87. *** When Bolling Bands contract it means that volatility has decreased 88. Least useful chart pattern? Broadening formations 89.

Not a characteristic of a doc? It is an effective pattern based upon percent winners 90. Not correct about gaps? The most profitable gaps are opening gaps 91 . Continuation pattern? Flag 92. An extreme overbought reading on a momentum indicator in the early stages of a rally shows that the market is ready to correct indicates that the rally is strong and will probably carry further 93. Chart establishes price targets based on a horizontal measurement point and figure charts 94. Contrary investing 95. Most comprehensive index? S 500 Composite Index Wilshire 5000 Equity Index 96.

The longest term cycle recognized in TA is the Considerate cycle 97. The January effect refers to a seasonal tendency in which return for the year tend to be positive when January returns are positive Small cap stocks outperform lar cap stocks in January 98. Not a sentiment indicator? Brokerage firm hiring Relative Strength Index 99. Equivocal 100. Not a characteristic of on-balance volume (BOB)? It is interpreted by comparing it to the price divergences,

trending breaks and price patterns to point out underlying strength or weakness. It is plotted on a bar chart 101 .

Not correct regarding point and figure? Due to complexity in their creation, it has only come into common usage since the advent of computers 109. CEO sells 10, 000 shares of his company shares? Informed market 110. Not a consideration formoneymanagement? Trend following strategies 1 1 1 . Risk is defined s variability of returns loss of capital 112. Important aspect of money management is diversification determining the optimum position size 113. 114. True regarding short sales except the trade does not need to be closed 1 15. Methods to measure RSI except beta method 116.

Not included in CASSINI stock screening method? Annual sales increase 117. 120. The original Intent of Charles DOD was to use the interplay of his Industrial and Railroad averages as economic indicators 121 . DOD theory - the averages discount primary reversals and can create confusion 123. Volume goes with the trend - primary trend and secondary trend 124. Not a tool of Federal Reserve monetary policy? Changing the federal funds rate 125. A rising FIX means increasing implied volatility 126. A bullish sign for the stock market is high levels pessimism of Wall Street strategists 131 .

Three steps and a stumble is a market indicator based upon three consecutive increases in either the federal funds target rate, margin requirements or reverse requirements 134. Bar chart typically contain all prices except opening 135. Which price is common to both line and bar charts? Close Question Bank 2 13. The body of the candlestick line displays the relationship between the current rower than the open. 15. Which

Western technical tools can be used on candle charts trend lines, moving averages, and Fibonacci retracements 16. A trend line is helpful in determining when a price reversal has taken place. 7. The basic concept behind the use of a trend line is that a trend in motion will remain in motion until it reverses. 18. Technical analysts GENERALLY believe a price close beyond the trend line is more significant than an intra-day penetration. 19. In general, market technicians believe that the more times a trend line has been successfully tested, the greater the significance of a violation. 20. In a head and shoulders pattern, volume usually decreases with each successive peak. 21. The characteristics of a cycle are amplitude, period and phase 22. A moving average smooths out data fluctuations 23.

Moving averages are MOST often used to signal a reversal in price trend 24. A simple moving average is often criticized because equal weight is given to each point included in the calculation. 25. An exponentially smoothed MA gives more weight to more recent observations 26. A sell signal is when a shorter MA crosses a longer MA from above 27. Oscillators are used to alert the analyst to volume divergences overbought or oversold price conditions 28. All the following are momentum oscillators except relative strength index (RSI) advance/decline line 29.

Most oscillators are constructed on a semi-logarithmic scale to highlight momentum so that the mid-point goes through zero 30. Oscillators are most helpful to gauge price behavior in sharply rising markets non-trending markets where price fluctuates in a well defined trading range 31. Oscillators are most valuable when their value reaches an extreme reading near the

upper or lower end of their boundaries. 32. ** Using an oscillator, one most often observes an acceleration in price momentum prior to a major market bottom a peak in momentum in a bull market before a peak in the price trend 33.

A typical momentum index is constructed by plotting the difference in volume between the daily high price and the daily low price plotting the change in price between the beginning and end of time interval 34. In gauging the importance of a potential support or resistance level, the analyst must consider: all the above 35. Violated support levels typically become support levels as prices fall lower become resistance levels on price bounces 36. As with trend lines, speed resistance lines must be confirmed with volume reverse roles once they are broken 37.

The minimum downside projection from a head and shoulders top pattern is derived by measuring the distance from the penetration of the neckline by the left shoulder to the penetration of the neckline by the right shoulder and extending down from the point of penetration of the right shoulder by projecting downward from the neckline the vertical distance from the top of the head to the neckline 38. Answer: identifying areas of accumulation and distribution. 39. Oscillator most used in analyzing trending markets? Stochastic MAC 40.

A rising relative strength line for a stock in a falling market indicates that the stock is performing better than the market 41 . Most helpful in analyzing trading range markets? Moving averages. Oscillators 42. If one is studying a cycle of 8 weeks the assumption is that the next longest cycle is 16 weeks.

43. The dead cat bounce usually occurs at market bottoms 44. Presidential cycle realizes best returns during election and pre-election 45. The idea that all price movement is the addition of all active cycles is the basis for the all of the above 47.

Relative strength is usually calculated by dividing the price of a security by the price of another security, index or subgroup. 48. Rising relative strength indicates the security is performing better than the market or the entity being compared. 49. RSI analysis is useful in identifying declining volume trends Industry group rotation 50. To spot weakness in an uptrend, volume should be falling 51 . **Which is not an assumption oft? The consensus is always wrong 52. When Bollixing Bands contract is means volatility has decreased 53. Point and figure charts are most useful in identifying areas of support and resistance 54.

Which would not considered a means of identifying a trend regression lines / moving averages relative strength lines 55. Does not describe standard deviation lines: a buy is generated when prices crosses the -1 standard deviation line from above 56. Candlestick charts can be used to identify all of the above 57. Not considered a factor in determining the significance off trend line? Distance from price 58. MA - simple 59. Which is the least significant penetration of a rising trend line? Two successive antiradar penetrations of trend line 60. Which are considered important in determining the validity of a trend line break?

All the above 61 . None of the above. Using a weighted moving average 62. Not considered a support level? Previous high, previous low, and trading

range all of the above are considered as potential support levels 63. What is meant by the statement " volume precedes price"? Changes in supply and demand are often apparent in volume before price 64. A complete Elliot wave is made up of five motive impulse waves and three corrective waves 65. A descending triangle that forms in a downtrend would probably be considered a reversal pattern a continuation pattern 66. Least reliable? Broadening formations 67.

Not true about volume? Both price and volume can fall off sharply after a buying climax A rally that occurs on rising volume points to a probable trend reversal 68. Least true about a doc? A continuation pattern 69. Not true about gaps? Gaps are always almost filled 70. Most likely a continuation pattern? Flag 71 . Risk can be defined as amount loss per trade all of the above 72. The ratio would be positive 73. An extreme overbought reading on a momentum indicator in the early states of a will probably carry further 74. True of an up-trending market? B and C 75. Sentiment indicator most useful to traders?

Put/call ratios 76. **Best suited for establishing price targets based on a horizontal measurement? Line charts point and figure charts 77. Contrary opinion is a useful investment because it is at turning points where people are wrong 78. Not one of the " essential areas" of TA? Market structure indicators business cycle analysis 79. Longest term trend in the market is the primary secular 80. In the DOD theory, most important price is the close 81 . Most popular types of market indexes include all of the following except:

logarithmic weighted 82. Most comprehensive (all-inclusive) index is Wilshire 5000

Equity Index 83. Most important in identifying a head and shoulders top pattern? A shoulder must decrease substantially from previous rallies 84.

The longest-term cycle is the Considerate cycle 85. The January effect refers small cap stocks outperform large cap stocks 86. Not a sentiment indicator?

Relative strength 92. A simple moving average is slower to respond to price changes than a weighted moving average 93. One reason why price oscillators are useful is because price tends to lead momentum momentum tends to lead price 94. A secondary cycle can be used to determine the major trend of the market - false 95.

The trend of each cycle is most strongly influenced by the trend of the next longest cycle - true 96. Divergence and failureswings are most useful on an RSI indicator when they occur below the 80 70 and above the 30 lines. 98.

Describes BOB - a breadth momentum oscillator on days when prices close higher, it is assumed that all volume is represented by buyers 99. Not true about point and figure charting? Due to the complexity in creating these charts, it has only come into common usage with the advent of computers. 100. What s the relevance of the box size in point and figure charting?

Box size is the amount the price must change before a new column is created box size determines the sensitivity of frequency of trading 101 .

Open interest? The total number of outstanding long or short contracts 102.

Difference between point and figure charts and bar charts? Point and figure charts provide clearer trading signals 103. Comparison of candlestick charts

to bar charts? Candlestick allow for easier visual interpretation 104. In candlestick charts, what is considered the essence of the price movement? Real body 105. What additional interpretation is possible with candlestick charts compared to bar charts?

Support levels. Relative strength between bulls and bears Question 3 1 . Cycles are measure low to low 2. This cycle principle states, as stocks go through similar cycles the size and magnitude will differ - variation 3. Most useful aspect of studying cycles of different lengths? Phase 4. In regards to cycles, translation useful in checking where the trend direction is headed or if it is changing 5. Elliot wave cycle is 8 waves 6. 5-wave Elliot wave, longest is expected to be the 3rd 7. When analyzing long-term price movements, it could be helpful to use which type of chart?

Logarithmic chart 8. Least likely a continuation pattern - inverse head and shoulders broadening formation 9. Not considered a support level? All of the above are considered to be support levels 10. According to DOD Theory, secondary corrections can be replaced by a line 11. Least important factor in determining the significance of a trend line? Distance from price 12. For a breakout or breakdown from a triangle to be considered valid it should no more than three-quarters of the distance to the apex from the beginning of the pattern 13. Bollixing Bands narrow - volatility has decreased 14.

Not true about gaps? Gaps are always filled 15. Best characterizes continuation pattern? There is sideways price action 16. 17. In order for the DOD theory sell signal to be confirmed - b and c 18. The DOD theory uses only closing prices 19. 20. Point and figure charts are least suited to

identifying breakouts areas of accumulation or distribution 21 . In a doll
candlestick supply and demand are in balance 22. Fibonacci rater? 23. MA
crossovers sell signal when the fast falls below the slow 24. MA are of least
use in generating buy or sell signals in a sideways trend 25. 0 points there
would be no count 26. Usually associated with major market tops?
Broadening formations 27. On balance volume is used to all the above 28.
Common filters used to confirm a trend line break include all the above 29.
The length of a minor trend is about 6 weeks 30. Rectangle, triangle, flag
and so on, volume decreases as the pattern develops 31 . Gap least likely to
be filled when it occurs with high volume? Breakaway 32. Trends are more
likely to persist than reverse in all markets 33. One of the greatest strengths
of TA is its flexibility 34.

Trend lines should always generally be redrawn to accommodate an
accelerating rend 35. Which of the following is not an important use for an
oscillator? Provides a method of evaluating the performance of a security
relative to another security or index 36. Percentage parameters not widely
recognized percentage retrenchments? 45% 37. 39. 41. 42. 43. 45. Inter
market analysis? Study of the interrelationships between the various
independent financial markets 46. The secondary trend is measured in
weeks or months and the intermediate trend is measured in weeks or
months 47.

A characteristic of a trend? Any trend is influenced by its next larger and
smaller trend 48. The directional indicator can be defined as two lines
tracking higher highs and lower lows to determine trend 49. Which is false?

Breakouts from support and resistance is usually a change in trend the longer the trend, the less significant the breakout 50. A descending triangle has a falling resistance line and a horizontal support line 51 . How would you use relative strength analysis when comparing sectors? Divide the price of one sector by an industry benchmark and compare 52.

To increase sensitivity in a point and figure, decrease the box size 53. Point and figure - one box reversal chart 54. In what charting technique will trend lines be drawn at 45 degrees? Point and figure 55. Not found in P? Bullish engulfing pattern antiradar XIX P, which breakout is most significant? A breakout from a 15 column congestion zone 58. O price movement 59. Characteristic of a logarithmic scale? Preferred over arithmetic scaling for long-term trend analysis 60. P are named according to their box and reversal size 61 . O movement 62.

Cycles are measured from through to through 63. 10 day cycles are best timed with 5 day oscillators 64. Not true? Normality is the principle that relates cycles of different lengths cause they are rarely identical principle of proportionality states that a cycle of similar duration exists everywhere in the market 65. Not common of reversal patterns? The larger the pattern, the greater the subsequent move tops usually take longer to form than bottoms 66. An inverse head and shoulders pattern is a reversal pattern 67. The MAX objective of reversal pattern is 100% retrenchment 68. False 69.

Futures do not require an optic to short 70. True about double tops? They often occur at market bottoms height is often used as a measuring objective 71 . Not correct regarding reversal patterns? 2 and 4 2. Equally WA? Is the

way the DOD Jones Industrial Average is calculated an investor invests that same dollar amount in each security 73. A reasonable price objective once a stock has completed a head and shoulders pattern is equivalent to the distance between the head and the neckline 74. A continuation pattern is all of the above 75. A symmetrical triangle is all of the above 76.

The apex of a triangular pattern is all of the above 77. True 78. The breakout from a triangle formation all of the above 79. Descending triangle considered a bullish pattern B and C 80. Flag and pennants are not reversal patterns 81 . The measuring technique for most continuation patterns implies that a price objective from the breakout point is equal to the height of the pattern at its broadest point 82. The reversal pattern that can also appear as a continuation pattern is head and shoulders. 83. Best describes continuation patterns? They are represented by sideways price action 84.

Stock traders rely heavily on 50 and 200 day moving averages and 30 to 40 weeks moving averages 85. The simple moving average gives equal weight to each periods price 86. A channel breakout system works extremely well in a and c 87. The moving average is all of the above 8. The crossover method refers to a buy or sell signal generated when a shorter moving average crosses a longer moving average 89. The most used price to calculate the moving average is the close 90. In a 10-day simple moving average, each days price is assigned a weighting of 10% 91 .

Which moving average assigns greater weight to the most recent data? Exponential or weighted 92. Longer term moving averages A and C 93. A moving average is a smoothing device 94. Shorter moving averages produce

more trades 95. To help confirm a price trend, volume should expand in the direction of the trend 6. Volume divergence occurs when a new high in an uptrend takes place on active light volume 98. Volume in a head and shoulders pattern is usually highest where? During the left shoulder 99. Triangle price patterns should be accompanied by a gradual drop-off in volume until the breakout 100.

Technicians believe that volume matters most during breakouts volume precedes price 101 . A selling climax typically occurs at a market bottom 102. Open interest is the number of outstanding in a given day 103. A candlestick with equal opening and closing is a doll 104. The primary use of a candlestick tatter is to determine if you are in a bull market or bear market strengthen the possibility off reversal or continuation off price trend 105. All of the following are momentum oscillators except relative strength index advance/decline line 106.