

Day Trading Practice Test Questions and Answers

1. What is the primary characteristic of day trading?

- A) Holding positions for months
- B) Buying and selling securities within the same trading day
- C) Long-term investment strategy
- D) Passive portfolio management

2. What is the PDT rule in day trading?

- A) Profit Distribution Tax
- B) Pattern Day Trader rule requiring \$25,000 minimum account balance
- C) Personal Development Training
- D) Portfolio Diversification Technique

3. Which risk management tool is essential for day traders?

- A) Buy and hold strategy
- B) Stop-loss orders
- C) Diversification only
- D) Ignoring market trends

4. What type of analysis do day traders primarily rely on?

- A) Fundamental analysis only
- B) Technical analysis and chart patterns
- C) News articles only
- D) Random speculation

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

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