

Level I Learning Objectives by chapter (2017)

1.	The Basic Principle of Technical Analysis: The Trend
By the end of this chapter you should be able to:	
<ul style="list-style-type: none">▪ Define what is meant by a trend in Technical Analysis▪ Explain why determining the trend is important to analysts▪ Identify primary, secondary, short-term, and intraday trends▪ Describe of the basic beliefs behind the art of technical analysis	

2.	Dow Theory
By the end of this chapter you should be able to:	
<ul style="list-style-type: none">▪ Describe the history of the development of Dow Theory▪ Identify the basic principles of Dow Theory▪ Recognize three types of trends identified in Dow Theory: primary, secondary and minor▪ Explain the concept of confirmation in Dow Theory▪ Explain the role of volume in Dow Theory	

3.	History and Construction of Charts
By the end of this chapter you should be able to:	
<ul style="list-style-type: none">▪ Explain the advantages of reviewing price information in chart format.▪ Identify how to construct several types of charts including line, bar, candlestick, and point-and-figure charts.▪ Identify the differences between arithmetic and logarithmic scales	

4.	Trends – The Basics
By the end of this chapter you should be able to:	
<ul style="list-style-type: none">▪ Explain why trend identification is important to achieve profits▪ Recognize an uptrend, a downtrend, and a trading range▪ Describe the concept of support and resistance▪ Identify trends using most common methods▪ Identify significant reversal points	

5.	Breakouts, Stops and Retracements
By the end of this chapter you should be able to:	
<ul style="list-style-type: none">▪ Describe and identify a breakout▪ Recognize the signals that identify breakouts▪ Explain the purpose of entry and exit stops▪ Describe methods for setting entry and exit stops	

6.	Moving Averages
By the end of this chapter you should be able to:	
<ul style="list-style-type: none"> ▪ Identify trends with moving averages ▪ Recognize methods for calculating simple and exponential moving averages ▪ Describe and interpret Directional Movement Indicators ▪ Identify characteristics of Envelopes, Channels and Bands 	

7.	Bar Chart Patterns
By the end of this chapter you should be able to:	
<ul style="list-style-type: none"> ▪ Explain opposing viewpoints over whether patterns exist ▪ Describe the influence of computer technology on price-pattern study ▪ Identify chart patterns such as triangles, flags, pennants, double tops, triple tops, double bottoms, triple bottoms, head-and-shoulders formations and inverse head-and-shoulders formations ▪ Compare historical performance measures of chart patterns 	

8.	Short-Term Patterns
By the end of this chapter you should be able to:	
<ul style="list-style-type: none"> ▪ Identify reversals in longer-term trends using short-term price patterns ▪ Recognize the types of gaps that occur on price charts ▪ Identify the significance of various types of gaps ▪ Recognize wide-range and narrow-range days ▪ Describe the implications for volatility based on the appearance of wide-range and narrow-range days ▪ Identify the formation and interpretation of common candlestick patterns 	

9.	Confirmation
By the end of this chapter you should be able to:	
<ul style="list-style-type: none"> ▪ Identify the methods of plotting volume information on price charts ▪ Explain traditional general rules for interpreting volume data ▪ Identify the major indexes and oscillators designed to use volume as confirmation ▪ Explain open interest and how it might be used for confirmation ▪ Explain the concept of momentum in price action ▪ Identify characteristics of the most commonly used indexes and oscillators 	

10.	Point and Figure Charting
By the end of this chapter you should be able to:	
<ul style="list-style-type: none"> ▪ Describe how point and figure charts are constructed. ▪ Describe the importance of box size on the sensitivity of point and figure charts. ▪ Construct various box size reversal point and figure charts. ▪ Interpret reversal signals on a point and figure chart. ▪ Describe the concept of price targets attained by using a horizontal or vertical count on a point and figure chart. 	

11.	Introduction to the Wave Principle
By the end of this chapter you should be able to:	
<ul style="list-style-type: none"> ▪ Describe the important elements of the Elliott Wave Theory ▪ Differentiate between impulse waves and corrective waves 	

12.	The Anatomy of Elliott Wave Trading
By the end of this chapter you should be able to:	
<ul style="list-style-type: none"> ▪ Differentiate between impulse waves and corrective waves ▪ Identify the count of a given wave in a defined structure ▪ Identify whether a technical study falls into one of three categories: trend-following indicators, oscillators, and sentiment indicators. 	

13.	Overview (of Financial Markets)
By the end of this chapter you should be able to:	
<ul style="list-style-type: none"> ▪ Identify basic definition, concepts and key points of the following: <ul style="list-style-type: none"> ○ Debt vs. Equity ○ Quotations ○ Returns, Risk and Relative Value 	

14.	Government (as related to the Financial Markets)
By the end of this chapter you should be able to:	
<ul style="list-style-type: none">▪ Recognize the differences between the forex market and other markets.▪ Recognize relative values between various currencies.▪ Identify basic definition, concepts and key points of the following:<ul style="list-style-type: none">○ Government securities○ Currencies○ Notes○ Bills○ Bonds○ Quotations○ Returns, Risk and Relative Value○ Yield Curve	

15.	Companies
By the end of this chapter you should be able to:	
<ul style="list-style-type: none">▪ Describe how market prices are quoted and how they change in various market conditions▪ Identify basic definition, concepts and key points of the following:<ul style="list-style-type: none">○ Company securities (Stocks and Bonds)○ Money markets○ Quotations○ Returns, Risk and Relative Value	

16.	Hard Assets
By the end of this chapter you should be able to:	
<ul style="list-style-type: none">▪ Describe how commodity market prices are quoted and how they change in various market conditions▪ Describe leverage in the context of futures markets versus cash markets.▪ Identify basic definition, concepts and key points of the following:<ul style="list-style-type: none">○ Commodities and Futures○ Gold○ Oil○ Real Estate○ Quotations○ Returns, Risk and Relative Value	

17.	Indexes
By the end of this chapter you should be able to:	
<ul style="list-style-type: none">▪ Identify the different weightings that may be used in an index.▪ Identify the specific weightings used for commonly followed indexes.▪ Explain how stock price changes impact price weighted, market capitalization-weighted and equally weighted indexes.	

18.	Options
By the end of this chapter you should be able to:	
<ul style="list-style-type: none">▪ Identify the basic characteristics of options▪ Explain the difference between call and put options	

19.	Understanding Implied Volatility
By the end of this chapter you should be able to:	
<ul style="list-style-type: none">▪ Describe the difference between historical and implied volatility▪ Identify the concept of put-call parity▪ Calculate single-day implied volatility	

20.	About the VIX Index
By the end of this chapter you should be able to:	
<ul style="list-style-type: none">▪ Describe the VIX index.▪ Explain the implications of a rising or falling VIX index.	

21.	Consensus and Commitment Indicators
By the end of this chapter you should be able to:	
<ul style="list-style-type: none">▪ Recognize signals from a Commitment of Traders report▪ Describe how to interpret short interest data, advisory opinions, advertisements and news headlines in a way that helps an analyst confirm or contrast investor sentiment readings.	

22.	Measuring Market Strength
By the end of this chapter you should be able to:	
<ul style="list-style-type: none"> ▪ Identify basic measures of internal market strength ▪ Explain measures of market breadth ▪ Recognize signals of changes in market breadth using the advance-decline line ▪ Interpret signals of changing market strength from volume data ▪ Identify measures of market strength from new high and new low data ▪ Recognize measures of market strength based on the number of stocks priced above their moving average 	

23.	Seasonality and Calendar Patterns
By the end of this chapter you should be able to:	
<ul style="list-style-type: none"> ▪ Describe market cycles and how they differ from mathematical cycles. ▪ Describe the basic principles of cycles. ▪ Describe seasonal patterns in the markets. 	

24.	What Is the Efficient Market Hypothesis?
By the end of this chapter you should be able to:	
<ul style="list-style-type: none"> ▪ Identify the basic concept of the Efficient Market Hypothesis (EMH) ▪ Recognize the characteristics of stock prices as a martingale 	

25.	The EMH and the “Market Model”
By the end of this chapter you should be able to:	
<ul style="list-style-type: none"> ▪ Describe the basic components of the CAPM model ▪ Identify valid criticisms of the CAPM model 	

26.	The Forerunners to Behavioral Finance
By the end of this chapter you should be able to:	
<ul style="list-style-type: none"> ▪ Contrast Momentum strategies and Mean Reversion strategies ▪ Define the general concept of value investing ▪ Describe why value investing is similar to a mean reversion strategy 	

27.	Noise Traders and the Law of One Price
By the end of this chapter you should be able to:	
<ul style="list-style-type: none"> ▪ Describe the concept of Fungibility ▪ Identify what defines a “noise trader” 	

28.	Noise Traders as Technical Traders
By the end of this chapter you should be able to:	
<ul style="list-style-type: none"> ▪ Explain why Technical Traders are considered a specific type of noise trader. ▪ Explain the implications of Technical Traders in the market. 	

29.	Academic Approaches to Technical Analysis
By the end of this chapter you should be able to:	
<ul style="list-style-type: none"> ▪ Contrast Efficient Market Hypothesis with Adaptive Market Hypothesis ▪ Describe how technical analysis remains relevant despite the EMH 	

30.	Basic Concepts and Calculations
By the end of this chapter you should be able to:	
<ul style="list-style-type: none"> ▪ Identify statistical measures that need to be reviewed when back testing, or conducting quantitative, statistical analysis of trading systems ▪ Identify the characteristics of a statistically normal distribution ▪ Define variance, skewness and kurtosis ▪ Recognize standard measurements of performance such as: Information ratio, Sharpe Ratio, Treynor Ratio, Calmar Ratio, Sortino Ratio. 	

31.	Objective Rules and their Evaluation
By the end of this chapter you should be able to:	
<ul style="list-style-type: none"> ▪ Identify how to distinguish an objective from a subjective rule in technical analysis ▪ Describe the use of binary rules and individual or multiple thresholds ▪ Recognize the difference between traditional rules and inverse rules ▪ Recognize the difference between regular prices and detrended prices 	

32.	Being Right or Making Money
By the end of this chapter you should be able to:	
<ul style="list-style-type: none">▪ Identify the four key characteristics Ned Davis claims are common to successful investors.▪ Identify nine rules to consider when building a timing model▪ Explain the logic of using moving averages as trend indicators.	

33.	The Model Building Process
By the end of this chapter you should be able to:	
<ul style="list-style-type: none">▪ Describe the use of advisory service opinion as a sentiment indicator.▪ Recognize the difference between sentiment and valuation indicators▪ Describe the main tools that the Federal Reserve uses to adjust the money supply.▪ Interpret the likely results of changes in Fed monetary policy tools on market conditions.▪ Identify the outcome of good economic indicator readings and the likely influence of this news on stock prices▪ Recognize how moving averages of stock prices can be included in a forecasting model.▪ Recognize how momentum indicators can be included in a forecasting model.	

34.	Relative Strength as a Criterion for Investment Selection
By the end of this chapter you should be able to:	
<ul style="list-style-type: none">▪ Define relative strength (RS).▪ Describe how relative strength (RS) is used.▪ Describe the value of relative strength study.▪ Identify a correlation coefficient.	