

Section 1

Basic TA Concepts

Section Review Questions

Question 1

Which of the following would be **MOST** important to a Technical Analyst in making an investment decision?

- a) Price/earnings ratio
- b) Earnings per share
- c) Relative strength
- d) Return on equity

Question 2

The following chart is what type of chart?



- a) Bar chart
- b) Candlestick chart
- c) Point & Figure chart
- d) Line chart

Question 3

Confirmation is a very important concept in Dow Theory. In the context of Dow Theory, which two of the following must confirm each other to validate a buy or sell signal?

- a) Primary movement and secondary movement
- b) Primary movement and daily fluctuations

- c) Industrial average and utility average
- d) Industrial average and transportation average

Question 4

The height of a cycle from the x-axis to the peak or trough is known as:

- a) Phase
- b) Period
- c) Amplitude
- d) Translation

Question 5

Which of the following types of gaps would have the least amount of forecasting value in chart analysis?

- a) Common gap
- b) Exhaustion gap
- c) Breakaway gap
- d) Runaway gap

Question 6

Which of the following two asset classes has the strongest **INVERSE** relationship in both inflationary and deflationary environments?

- a) Bonds and stocks
- b) Commodities and interest rates
- c) Commodities and the US dollar
- d) Stocks and commodities

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Section Review Answers

1) c

2) b

3) d

4) c

5) a

6) c