

Session 3

Practice Questions

Question 1:

- a. Based on technical analysis, one should buy on the resistance and sell on the support.
- b. Based on technical analysis, one should buy on the support and sell on the resistance.
- c. A resistance area is a concentration of supply zone.
- d. A resistance area is a concentration of demand zone.
- e. A support area is a concentration of demand zone.
- f. A support area is a concentration of supply zone.
- g. b, c, e.
- h. a, d, f.

Question 2:

- a. In a continuation pattern, one should buy once the price crosses the resistance.
- b. In a continuation pattern, one should sell once the price crosses the resistance.
- c. In a continuation pattern, one should buy once the price crosses the support.
- d. In a continuation pattern, one should sell once the price crosses the support.
- e. a, b.
- f. a, d.
- g. b, c.

Question 3:

- a. One should buy when the price penetrates the moving average to the upside.
- b. One should buy when the price penetrates the moving average to the downside.
- c. One should sell when the price penetrates the moving average to the upside.
- d. One should sell when the price penetrates the moving average to the downside.
- e. a, d.
- f. b, c.

Question 4:

- a. One should buy when the short-term moving average penetrates the long-term moving average to the downside.
- b. One should sell when the short-term moving average penetrates the long-term moving average to the downside.
- c. One should buy when the short-term moving average penetrates the long-term moving average to the upside.
- d. One should sell when the short-term moving average penetrates the long-term moving average to the upside.

- e. a, d.
- f. b, c.

Question 5:

- a. The RSI in the 70-100 zone corresponds to an overbought sign; the best trading strategy to adopt is to sell the underlying asset.
- b. The RSI in the 70-100 zone corresponds to an overbought sign; the best trading strategy to adopt is to buy the underlying asset.
- c. The RSI in the 70-100 zone corresponds to an oversold sign; the best trading strategy to adopt is to buy the underlying asset.
- d. The RSI in the 0-30 zone corresponds to an oversold sign; the best trading strategy to adopt is to sell the underlying asset.
- e. The RSI in the 0-30 zone corresponds to an overbought sign; the best trading strategy to adopt is to sell the underlying asset.
- f. The RSI in the 0-30 zone corresponds to an oversold sign; the best trading strategy to adopt is to buy the underlying asset.
- g. a, d.
- h. a, e.
- i. a, f.
- j. b, d.
- k. b, e.
- l. b, f.
- m. c, d.

Question 6: Answer by True/False the following statements

- a. In behavioral finance, investors are risk averse.
- b. In a bullish divergence, the market is making new highs but the indicator is not.
- c. Moving averages are used in market without any tendency.

Solution

Question 1: g

Question 2 : f

Question 3 : e

Question 4 : f

Question 5 : i

Question 6 :

- a. False
- b. False
- c. False