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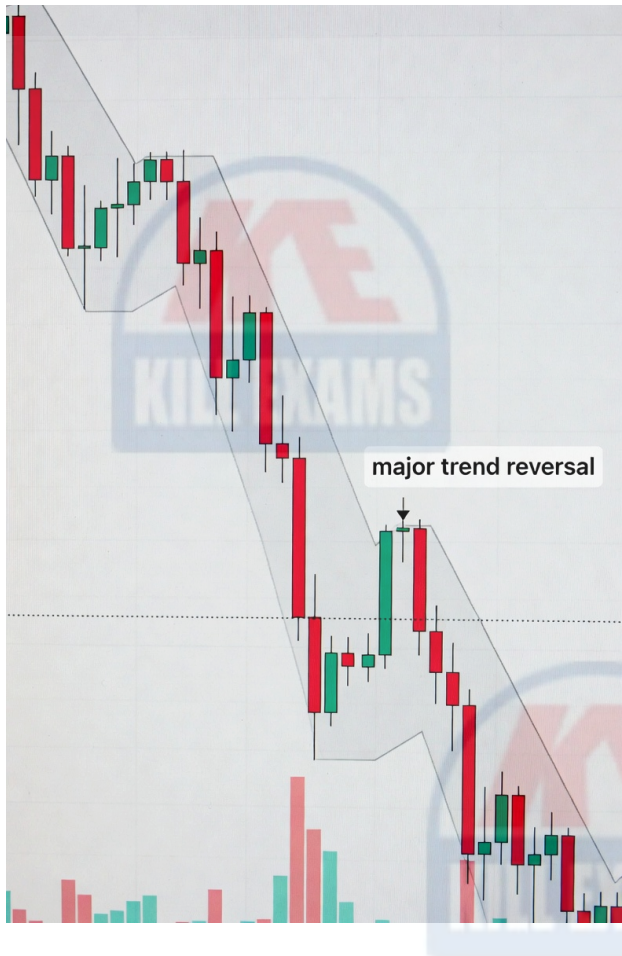
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Question: 1078

A major index in a long-term downtrend has three downward-sloping trendlines drawn from the initial high through key lower highs: the first at a steep angle, the second shallower, and the third nearly flat. Price breaks above the third (shallowest) fan line on expanding volume. This breakout above the fan lines most likely signals:



- A. Temporary bounce within ongoing bear market
- B. Continuation of the downtrend with renewed selling
- C. Neutral fan line test without implication
- D. Major trend reversal to the upside as fan lines are violated

Answer: D

Explanation: Fan lines use three progressively shallower trendlines to define trend strength. In a downtrend, successive violations (especially the third on volume) indicate weakening bearish momentum and a high-probability major reversal to the upside, as the trend fails to maintain its structure.

Question: 1079

In a 3-box reversal P&F chart with logarithmic scaling (box size approximates 2% near current levels), a complex Ascending Triple Top Breakout spans 10 columns with the lowest point at a level corresponding to 5 boxes below breakout row. What is the horizontal price objective formula application here?

- A. Add 60% to pattern low
- B. Add 30% to breakout level
- C. Add 60 boxes \times box value to low
- D. Add $10 \times 2\% \times 3 = 60\%$ from low

Answer: D

Explanation: Log scaling makes box size percentage-based; horizontal count remains width \times percentage box \times reversal = $10 \times 2\% \times 3 = 60\%$ extension added to pattern low.

Question: 1080

A trader observes that a stock's price is rising steadily on decreasing volume, while the "why" behind the move—positive earnings—is widely touted in the media. The trader decides to exit the long position based on the "what" rather than the "why." Which principle of technical philosophy is being applied?

- A. Using fundamental catalysts to confirm that the trend will continue indefinitely
- B. Relying on the Semi-Strong form of EMH to predict future earnings
- C. Disregarding price action in favor of sentiment analysis
- D. Focusing on the internal dynamics of price and volume as the ultimate reality of supply and demand

Answer: D

Explanation: Focusing on the internal dynamics of price and volume as the ultimate reality of supply and demand represents the "what" versus "why" philosophy. Technical analysis prioritizes the observation of what the price is actually doing over the reasons (the "why") provided by news or fundamentals. In this scenario, the "what" (rising price on thinning volume) suggests weakening demand despite the positive "why" (earnings news), leading the technician to trust the tape over the narrative.

Question: 1081

Support at \$75 is broken downward on volume; later rallies stall repeatedly below \$75 with decreasing upside momentum. This confirms \$75 as?

- A. Resistance via polarity reversal
- B. New support
- C. Fan line level

D. 33% retracement

Answer: A

Explanation: Polarity turns broken support into resistance; stalled rallies below the level confirm the role change and persistent selling.

Question: 1082

In comparing a 21-day SMA and 21-day EMA on the same chart during a period of accelerating upward momentum, the key observable difference is that the EMA:

- A. Tracks closer to current price levels because of heavier recent price weighting
- B. Remains flat longer during consolidation phases
- C. Lags further behind price due to equal weighting of all periods
- D. Produces more frequent crossovers with price than the SMA

Answer: A

Explanation: The Exponential Moving Average assigns exponentially greater weight to recent prices via the smoothing multiplier, causing it to react faster and stay closer to current price action during momentum phases compared to the Simple Moving Average, which equally weights all periods in the lookback.

Question: 1083

If a market is currently in the fourth wave of a motive sequence, and the peak of Wave 1 was at \$1,250 while the start of Wave 3 was at \$1,180, what is the "invalidation level" for the current Wave 4 correction according to the strict rules of an impulse wave?

- A. \$1,215
- B. \$1,280
- C. \$1,250
- D. \$1,180

Answer: C

Explanation: Rule 3 of Elliott Wave Theory states that in an impulse wave, Wave 4 cannot enter the price territory of Wave 1. The price territory of Wave 1 is defined by its price range, ending at its peak in a bullish trend. Therefore, if the price drops to or below the peak of Wave 1 (\$1,250), the impulse count is invalidated. The start of Wave 3 (\$1,180) is irrelevant to the overlap rule; the critical level is the high of Wave 1.

Question: 1084

A trader calculates a 10-period Rate of Change and observes values oscillating between -8% and +9% for 4 months. Suddenly the RoC spikes to +18%. This development most strongly suggests:

- A. Beginning of a new impulsive bullish move
- B. Potential trend reversal to the downside
- C. False breakout due to extreme reading
- D. Mean reversion opportunity to short

Answer: A

Explanation: A dramatic increase in Rate of Change beyond the established range typically signals the onset of a new strong trend phase. A spike to +18% after months of moderate oscillation indicates significant new buying momentum and the likely start of an impulsive bullish advance.

Question: 1085

A primary trend reversal candidate forms but lacks volume expansion on breakout. What Dow tenet application advises patience?

- A. Patience irrelevant
- B. Breakout confirms regardless
- C. Volume secondary
- D. Insufficient volume fails to confirm reversal

Answer: D

Explanation: Insufficient volume fails to confirm reversal. Dow requires volume support for trend changes; technicians wait for confirmation that price has discounted the shift.

Question: 1086

Which of the following scenarios describes a violation of the rule regarding the length of Wave 3 in an impulse sequence?

- A. Wave 1 = 50, Wave 3 = 70, Wave 5 = 60
- B. Wave 1 = 70, Wave 3 = 60, Wave 5 = 50
- C. Wave 1 = 60, Wave 3 = 50, Wave 5 = 60
- D. Wave 1 = 50, Wave 3 = 60, Wave 5 = 70

Answer: C

Explanation: The rule states that Wave 3 cannot be the shortest of waves 1, 3, and 5. In the case of 60-50-60, Wave 3 (50) is shorter than both Wave 1 (60) and Wave 5 (60). This makes it the shortest, which

is a direct violation of the rule. In the other examples, Wave 3 is either the longest or the middle-sized wave, which is perfectly acceptable.

Question: 1087

The New Highs-New Lows indicator on the NYSE shows 420 new highs and 35 new lows over a week, with total issues ~3800. Using a smoothed 21-day average crossing zero for trend, but with weekly thresholds of >8.8% bullish, what extreme reading implies overbought conditions?

- A. Neutral zone between -3.6% and +8.8%
- B. Below -3.6% weekly, bearish reversal imminent
- C. Net +385 / 3800 \approx +10.1%, exceeding bullish threshold and warning of potential exhaustion
- D. Ratio of highs/lows at 12:1, mildly positive

Answer: C

Explanation: Weekly net new highs percent exceeding +8.8% signals extreme bullishness but often marks overbought conditions where momentum peaks, increasing reversal risk in advanced analysis as participation becomes unsustainable.

Question: 1088

In forex, major pair trends align with equity averages historically. Non-confirmation during risk-off, what implication?

- A. Forex independent
- B. Pair random
- C. Divergence preserves prevailing trend discounting
- D. Risk-off overrides

Answer: C

Explanation: Divergence preserves prevailing trend discounting. Inter-market Dow application; lack of alignment keeps focus on existing discounted direction.

Question: 1089

A Rounding Bottom in a sector ETF spans 18 months on monthly bars. Volume bottoms at 42% of 50-period average during the deepest part of the saucer, then rises steadily. Breakout above \$94.50 occurs, followed by a shallow handle retracing to \$91.80 on 55% volume decline. The most appropriate initial target post-handle breakout is derived from:

- A. Measuring handle low to rim as added thrust distance
- B. Projecting 1.618 Fibonacci extension of saucer advance
- C. Distance from saucer low to rim projected upward
- D. Adding saucer depth from rim breakout level

Answer: C

Explanation: While Rounding Bottoms lack a strict measured move like some patterns, a common practical target uses the saucer depth (from low to rim) projected upward from breakout, reflecting the gradual accumulation range as potential energy for advance, especially when volume confirms during and after breakout.

Question: 1090

A Wyckoff phase B re-accumulation schematic on P&F shows 18 columns of congestion with multiple tests. The most accurate horizontal count application involves:

- A. Projecting from the widest sub-phase within the range
- B. Using the entire range width including preliminary support
- C. Ignoring counts in schematic analysis
- D. Counting only the final breakout phase

Answer: B

Explanation: In Wyckoff P&F integration, the full trading range width during cause building (including all phases) provides the comprehensive horizontal count for realistic effect projection after markup begins.

Question: 1091

In measuring gap application, prior leg from trend low to gap high is 41.2 points; gap size is 5.8 points. Price from gap low advances 40.9 points before first significant pause. The realized measured move from trend low approximates which value?

- A. 82.1 points
- B. 47.0 points
- C. 87.9 points
- D. 41.2 points

Answer: A

Explanation: Measuring gap projects prior leg length (41.2 points) from gap low, yielding total move from trend origin of approximately $41.2 + 41.2 = 82.4$ points (minor variance acceptable), closely matching the 82.1-point realized advance before pause.

Question: 1092

In a maturing bull market, volume spikes dramatically on final blow-off rallies as the public rushes in, signaling the likely onset of which phase?

- A. Excess or distribution
- B. Public participation
- C. Accumulation
- D. Secondary wave

Answer: A

Explanation: Primary trends have three phases; excess/distribution features climactic volume and euphoria as the trend nears exhaustion.

Question: 1093

During a sharp 6-week downtrend, the 14-period RSI repeatedly reaches 18–25 but never crosses above 40. Price then forms a double bottom and RSI reaches 52 on the second bottom. This behavior most strongly suggests:

- A. Persistent bearish control
- B. Failure swing buy signal
- C. Distribution before further decline
- D. Hidden bearish divergence

Answer: B

Explanation: In a prolonged downtrend, RSI staying below 40 is normal. However, when price forms a second low at roughly the same level and RSI makes a higher low (52 vs. previous 18–25 range), this creates a bullish failure swing / positive divergence — a high-probability reversal signal.

Question: 1094

The "measuring formula" for a rectangle breakout is based on:

- A. The average volume during the consolidation.
- B. The distance from the previous major high.
- C. The vertical height of the range.
- D. The time duration of the rectangle.

Answer: C

Explanation: Similar to other continuation patterns, the target for a rectangle is found by measuring the

vertical distance between the support and resistance lines (the height of the range) and projecting that value from the breakout point.

Question: 1095

A 5-period RoC oscillates between +5% and -5% for six weeks while price trades in a tight range. This behavior most strongly indicates

- A. Low directional momentum and consolidation
- B. Bearish momentum accumulation
- C. Building bullish momentum
- D. Imminent breakout upward

Answer: A

Explanation: Low magnitude RoC oscillation around zero during price consolidation reflects lack of strong directional momentum and sustained sideways market structure.

Question: 1096

The %K line (14,3,3 Stochastic) crosses above the %D line while both are below 20. Simultaneously, price closes above the 21-day EMA for the first time in 5 weeks. Which combination provides the strongest bullish signal according to modern technical analysis practice?

- A. The EMA crossover alone
- B. The Stochastic crossover alone
- C. Both signals occurring together
- D. Neither signal is considered reliable in isolation or combination

Answer: C

Explanation: A %K/%D bullish crossover below 20 represents an oversold condition exiting, while a close above the 21-day EMA confirms a short-term trend change. When both momentum and price trend signals align simultaneously, the probability of a meaningful reversal or strong bounce is significantly higher than when either signal appears alone.

Question: 1097

An index in a primary uptrend experiences a 4-month secondary reaction that retraces 60% of the prior leg up on progressively declining volume, followed by a resumption higher on expanding volume. The volume behavior most strongly supports continuation under which tenet?

- A. Indices must confirm each other
- B. A trend persists until reversal
- C. The market discounts everything
- D. Volume must confirm the trend

Answer: D

Explanation: Volume must confirm the trend requires volume to decrease during counter-trend moves (secondary reactions) and increase on resumption in the primary direction, confirming conviction in the ongoing trend.

Question: 1098

An asset is trading at \$100. It breaks out of a triangle and gaps to \$110. It then rallies to \$130 and gaps to \$140. If the second gap is a Measuring Gap, what is the target?

- A. \$180
- B. \$190
- C. \$170
- D. \$200

Answer: A

Explanation: The distance from the breakout (\$100) to the second gap entry (\$130) is \$30. Adding this \$30 to the exit of the second gap (\$140) gives a \$170 target, but if we measure from the trend start to the midpoint of the second gap (\$135), the target is \$180.

Question: 1099

In which market condition is a Gravestone Doji most likely to fail as a bearish reversal signal?

- A. After a 3-day rally that barely clears a prior swing high
- B. During a multi-year uptrend at a round-number resistance
- C. At all-time high after parabolic advance with extremely high volume
- D. Following a series of three consecutive strong bullish candles

Answer: A

Explanation: Gravestone Doji patterns that appear after very short advances or when price has only marginally broken a previous high tend to fail more frequently as bearish signals. The pattern requires meaningful prior upward momentum to demonstrate genuine buyer exhaustion.

Question: 1100

On the NYSE, daily new 52-week highs total 412 while new 52-week lows total 38 during a period when the major index reaches a new all-time high driven primarily by mega-cap technology stocks. The most appropriate interpretation for breadth analysis is:

- A. Strong bullish confirmation from dominant new highs participation
- B. Weak breadth indicating potential exhaustion in the advance
- C. Bullish but narrow leadership requiring monitoring for broadening
- D. Bearish signal as low new lows fail to support upside momentum

Answer: C

Explanation: A high number of new 52-week highs relative to new lows (e.g., ratio significantly above 1) generally confirms bullish momentum and broad strength, but when concentrated in a few sectors or large-caps amid index highs, it signals narrow leadership that may limit sustainability unless breadth broadens.

Question: 1101

In an ascending triangle, the sloped trendline is drawn across the:

- A. Successive higher reaction lows.
- B. Closing prices only.
- C. Reaction highs.
- D. Successive lower reaction highs.

Answer: A

Explanation: The ascending triangle is defined by a flat (horizontal) upper resistance line and a rising (sloped) lower support line. The lower line is constructed by connecting the series of increasingly higher troughs (reaction lows), which visually demonstrates that buyers are becoming more aggressive and stepping in at higher prices.

Question: 1102

When comparing a Zigzag (5-3-5) and a Flat (3-3-5) correction, which sub-wave is structurally identical in both patterns according to the standard rules?

- A. Wave C
- B. No sub-waves are structurally identical.
- C. Wave B
- D. Wave A

Answer: A

Explanation: In both the Zigzag and the Flat (Regular, Expanded, or Running), Wave C is always a motive sequence consisting of 5 sub-waves (either an impulse or a diagonal). Wave A differs (5 sub-waves in Zigzag, 3 in Flat), and Wave B is always corrective but can vary in its specific 3-wave internal form.

Question: 1103

Traders observe a former major resistance zone at \$340 that was broken upward six weeks ago. Price now returns to test \$340 from above on expanding volume. What is the most likely technical outcome based on polarity theory?

- A. Strong selling pressure at \$340
- B. Immediate resumption of uptrend
- C. Neutral consolidation zone
- D. Accelerated blow-off continuation

Answer: A

Explanation: According to the polarity principle, a former resistance level that has been decisively broken upward often becomes a new support level. However, when price returns from above to test the zone, the principle expects the area to act as resistance again on the retest, attracting selling from trapped shorts covering and new sellers defending the level.



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