



Market Technicians Association

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Chartered Market Technician (CMT) Program Level 1 Spring 2012 Reading Assignments

The **CMT 1 candidate** is responsible for the material on a **definition** level. The candidate must understand the terminology used in these readings, be able to describe the concepts discussed in these readings, and be able to examine trends.

The CMT Level 1 Exam measures basic, entry-level competence. The CMT 1 candidate should have a working knowledge of the basic tools of the technician.

Exam time length: 2 hours

Exam format: Multiple Choice

Immediate scoring will be available this exams.

CMT Level 1 Exam tests the candidate's knowledge of six basic areas of technical analysis:

- 1) Terminology of technical analysis
- 2) Methods of charting
- 3) Determination of price trends/basics of pattern recognition
- 4) Establishing price targets
- 5) Equity market analysis
- 6) Applying technical analysis to bonds, currencies, futures and options

Listed below and on the following page are the reading assignments for the Level 1 Exam. The CMT candidate is responsible for knowing and understanding the entire list of reading assignments.

CMT Level 1 Exam Reading Assignments

1) MTA Code of Ethics (attached at the end of this document)

2) Edwards, Robert D. and Magee, John, Technical Analysis of Stock Trends, 9th Edition, CRC Press, Taylor & Francis Group, Boca Raton, Florida, c2007, ISBN 0-8493-3772-0

Chapters:

1. The Technical Approach to Trading and Investing
2. Charts
3. The Dow Theory
4. The Dow Theory in Practice

- 5. The Dow Theory's Defects
 - 5.1 The Dow Theory in the 20th and 21st Centuries
- 6. Important Reversal Patterns
- 7. Important Reversal Patterns – Continued
- 8. Important Reversal Patterns – The Triangles
- 9. Important Reversal Patterns – Continued
- 10. Other Reversal Phenomena
 - 10.1 Short-Term Phenomena of Potential Importance
- 11. Consolidation Formations
- 12. Gaps
- 13. Support and Resistance
- 14. Trendlines and Channels
- 15. Major Trendlines
 - 15.1 Trading the Averages in the 21st Century
- 16. Technical Analysis of Commodity Charts
 - 16.1 Technical Analysis of Commodity Charts, Part 2
 - 17.2 Advancements in Investment Technology
- 23. Choosing and Managing High-Risk Stocks
- 25. Two Touchy Questions
- 27. Stop Orders
- 28. What Is A Bottom – What Is A Top?
- 29. Trendlines in Action
- 30. Use of Support and Resistance
- 31. Not All in One Basket
- 38. Balanced and Diversified
- 39. Trial and Error
- 40. How Much Capital to Use in Trading
- 41. Application of Capital in Practice
- 42. Portfolio Risk Management
- 43. Stick to Your Guns
- Appendix "C" Technical Analysis of Futures Charts

3) Kirkpatrick, Charles D. and Dahlquist, Julie R.: Technical Analysis The Complete Resource for Financial Market Technicians, Pearson Education, Inc., Upper Saddle River, New Jersey 07458, c. 2006, ISBN 10:0-13-153113-1

Chapters:

- 1. Introduction to Technical Analysis
- 2. The Basic Principle of Technical Analysis – The Trend
- 3. History of Technical Analysis
- 4. The Technical Analysis Controversy
- 5. An Overview of Markets
- 6. Dow Theory
- 8. Measuring Market Strength
- 9. Temporal Patterns and Cycles
- 10. Flow of Funds
- 11. History and Construction of Charts
- 12. Trends – The Basics
- 14. Moving Averages
- 15. Bar Chart Patterns
- 17. Short-Term Patterns
- 18. Confirmation
- 19. Cycles
- 20. Elliott, Fibonacci, and Gann

- 21. Selection of Markets and Issues: Trading and Investing
- 23. Money and Risk Management
- Appendix "A" Basic Statistics
- Appendix "B" Types of Orders and Other Trader Terminology

4) Pring, Martin J.: **Technical Analysis Explained, 4th Edition**, McGraw Hill Book Company, New York, NY, c. 2001, ISBN 0-07-138193-7

Chapters:

- 2. Financial Markets and the Business Cycle
- 3. Dow Theory
- 4. Typical Parameters for Intermediate Trends
- 5. Price Patterns
- 6. Smaller Price Patterns
- 7. One- and Two-Bar Price Patterns
- 8. Trendlines
- 9. Moving Averages
- 10. Momentum Principles
- 11. Individual Momentum Indicators I
- 12. Individual Momentum Indicators II
- 13. Candle Charts
- 15. Miscellaneous Techniques for Determining Trends
- 16. The Concept of Relative Strength
- 18. Price: The Major Averages
- 19. Price: Group Rotation
- 20. Time: Longer-Term Cycles
- 22. Volume: General Principles
- 23. Volume Oscillators
- 24. Breadth
- 25. Why Interest Rates Affect the Market
- 26. Sentiment Indicators
- 27. Applying Technical Analysis to the Theory of Contrary Opinion
- 28. Checkpoints for Identifying Primary Stock Market Peaks and Troughs
- 29. Automated Trading Systems
- 30. Technical Analysis of Global Stock Markets
- 31. Technical Analysis of Individual Stocks

5) Jeremy du Plessis, **The Definitive Guide to Point and Figure**, Harriman House LTD, 2009, ISBN 1-897-59763-0. Click on the following link to buy it at an MTA member's special discount: www.updata.co.uk/shop/mtabookoffer.asp

Chapters:

- 1. Introduction to Point and Figure Charts
- 2. Characteristics and Construction
- 3. Understanding Point and Figure Charts
- 4. Projecting Price Targets

Market Technicians Association
CODE OF ETHICS
Amended December 2004

The Market Technicians Association has established ethical standards of professional conduct which every Member and Affiliate shall maintain. The Ethical Standards set forth in 1 through 9 serve as a guide of professional responsibility and as a benchmark for ethical judgment.

1. Members and Affiliates shall maintain at all times the highest standards of professional competence, integrity and judgment. Said standards should be maintained, and members and affiliates should act with dignity and in an ethical manner when dealing with the public, clients, prospects, employees, fellow Members and Affiliates and business associates.

This ethical standard requires strict compliance with the applicable laws and regulations of any government, governmental agency and regulatory organization which has jurisdiction over the professional activities of Members and Affiliates.

This same ethical standard requires that Members and Affiliates abide by the Constitution and By-Laws of the Association, and all rules promulgated by its Board of Directors. Members and Affiliates shall not unduly exploit their relationship with the Association for commercial purposes, nor use, or permit others to use, Association mailing lists for other than Association purposes.

2. Members and Affiliates shall not publish or make statements which they know or have reason to believe are inaccurate or misleading. Members and Affiliates shall avoid leading others to believe that their technically-derived views of future security price behavior reflect foreknowledge rather than estimates and projections subject to reexamination and, as events may dictate, to change.

3. Members and Affiliates shall not publish or make statements concerning the technical position of a security, a market or any of its components or aspects unless such statements are reasonable and consistent in light of the available evidence and of the accumulated knowledge in the field of financial technical analysis. New methods of technical analysis and modifications of existing concepts and techniques shall be fully documented as to procedure and rationale. Proprietary methods shall not be infringed, but this standard shall be a guide in the creation of proprietary products.

4. Members and Affiliates shall not publish or make statements which indefensibly disparage and discredit the analytical work of others.

5. Members and Affiliates shall not seek, disseminate or act on the basis of material, non-public (inside) information, if to do so would violate the laws and regulations of any government, governmental agency or regulatory organization relating to the use of inside information.

6. Members and Affiliates shall keep in confidence knowledge concerning the lawful private affairs of both past and present clients, employers, and employer's clients.

7. When a Member or Affiliate recommends that a security ought to be bought, sold or held, adequate opportunity to act on such a recommendation shall be given to the Member's or Affiliate's clients, employer, and the employer's clients before acting on behalf of either the Member's or Affiliate's own account or the accounts of immediate family members.

8. Members and Affiliates shall not copy or deliberately use substantially the same language or analysis contained in reports, studies or writings prepared by any author unless permission to do so is received, in advance, from the author. In the event the original author is deceased, or is otherwise unavailable to grant such permission, Members and Affiliates must ensure that the original author receives prominent and adequate credit for the original work.

9. Members who have earned the CMT designation shall use CMT after their name whenever and wherever appropriate.