Question #1 of 31

A trend is *most likely* to reverse if the price chart displays a:

A) head and shoulders pattern.

B) descending triangle pattern.

C) rectangle pattern.

Question #2 of 31

Which of the following technical analysis observations *most likely* represents a change in polarity?

A) Bars on a candlestick chart change from empty to filled.

B) Following an "X" column, a point-and-figure chart begins a new "O" column.

C) A resistance level on a line chart is breached and later acts as a support level.

Question #3 of 31

Technical analysts who use cycles define a Kondratieff wave as a cycle of:

A) 18 years.

B) 10 years.

C) 54 years.

Question #4 of 31

One of the underlying assumptions of technical analysis is that supply and demand is driven by:

A) rational behavior only.

B) both rational and irrational behavior.

C) rational behavior during calm markets and irrational behavior during volatile markets.

Question #5 of 31

Constructing a candlestick chart requires data on:

A) opening, high, low, and closing prices, and trading volume.

B) high, low, and closing prices only.

C) opening, high, low, and closing prices only.

Question #6 of 31

A technical analysis chart that illustrates only the closing prices of a security on each trading day is *best* described as a:

A) line chart.

B) bar chart.

C) point and figure chart.

Question #7 of 31

An inverse head and shoulders pattern *most likely* indicates:

A) the reversal of an uptrend.

B) the reversal of a downtrend.

C) the continuation of a downtrend.

Question #8 of 31

Which of the following is *least likely* an underlying assumption of technical analysis?

A) Markets are efficient and all known information is reflected in prices.

B) Prices are determined by supply and demand.

C) Supply and demand for a stock is driven by rational and irrational behavior.

Question #9 of 31

A technical analyst who identifies a decennial pattern and a Kondratieff wave *most likely*:

A) associates these phenomena with U.S. presidential elections.

B) believes market prices move in cycles.

C) is analyzing a daily or intraday price chart.

Question #10 of 31

Which of the following technical analysis indicators is *least accurately* described as an oscillator?

A) Bollinger bands.

B) Relative Strength Index.

C) Moving Average Convergence/Divergence.

Question #11 of 31

A head and shoulders pattern is *most likely* to precede a reversal in trend if:

A) the left shoulder, the head, and the right shoulder occur on decreasing volume.

B) volume decreases between the left shoulder and the head, then increases between the head and the right shoulder.

C) the left shoulder, the head, and the right shoulder occur on increasing volume.

Question #12 of 31

A trend is *most likely* to continue if the price chart displays a(n):

A) ascending triangle pattern.

B) double top.

C) inverse head and shoulders pattern.

Question #13 of 31

Technical analysts who employ Elliott Wave Theory are *most likely* to use Fibonacci numbers to forecast the:

A) timing of wave direction changes.

B) number of subwaves within a larger wave.

C) sizes of waves.

Question #14 of 31

The resistance level signifies the price at which a stock's supply would be expected to:

A) increase substantially.

B) cause the stock price to "break out".

C) decrease substantially.

Question #15 of 31

A technical analyst examining the past 12 months of daily price data for evidence of cycles is *most likely* to identify:

A) decennial patterns.

B) Kondratieff waves.

C) Elliott wave patterns.

Question #16 of 31

Which of the following would a technical analyst *most likely* interpret as a "buy" signal?

A) 10-day moving average crosses above a 60-day moving average.

B) 20-day moving average crosses below a 100-day moving average.

C) 30-day moving average crosses above a 5-day moving average.

Question #17 of 31

Relative strength analysis involves examining:

A) periodic price and volume data.

B) a point-and-figure chart.

C) asset returns and index returns.

Question #18 of 31

A support level is the price range at which a technical analyst would expect the:

A) demand for a stock to increase substantially.

B) demand for a stock to decrease substantially.

C) supply of a stock to decrease substantially.

Question #19 of 31

An Elliott wave theorist who forecasts prices based on Fibonacci ratios is *most likely* to predict that a wave will be:

A) four-ninths the size of the previous wave.

B) six-elevenths the size of the previous wave.

C) five-eighths the size of the previous wave.

Question #20 of 31

A technical analyst believes stock prices are primarily driven by:

A) the random walk hypothesis.

B) specialist trading.

C) market supply and demand forces.

Question #21 of 31

Asset allocation using technical analysis is *most likely* to be based on:

A) correlations within asset classes.

B) intermarket analysis.

C) a stochastic oscillator.

Question #22 of 31

The advantages of using technical analysis include:

A) complete objectivity.

B) ease in interpreting reasons behind stock price trends.

C) the incorporation of psychological reasons behind price changes.

Question #23 of 31

The point where technicians expect a substantial increase in the demand for a stock to occur is called a:

A) support level.

B) break-out point.

C) resistance level.

Question #24 of 31

The trend line for a stock in an uptrend is constructed by drawing a straight line through the:

A) highs.

B) periodic averages.

C) lows.

Question #25 of 31

One of the assumptions of technical analysis is:

A) all analysts have all current information.

B) the market is efficient.

C) supply and demand are driven by rational and irrational behavior.

Question #26 of 31

Bollinger bands are drawn based on the:

A) difference between two smoothed moving averages.

B) high and low prices in a recent period.

C) standard deviation of recent price changes.

Question #27 of 31

Elliott wave theory describes the typical pattern of price movements as:

A) five waves with the direction of the trend, followed by three waves against the direction of the trend.

B) four waves with the direction of the trend, followed by three waves against the direction of the trend.

C) five waves with the direction of the trend, followed by four waves against the direction of the trend.

Question #28 of 31

A technical analyst who wishes to observe the state of capital flows in the financial markets is *least likely* to examine:

A) the short interest ratio.

B) margin debt.

C) the cash position of mutual funds.

Question #29 of 31

Point and figure charts are *most likely* to illustrate:

A) significant increases or decreases in volume.

B) the length of time over which trends persist.

C) changes of direction in price trends.

Question #30 of 31

When technical analysts say a stock has good "relative strength," they mean the:

A) stock has performed well compared to other stocks in the same risk category as measured by beta.

B) recent trading volume in the stock has exceeded the normal trading volume.

C) ratio of the price of the stock to a market index has trended upward.

Question #31 of 31

The *most* appropriate tool to use for intermarket analysis of two different asset classes is a:

A) relative strength chart.

B) moving average convergence/divergence chart.

C) stochastic oscillator.