Technical Analysis 2
Quiz - 1 FPA CPD Point

Trend Indicators

Q1. Which of these three statements best describes Technical Indicators?
They are:
a) Mathematical calculations based on price data
b) Mathematical calculations based on volume data
c) Mathematical calculations based on price and/or volume data

Answer – __

Q2. Which definition best describes a moving average
a) A mathematical estimate of future changes in price;
b) A consensus of price action over a certain period of time;
c) A historical record of the highest closing price and the lowest price over a certain period of time;

Answer - __

Q3. Which statement best describes what we mean by the term "Directional Movement"
a) Directional movement is the largest part of the current period price range which lies outside the previous period price range;
b) The direction in which closing prices moved during the course of the day;
c) An indicator used to forecast the likely direction of tomorrows closing price;

Answer – __

Q4. What is one of the major advantages of the Linear Regression indicator when compared to a simple moving average?
a) The Linear Regression indicator takes into account price and volume action;
b) The Linear Regression indicator takes into account the highest high price and lowest low price over "n" periods;
c) The Linear Regression indicator does not exhibit as much delay as a moving indicator;

Answer - __

Volatility Indicators

Q5. Which of these statements are not used when calculating the Average True Range Indicator?
a) The distance from today's high to today's low;
b) The distance from yesterday's close to today's high;
c) The distance from yesterday's low to today's low;

Answer – __

Q6. Which of these statements is true?
a) A Price Envelope is plotted at a fixed percentage above and below a moving average.
Bollinger Bands on the other hand are plotted at a standard deviation levels above and below a moving average price;
b) A Price Envelope is plotted at standard deviation levels above and below a moving average. Bollinger Bands on the other hand are plotted at a fixed percentage above and below a moving average price;
c) Both Price Envelopes and Bollinger Bands are plotted at a fixed percentage above and below a combined moving average of high and low prices for each day;

Answer – __

Q7. The primary use of the Relative Volatility Index indicator is:
a) As a contrarian indicator;
b) As a tool to measure the direction of volatility;
c) As an alternative to the Relative Strength Index;

Answer – __

Momentum Indicators

Q8. The MACD is calculated by subtracting…
a) The difference between a 26-day exponential moving average, and 12-day exponential moving average of closing price;
b) The difference between a 12-day exponential moving average, and 26-day exponential moving average of closing price;
c) The difference between a 34-day exponential moving average, and 13 day exponential moving average of closing price;

Answer – __

Q9. The Price Rate of Change Indicator is used to:
a) Monitor the buying or selling pressure of a stock;
b) Monitor the momentum of a stock;
c) Monitor the trend of a stock;

Answer – __

Q10. The Relative Strength Index Indicator is used to:
a) Compare the relative strength of two securities;
b) Measure the internal strength of a single security;
c) Compare the relative strength of a group of securities;

Answer – __

Q11. The Stochastic Oscillator
a) Compares today's price volatility to that recorded "n" periods ago;
b) Compares today's volume to that recorded "n" periods ago;
c) Compares where a security's price has closed relative to its price range over a specifically defined period of time;

Answer – __

Q12. The Williams %R Indicator
a) Is a momentum indicator that is similar to the Stochastic Oscillator except that %R does not use internal smoothing;
b) Is a trend that is similar in calculation to the MACD;
c) Can be used as a tool to measure the direction of volatility;

Answer – __

Cycle Indicators

Q13. The Mesa Sine Wave Indicator
a) Can be used to tell us when the market is in cycle mode and when it isn't;
b) Can be used to anticipate cycle mode turning points rather than waiting for confirmation as is done with most oscillators;
c) Both A and B above;
d) None of the above;

Answer – __

Market Strength Indicators

Q14. Money flow is calculated
a) Using price data only;
b) Using volume data only;
c) A combination of price data and volume data;

Answer – __

Volume

Q15. Volume can be described as:
a) The number of potential buyers and sellers of a stock on a given day;
b) The number of units traded for a specific day;
c) The degree of price movement recorded for a specific day;

Answer - __

Line Studies

Q16. The most common levels used in retracement analysis are:
a) 61.8%, 38% and 50%
b) 68%, 38% and 50%
c) 68%, 33% and 50%
d) 68%, 33% and 55%

Answer – __

Q17. When looking at swing charts, the key determinants of "swing" are:
a) the highs and lows of the day;
b) the difference between today's closing price and yesterdays closing price;
c) the difference between today's opening and closing prices;

Answer - __

Q18. The basic Elliot pattern consists of:
a) A 3 wave uptrend followed by a 5 wave correction;
b) A 5 wave uptrend followed by a 3 wave correction;
c) A 5 wave uptrend followed by a 5 wave correction;

Answer – __

Entry & Exit Techniques

Q19. When using a moving average crossover as our entry rule it is preferable that:
a) Our short term moving average is trending upward;
b) Our long term moving average is trending upward;
c) Both our short and long term moving averages are trending upward;

Answer - __