Chartered Market Technician (CMT) Program Level II
May 2014 Reading Assignments

CMT Level II candidates are responsible for the theory and application of concepts and techniques covered by the assigned readings. CMT Level II candidates must expand his/her understanding of technical analysis to apply various technical indicators and techniques in the analysis of the overall market or an individual security.

The CMT Level II Exam requires the candidate to demonstrate a greater depth of competency and proficiency by applying more advanced analytical techniques.

Exam time length: 4 hours, 15 minutes
Exam format: Multiple Choice

Immediate scoring will be available on this exam.

Listed below and on the following page are the reading assignments for the Level II Exam. The CMT candidate is responsible for knowing and understanding the entire list of reading assignments. All candidates are encouraged to also review the reading materials for the Level I Exam.

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CMT Level II Exam Reading Assignments

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


   Chapters:
   17. A Summary and Some Concluding Comments
   17.1. Technical Analysis and Technology in the 21st Century
   17.2. Advancements in Investment Technology
   23. Choosing and Managing High-Risk Stocks
   24. Probable Moves of Your Stocks
   27. Stop Orders
   28. What is a bottom? – What is a top?
   42. Portfolio Risk Management
   Appendix “A” The Probable Moves of Your Stocks


Chapters:
1. Introduction
2. Basic Concepts and Calculations
3. Charting
4. Charting Systems and Techniques
5. Regression Analysis
6. Time-Based Trend Calculations
7. Trend Systems
8. Momentum and Oscillators
9. Seasonality and Calendar Patterns
10. Cycle Analysis
11. Volume, Open Interest and Breadth
12. Spreads and Arbitrage
13. Behavioral Techniques
14. Advanced Techniques
15. System Testing
16. Risk Control
17. Diversification and Portfolio Allocation


Chapters:
7. Sentiment
10. Flow of Funds
13. Breakouts, Stops, and Retracements
14. Moving Averages
15. Bar Chart Patterns
17. Short-Term Patterns
18. Confirmation
19. Cycles
20. Elliott, Fibonacci, and Gann
21. Selection of Market and Issues: Trading and Investing
22. System Design and Testing
23. Money and Risk Management
Appendix “A” Basic Statistics


Chapters:
1. Introduction
2. A Historical Background
3. Constructing the Candlestick
4. Reversal Patterns
5. Stars
6. More Reversal Patterns
7. Continuation Patterns
9. Putting It All Together

   **Chapters:**
   All Chapters


   **Chapters:**
   16. The Concept of Relative Strength
   19. Price: Group Rotation
   21. Practical Identification of Cycles
   25. Why Interest Rates Affect the Stock Market
   28. Checkpoints for Identifying Primary Stock Market Peaks and Troughs
   29. Automated Trading Systems


   The required reading excerpt from this book can be found here: [http://tinyurl.com/cmtlevel2](http://tinyurl.com/cmtlevel2)


   **Chapters:**
   4. Statistical Analysis
   5. Hypothesis Tests and Confidence Intervals
   6. Data-Mining Bias: the Fool’s Gold and Objective TA
   7. Theories of Nonrandom Price Motion


   Click on the following link to buy it at an MTA member’s special discount: [www.updata.co.uk/shop/mtabookoffer.asp](http://www.updata.co.uk/shop/mtabookoffer.asp)

   **Chapters:**
   5. Analyzing Point and Figure Charts
   6. Point and Figure Charts of Indicators
   7. Optimization of Point and Figure Charts
   8. Point and Figure’s Contribution to Market Breadth
   9. Advanced Point and Figure Techniques

   For those using the second edition of the du Plessis book:

   **Chapters:**
   6. Analyzing Point and Figure Charts
   7. Point and Figure charts of Indicators
   8. Optimization of Point and Figure Charts
   9. Point and Figure’s Contribution to Market Breadth
   10. Advanced Point and Figure Techniques

   **Revised November 2013**
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.