PASS QUESTION

# PRACTICE QUESTIONS

## EXAM PREPARATION GUIDE

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**Exam** : **CMT-Level-I**

**Title** : CMT Level 1 Exam

**Version** : DEMO

1.Oscillators are normally used to:
A. Identify overbought or oversold market conditions
B. Identify price/volume divergences
C. Identify Elliott Wave cycles
D. Gauge differentials between buyers and sellers
**Answer:** A
**Explanation:**
Detailed Explanation:
While oscillators can show divergence, their primary and most common function is to identify overbought (price too high/fast) or oversold (price too low/fast) conditions, suggesting a potential mean reversion or pause in the trend.

2.Which of the following is CORRECT regarding the three black crows candlestick pattern?
A. It is continuation pattern
B. The three candles should close at or near their lows
C. The three black candles do not have to be on consecutive trading periods
D. It occurs at a market bottom
**Answer:** B
**Explanation:**
Detailed Explanation:
Three Black Crows is a bearish reversal pattern. It consists of three consecutive long black candles. For the pattern to be valid and show strong selling pressure, each candle should close at or near its low (short or no lower shadows).

3.A trend based trading system where the trend is the slope of a straight line found using a least squares regression is known as:
A. An N-day breakout system
B. A Point and Figure system
C. A linear regression slope system
D. A simple moving average system
**Answer:** C
**Explanation:**
Detailed Explanation:
Linear Regression uses the "least squares" method to fit a straight line through data points.
A system based on the slope of this line is a Linear Regression Slope system.

4.Which of the following is a continuation pattern?
A. Flag
B. Diagonal
C. Rising wedge
D. Broadening formation
**Answer:** A
**Explanation:**
Detailed Explanation:

A Flag is a brief, compact consolidation that slopes against the prevailing trend. It is one of the most reliable continuation patterns, signaling a resumption of the prior trend after a pause.

5.Which of the following factors would increase the predictive power of the candlestick dark cloud cover pattern?
A. The dark cloud cover occurs in the middle of a trading range
B. Heavy volume at the opening of the second day indicates a buying climax
C. During a downtrend, a white real body with shaven head and bottom is followed by a black body also with a shaven head and bottom
D. The second candle does not penetrate deeply into the first candle
**Answer:** B
**Explanation:**
Detailed Explanation:
Dark Cloud Cover is a bearish reversal. If the second day opens on heavy volume (a gap up open), it suggests a "buying climax" or a trap where the last buyers rushed in, only to have the price collapse and close lower. This increases the bearish probability.