

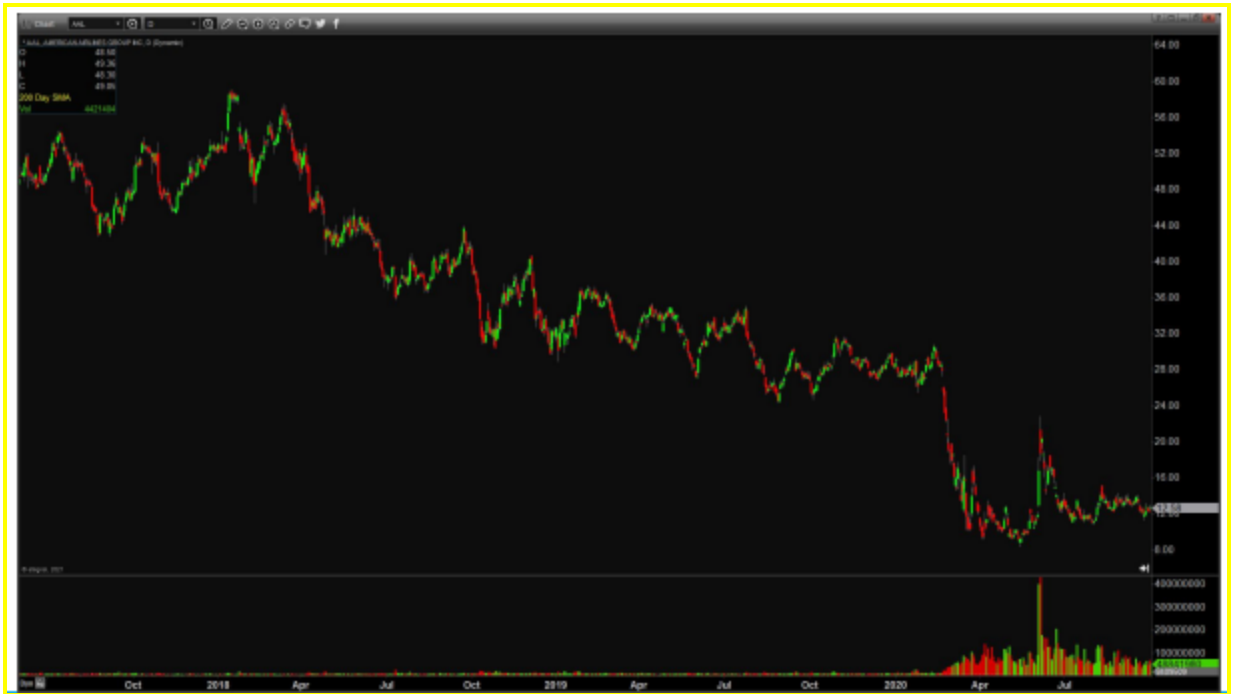
Active Investor Course: Quiz Answers

Chapter 2: Moving Averages & Instant Trend Analysis

Correct answers are bold.

1. Is the following statement true or false? Volume is an important factor, as it precedes price.
 - a. False -- volume is not a critical factor, and is not important when gauging both the timing and the potential magnitude of pattern resolution.
 - b. **True -- as a result of identifying proper volume profiles, we can accurately predict whether or not a move is imminent and thus providing the ability for low-risk, precision entry points.**
2. Which momentum moving averages are used in this Active Investor Approach?
 - a. **9 EMA and 20 EMA**
 - b. 50 EMA and 200 EMA
 - c. No EMAs, only the VWAP
3. How do strong active trends correlate directly to your risk?
 - a. The strongest trends, otherwise referred to as the market "leaders," will be the last stocks to be bought back up after any market weakness has occurred.
 - b. **The strongest trends, otherwise referred to as the market "leaders," will be the first stocks to be bought back up after any market weakness has occurred.**
 - c. The weakest trends, otherwise referred to as the market "losers," will be the first stocks to be bought back up after any market weakness has occurred.
4. What is the "active" trend?
 - a. the broader based, or macro level, trend that occurs over long periods of time
 - b. **the short term movements within a strong trend where profits can be captured by an active trader**
5. What is the "passive" trend?
 - a. **the broader based, or macro level, trend that occurs over long periods of time**
 - b. the short term movements within a strong trend where profits can be captured by an active trader

6. Is the following trend active or passive?



- a. **Active**
 - b. Passive
7. What is the importance of a pivot? Choose the most correct answer.
- a. Pivots aren't important in trading; it is a basketball term.
 - b. It is arguably the most fundamental intricacy of market structure in that these support and resistance zones act as inflection points for major market moves.
 - c. Reactions to these pivot points root from the emotions and outcomes experienced on the previous tests, often resulting in a significant inflection point.
 - d. **Both B & C are correct**

8. Is the following trend active or passive?



- a. Active
- b. **Passive**

9. Is the following trend active or passive?



- a. **Active**

- b. Passive
10. Momentum moving averages are indicators that measure the active trend by providing points of reference for several aspects including:
- a. Instant trend analysis
 - b. Magnitude of a move
 - c. Support & resistance
 - d. Buy & sell points
 - e. **All of the above**
11. Which of the following statements is false?
- a. A strong trending chart is in an active trending sequence that can be identified instantly
 - b. There should be no question as to whether or not a stock is in an active trend as it should be readily apparent and determined within seconds
 - c. The most important reason behind seeking out only the strongest stocks is risk
 - d. **None of the above are false**
12. When it comes to pivots, over what period of time do we prefer to see consistency with the price action?
- a. **We prefer to see consistency over a longer term**
 - b. We prefer to see consistency over just a short term
13. Investing in weak trends can prove to be profitable as you are buying low and look to sell when the trend turns strong.
- a. True -- buy low, sell high!
 - b. **False -- the strong trend is your only friend.**
14. Which of the following is true about passive trends?
- a. Passive trends are utilized by active investors to beat the S&P 500.
 - b. **Passive trends are most commonly utilized in long-term investments to mirror returns of the broader market and thus are found in ETFs and index funds.**
 - c. Passive trends tend to provide volatile moves.