

Module - 1

Chartered Market Technician



Rohan Sharma

Chartered Market Technician Association (CMT)



- The CMT Association has served the financial industry for nearly 50 years.
- Advancing the discipline of Technical Analysis
- **History**
- 1960s Started over 50 years ago
- **Growth**
- 137 Countries
- 49 Local chapters around the world
- 35k Participants in educational programming

Area of Expertise



- TECHNICAL ANALYSIS
- RISK MANAGEMENT
- QUANTITATIVE SYSTEMS DEVELOPMENT
- PORTFOLIO MANAGEMENT
- APPLIED BEHAVIORAL FINANCE

Top 15 Employers of CMT Members



- MORGAN STANLEY
- WELLS FARGO
- BANK OF AMERICA
- CHARLES SCHWAB
- FIDELITY
- RBC (CM & DS)
- WELLINGTON
MANAGEMENT
- BLOOMBERG, LP

- CIBC
- CREDIT SUISSE
- TD AMERITRADE
- BMO NESBITT BURNS
- NDR
- BARCLAYS
- UBS



- The CMT Program demonstrates mastery of a core body of knowledge of **investment risk** in **portfolio management**.
- Our market philosophy is grounded in **behavioral economics** and extends beyond classical pattern recognition techniques to include **quantitative approaches** to market research and rules-based trading-system design and testing.

Lecture - 2

CMT Exam & Registration Process



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Learning Objectives

- CMT Program Eligibility Norms
- CMT Important Dates
- CMT LEVEL I , II , III
- CMT Membership Benefits
- CMT Registration Process
- CMT Course Fees



CMT LEVEL - I

CMT Program Eligibility



To earn your CMT designation, you must meet the following requirements:

- Complete of all three levels of the CMT Exam.
- Become an CMT Member (\$325 annual dues)
- Work in a professional analytical or investment management capacity for a minimum of three years; you must be regularly engaged in this capacity at the time of passing the CMT Exam.



December Attempt

- JUNE 2019 CMT Exam Administration
- The Level I , II and III exams will be offered approx. (November 27 – December 5)

•Registration Dates

- Early registration: May 13 – August 26, 2019
- Standard registration: August 27 – October 21, 2019
- Late registration: October 22 – November 15, 2019



June Attempt

- JUNE 2019 CMT Exam Administration
- The Level I and II exams will be offered **May 31 - June 9, 2019**
The Level III exam will be held on **June 6, 2019**

Registration Dates

- **Early Registration Begins:** January 3, 2019
- **Standard Registration Begins:** February 5, 2019
- **Late Registration Begins:** April 2, 2019
- **Registration Deadline:** May 9, 2019



- **CMT Level I**
- Focusing on the basic knowledge of the terminology and analytical tools used in technical analysis.
- **CMT Level II**
- Measuring the candidate's competency in the application of concepts, theory, and techniques covered by the required readings.
- **CMT Level III**
- Integrates the candidate's understanding of the concepts identified in Level I with the practical application learned in Level II.

CMT Membership Benefits



Learning
Resources

Career
Development

Professional
Networking

Knowledge
Base

Research
Publications

Global
Events

CMT Registration Process



1

Enroll in the CMT Program

Create an account on the CMT Association website and pay the one-time \$250 enrollment fee associated with the exam cycle in which you plan to take your first test.

2

Register for Your Exam

During the enrollment process, you will register for the CMT Level I Exam with the CMT Association.

3

Study and Prepare

Purchase the updated CMT Level I Curriculum and develop a self-study plan encompassing the curriculum's content.

4

Schedule Your Exam with Prometric

Contact the Prometric Testing Center in your area to schedule a final date and time for your exam during the testing window.

CMT Program Fees



- CMT Program Fee comprises of :
- CMT Program Fees : \$250 (One Time)
- Annual Membership Fees :\$325
- Curriculum Cost :\$225 for Each Level
- Level I Exam Cost :\$250
- Level II Exam Cost :\$450
- Level III Exam Cost :\$450

Lecture - 3

CMT as a Career



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- Chartered Market Technician is generally not considered a job title, it is a designation that is recognized by those who employ financial and securities analysts.
- Employers who commonly hire CMT-designated analysts include stock brokerage firms, investment banks, mutual fund companies, pension fund management companies, and hedge funds.



- CMT commonly use a comprehensive approach to securities analysis that blends both fundamental and technical methods to predict the performance and price action of a company, a business sector or the economy.
- Based on their analysis, these analysts make buy and sell recommendations for their company's proprietary portfolio or for customers of their firm.



- Quantitative Financial Research & Trading
- Risk Management Services
- Applied Behavioral Finance
- Portfolio Management
- Technical Analyst
- Fund Manager
- Start your own Research Advisory Firm



Step 1 – Start Career in Technical Analysis

(Recommended after Higher Education Along with Graduation)

1. Understand the Basics of Financial Markets & Its Mechanism
2. Join a Classroom Based Technical Analysis Program
3. Start Trading or Investment Activity with small portfolio size for at least 6 Months
4. Observe Behavioral understanding of Risk , Portfolio Management & Asset Class Selections , Trading Strategies and many more.
5. Along with Live Trading learn more about Microsoft Excel & Basic Computer Program Language C++ & Python.



Step 2 – **Enroll for Chartered Market Technician Program** (Recommended Along with Graduation)

1. Start Preparing for CMT Exam
2. Understanding deeply the concept of Quant Analysis , Portfolio Management , Asset Allocation & get Deeper Drive in Technical Analysis Concepts.
3. Get Hand on Hand Experience on Advanced Software's for basic strategy making using formula & coding
4. Clear CMT Level 1 & Graduation year 1.



Step 3 –Prepare for CMT LEVEL II

(Recommended Along with Graduation)

1. Start Preparing for CMT Level II Exam
2. Apply and understand the in depth of all tools , Indicator & Oscillator .
3. Develop trading strategies & apply technical tools , indicator & oscillator on Advance Technical Software's like AmiBroker ,
4. Clear CMT Level II Exam
5. Start Internship with Research , Broking or other quant firms to start getting exposure and work in each arena . Get Corporate Exposure .



Step 4 –Prepare for CMT LEVEL III

(Recommended Along with Graduation)

1. Start Preparing for CMT Level III Exam
2. Apply and understand the in depth of Risk Management , Portfolio Management & Asset Allocation like broader Concepts .
3. Finalize & trade your strategies by applying technical tools , indicator & oscillator on Advance Technical Software's like AmiBroker ,
4. Clear CMT Level III Exam & Graduation Exams
5. Join any Research Firm , Broking or other quant firms to start get work in your arena . Get Corporate Exposure till your graduation completion.
6. Upgrade your working & professional skills & Develop professional Competence & Network.

Lecture - 4

Knowledge Domains & Weightings



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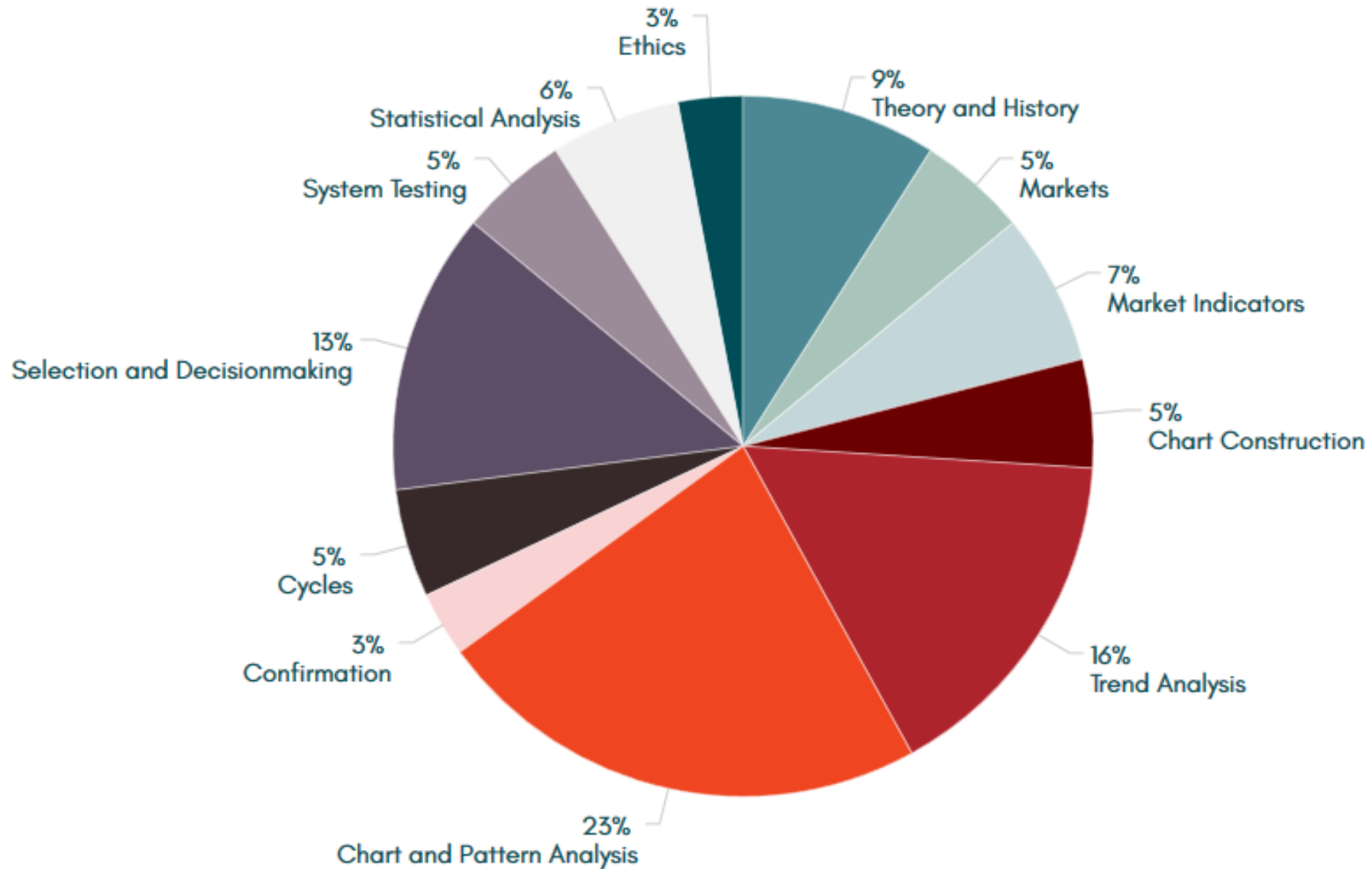
CMT LEVEL I

Knowledge Domains & Weightings



CMT LEVEL - I

Topic Weightage – CMT LEVEL I



Knowledge Domain – CMT LEVEL I



- **Theory and History: 9%**

- History of financial markets
- History of technical analysis
- Modern Portfolio Theory
- Dow theory
- Behavioral finance

- **Markets 5%**

- Historical market data
- Traditional asset classes
- Alternative asset classes
- Currencies
- Non-US markets
- Market indices
- Exchanges

- **Markets Indicators: 7%**

- Breadth indicators
- Index construction
- Government/Fed reports
- Private money flows
- Sentiment measures
- Volatility

- **Chart Construction: 5%**

- Scaling methods
- Line charts
- Bar charts
- Candlestick charts
- Point and figure charts
- Volume

- **Trend Analysis: 16%**

- Trend lines
- Regression analysis
- Moving averages

- **Chart and Pattern Analysis: 23%**

- Classic pattern recognition
- Candlestick pattern recognition
- Elliott Wave Principle
- Fibonacci price analysis
- Support and resistance
- Relative Strength Index
- Moving Average
- Convergence/Divergence
- Bollinger Bands
- Stochastics

Knowledge Domain – CMT LEVEL I



- **Confirmation: 3%**
 - Open interest and volume
- **Cycle: 5%**
 - Cyclical price patterns
- **Selection and Decision making: 13%**
 - Relative strength
 - Forecasting techniques
 - Strategic models
- **System Testing: 5%**
 - Back testing
 - Order execution and slippage
- **Statistical Analysis: 6%**
 - Descriptive statistics
 - Fundamentals of probability
- **Ethics: 3%**
 - Code of Ethics and Standards of Professional Conduct

Knowledge Domain – CMT LEVEL I



- The CMT Level I exam tests on introductory concepts and definitions in technical analysis.
- The actual exam consists of 132 multiple-choice questions of which 120 are scored items.
- The remaining 12 questions are under trial for future use.
- Candidates have two hours to complete the 132 questions on the exam.
- The exam is delivered on a computer in Prometric testing facilities.
- Please be sure to schedule your exam well in advance.

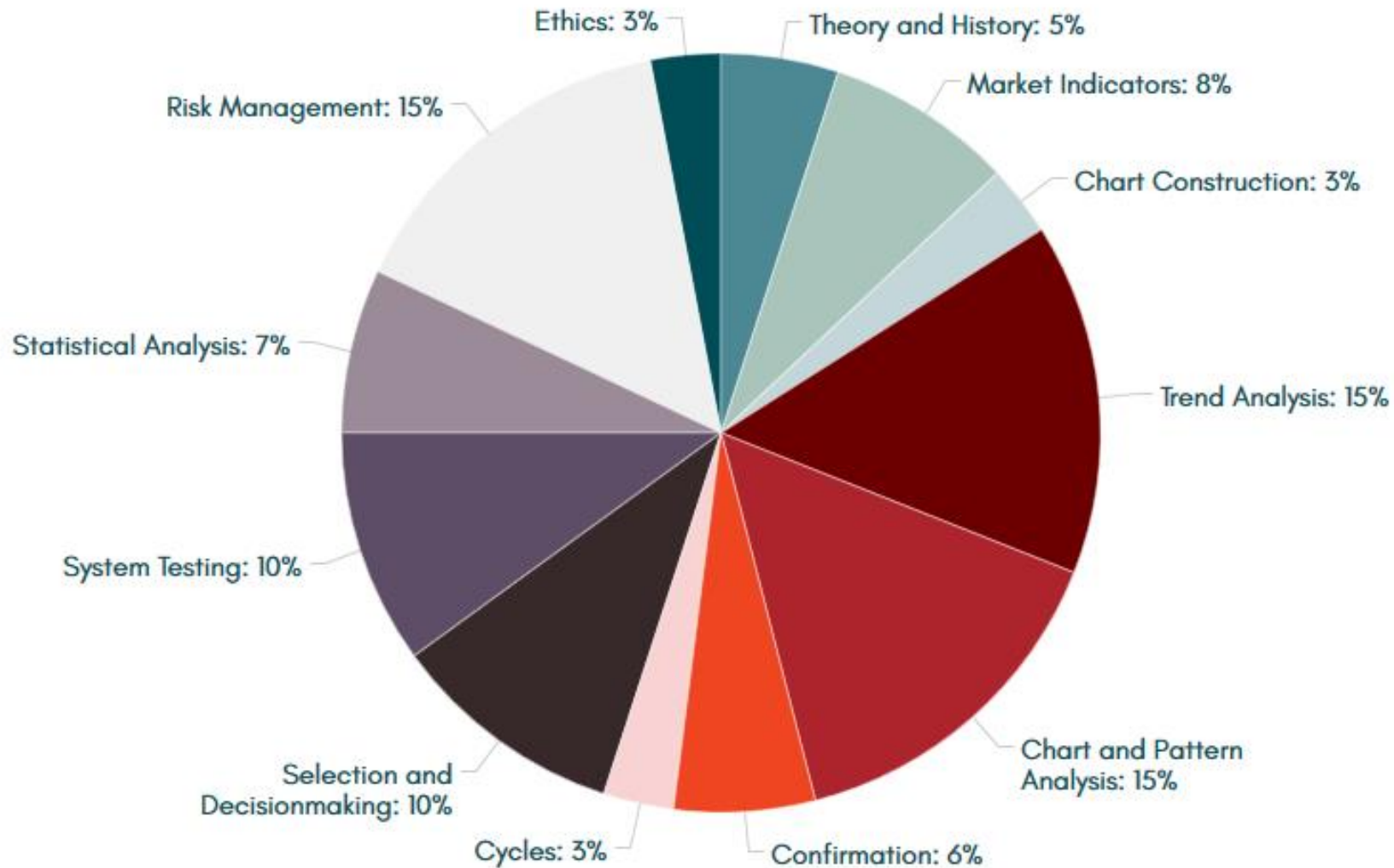
CMT LEVEL II

Knowledge Domains & Weightings



CMT LEVEL - I

Topic Weightage – CMT LEVEL II



Knowledge Domain – CMT LEVEL II



Theory and History: 5%

- Behavioral finance
- Adaptive Market Hypothesis

Market Indicators: 8%

- Breadth indicators
- Index construction
- Sentiment measures
- Volatility

Chart Construction: 3%

- Volume

Trend Analysis: 15%

- Trend lines
- Multiple time-frame analysis
- Breakouts
- Moving averages
- Trend strength indicators

Chart and Pattern Analysis: 15%

- Gap analysis
- Support and resistance

Confirmation: 6%

- Oscillators and divergence
- Sector rotation
- Intermarket signals

Cycles: 3%

- Seasonal cycles

Selection and Decisionmaking: 10%

- Noncorrelated assets
- Relative strength
- Forecasting techniques

Knowledge Domain – CMT LEVEL II



System Testing: 10%

- Algorithmic development
- Optimizing entry and exit rules
- Performance measures

Statistical Analysis: 7%

- Inferential statistics
- **Ethics: 3%**
- Code of Ethics and Standards of Professional Conduct

Risk Management: 15%

- Absolute and relative risk
- Risk modeling
- Value at Risk
- Volatility risk
- Liquidity risk
- Diversification
- Stops v hedging
- Leverage risk
- Portfolio risk management
- Risk measures
- Risk-based performance measures

Knowledge Domain – CMT LEVEL II



- The CMT Level II exam tests on the theory and analysis of applied technical analysis
- The actual exam consists of **170 multiple-choice questions** of which 150 are scored items.
- The remaining 20 questions are under trial for future use.
- Candidates have **four hours** to complete the 170 questions on the exam.
- The exam is delivered on a computer in Prometric testing facilities.
- Please be sure to schedule your exam well in advance.

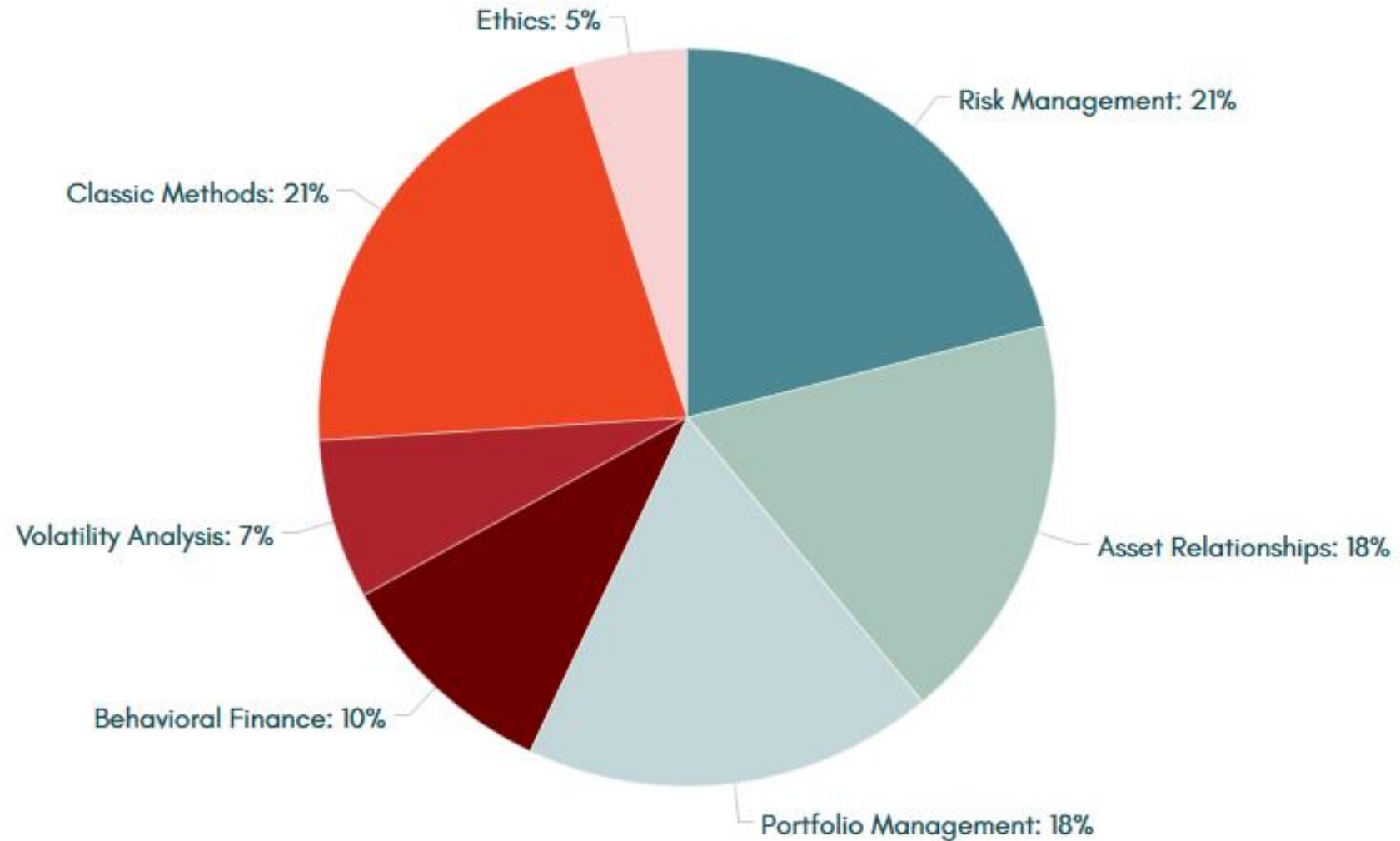
CMT LEVEL III

Knowledge Domains & Weightings



CMT LEVEL - I

Topic Weightage – CMT LEVEL III



Knowledge Domain – CMT LEVEL III



Risk Management : 21%

- Risk management (basics of probability & statistics, modeling risk factors, number of assets and impact on portfolio, managing risk through correlation, VAR, performance and risk metrics, market volatility and fat-tailed distributions, correlation and diversification, managing individual trade risk, managing risk for an entire portfolio)
- Position sizing
- Quantitative and Statistical analysis
- System development and testing

Asset Relationships : 18%

- Intermarket analysis
- Relative strength
- Sector rotation

Portfolio Management : 18%

- Portfolio management (performance measurement, tactical asset allocation, asset correlation, alternative investments)

Knowledge Domain – CMT LEVEL III



Behavioral Finance : 10%

- Behavioral finance

Volatility Analysis : 7%

- Volatility Analysis

Classical Methods : 21%

- Candlestick analysis
- Momentum investing
- Oscillators and other technical studies

Ethics : 5%

- Code of Ethics and Standards of Professional Conduct

Knowledge Domain – CMT LEVEL III



- The CMT Level III exam tests the candidate's ability to integrate a wide range of concepts and tools into the application of technical analysis
- Candidates have **four hours** to complete the exam.
- The exam is marked on a scale of 240 points.
- A section worth 30 points is estimated to require 30 minutes to complete.
- The exam is delivered on a computer in Prometric testing facilities.
- Please be sure to schedule your exam well in advance.

Lecture - 5

Tips & Tricks to Clear CMT Level I



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Top 5 Tips & Tricks to Clear CMT – Level I



Get Early Idea
about Technical
Analysis & Live
Market Trading's

Short Notes

Get In-depth
Concept on Each
Topic

2 Time Book
Coverage

3 Times Mock Test

Trick No 1 – Market Trading



- Live market trading's help you to connect with CMT
- Get a small technical analysis course which apply on real time markets by using tools & techniques .
- Get Behavioural understanding of real time markets.
- Understanding the money management by real time trading or investment activity.

Trick No 2 – Short Notes



- As we know CMT is an MCQ Exam & ask question on application level .
- Create short notes of Course Content
- Get PPT based Short Notes & note interpretation of tools & Techniques.
- Short Notes help you out to quick revision at the exam time.

Trick No 3 – In-depth Concept



- CMT Books have very complicated language & course content is not properly aligned as it takes topics from various books of different writers.
- So we have to take individual topics and understand concept in simple, Concise & Clear
- Take content from various books or websites like Investopedia or Stock Charts on Each Topic for in-depth understanding.

Trick No 4 – Book Coverage



- At least read and ascertain topics in details .
- Apply tools & techniques with the help of Technical analysis or trading software's.
- Read Books thoroughly at least 2 times as MCQ can be create from a single line.
- Use marker or highlighters while study & mark important topics

Trick No 5 – Attempt Mock Test



- At least attempt MCQ 3 times without any help of book .
- Check your score & time consumption for better performance.
- Kindly Consider Mock test as real exam while attempted.
- Mock test question are only for practice purpose there is no repetition of same question in real time Exams.