

# CTA Practice Test Questions and Answers

## 1. What is the primary objective of technical analysis in financial markets?

- A) To analyze company fundamentals
- B) To predict future price movements using historical price and volume data
- C) To evaluate economic indicators only
- D) To determine company management quality

## 2. Which chart pattern typically indicates a bullish reversal?

- A) Head and Shoulders
- B) Double Top
- C) Inverse Head and Shoulders
- D) Descending Triangle

## 3. What does the Relative Strength Index (RSI) measure?

- A) Volume changes over time
- B) The momentum of price changes to identify overbought or oversold conditions
- C) Company earnings growth
- D) Market capitalization trends

## 4. In Dow Theory, what confirms a trend reversal?

- A) A single day's price movement
- B) Both the Industrial and Transportation averages must confirm the signal
- C) Volume must decrease
- D) Only the Industrial average needs to move

Answers: 1-B 2-C 3-B 4-B

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