Section 9

Intermediate Indicators

Section Review Questions

Question 1

Which of the following statements about Average Directional Index (ADX) is NOT true?

- a) The ADX measures trend strength without regard to trend direction
- b) +DI and -DI are used to define directional movement when interpreting ADX
- c) The DI crossover system can be used to identify potential buy and sell signals
- d) A strong trending market is present when the ADX is above 50

Question 2

Which of the following are commonly used potential buy and sell signals when interpreting Moving Average Convergence Divergence (MACD)?

- a) Signal Line Crossover
- b) Centerline Crossover
- c) Divergences
- d) All of the above

Question 3

The Money Flow Index (MFI) is also known as:

- a) Volume-weighted ADX
- b) Volume-weighted RSI
- c) Price-weighted Stochastics
- d) Price-weighted MACD

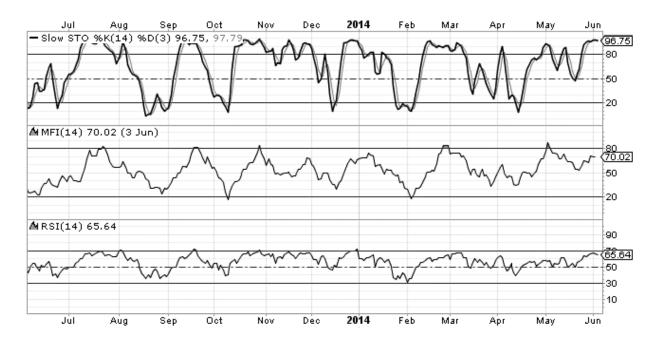
Question 4

The default look-back period for calculating the Relative Strength Index (RSI) is?

- a) 12
- b) 20
- c) 14
- d) 10

Question 5

When looking at the following indicators, which one is in overbought territory based on the traditional settings for each indicator?



- a) Slow Stochastics
- b) Money Flow Index
- c) Relative Strength Index
- d) All of the above

Question 6

Which of the following statements is NOT true concerning On Balance Volume (OBV)?

- a) OBV is based on the theory that volume precedes price
- b) OBV was developed by Joe Granville
- c) Divergences should NOT be used to anticipate trend reversals when analyzing OBV
- d) OBV can be used to confirm a price trend

Question 7

Which of the following are considered Market Breadth Indicators?

- a) Advance-Decline Line
- b) McClellan Oscillator
- c) Arms Index
- d) All of the above

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Section Review Answers

- 1) d
- 2) d
- 3) b
- 4) c
- 5) a
- 6) c
- 7) d