

Section 10

Volume

Section Review Questions

Question 1

Volume provides important _____ of the price action on the chart and often gives advance warning of an impending shift in trend.

- a) Predictions
- b) Confirmation
- c) Targets
- d) None of the above

Question 2

As a general rule, what does volume tend to do as price patterns form and consolidate?

- a) Increase throughout the formation of the pattern
- b) Fluctuate wildly and unpredictably
- c) Diminish throughout the formation of the pattern
- d) None of the above

Question 3

In which of the following chart patterns is volume considered MOST important in providing confirmation of the breakout?

- a) Flag
- b) Head & Shoulders Top
- c) Head & Shoulders Bottom
- d) Rectangle

Question 4

Which of the following statements is CORRECT in respect to the below chart?



- On Balance Volume is confirming the direction of the price action on the chart
- On Balance Volume is NOT confirming the direction of the price action on the chart
- The volume spikes shown on the chart are anomalies and have no value in analysis
- Volume should not be used in analysis except when used in an indicator such as OBV or PVO

Question 5

Chaikin Money flow is an indicator developed by Marc Chaikin and measures the amount of money flow volume over a specific period. Which of the following indicators was also developed by Marc Chaikin?

- Relative Strength Index (RSI)
- Moving Average Convergence-Divergence (MACD)
- Bollinger Bands
- Accumulation Distribution Line

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Section Review Answers

- 1) b**
- 2) c**
- 3) c**
- 4) a**
- 5) d**