

Enrollment No.....



Faculty of Management
End Sem (Even) Examination May-2018
MS5EF08 Technical Analysis

Programme: MBA

Branch/Specialisation: Management

Duration: 3 Hrs.

Maximum Marks: 60

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

- Q.1 i. All of the followings are assumptions made by technical analysts except: **1**
- (a) Changes in trend are caused by shifts in supply and demand relationships
 - (b) Stock price movements are independent
 - (c) Security prices tend to move in trends
 - (d) Supply and demand of securities are determined by various factors
- ii. Which of the following is one of the tenets of Dow Theory? **1**
- (a) Dow Jones Transportation Average (DJTA) movements lead Dow Jones Industrial Average (DJIA) movements
 - (b) Buy and sell decisions are not affected by short term price reversion
 - (c) Movements of the DJIA and DJTA should be considered together
 - (d) Primary trends are confirmed by a divergence between the DJIA and the DJTA
- iii. A bar chart is used to illustrate: **1**
- (a) High, low, opening and closing prices on a daily basis
 - (b) Reversal in the direction of stock prices without consideration of time
 - (c) High, low and closing stock prices on a daily basis
 - (d) Advances and declines of stock prices
- iv. When there is long upper shadow, long lower shadow and small body, it is called a _____ candle. **1**
- (a) Spinning top
 - (b) Hammer
 - (c) Morubozu
 - (d) Hanging man

[2]

- v. Any break above the channel gives indication that now market will be **1**
(a) Bullish (b) Bearish (c) Sideways (d) None of these
- vi. Which of the following is a popular chart pattern? **1**
(a) Resistance and support lines (b) Continuation
(c) Head and shoulders (d) Reversal
- vii. Which of the following indicates a buy signal to technical analysts? **1**
(a) The stock breaks through the moving average line from below
(b) The support level is broken
(c) The advance-decline line is falling in a rising market
(d) Both DJIA and the DJTA are moving down
- viii. The Bollinger bands indicator is an oscillating indicator that is used to measure **1**
(a) Volatility (b) Momentum (c) Volume (d) Strength
- ix. The MACD indicator is giving a signal that you should go (Refer Figure 1) **1**
(a) Long (b) Short (c) Avoid (d) None of these
- x. How many Doji candles are there in the chart? (Refer Figure 2) **1**
(a) 1 (b) 2 (c) 3 (d) 4

- Q.2 i. Describe the strengths and weaknesses of technical analysis in details. **4**
- ii. Explain six principles of Dow theory in detail. **6**
- OR iii. Explain in detail eight wave pattern of Elliott wave theory when markets are rising. **6**
- Q.3 i. Explain any two types of charts used in technical analysis. **2**
Attempt any two:
- ii. Discuss “Hammer” candlestick’s criteria, signal enhancement and pattern psychology. **4**
- iii. Discuss “Bullish engulfing” candlestick’s criteria, signal enhancement and pattern psychology. **4**
- iv. Discuss “Morning Star” in detail. **4**
- Q.4 i. How supports and resistances can be identified in technical analysis? **2**
Explain using example of any one pattern (not covered while answering other question in today’s examination).

[3]

- Attempt any two
- ii. Discuss Gap theory in detail. Briefly explain four types of gaps with figure. **4**
- iii. Explain Trendlines, Channels and Rectangles with examples. **4**
- iv. Ascending and Descending Triangles are very powerful patterns. Do you agree? Explain with examples. **4**

- Q.5 i. What is the importance of indicators? Enlist any four types of indicators. **2**
Attempt any two:
- ii. Explain moving averages along with their types, differences and uses. Multiple moving averages are helpful to give signal to analyst, discuss. **4**
- iii. What is MACD? How it is used for prediction? What are the parameters and their commonly used values? Explain. **4**
- iv. Write short note on Bollinger Band, answer must be supported with its sketch. **4**

- Q.6 Following daily charts give the price, volume and MACD details of NTPC over different period. As a technical analyst you have to discuss the chart on following points [there are 60 candles in 3-months chart, specify the corresponding number during discussion]:
- (a) General comments during full year considering trends, phases, support, resistances and waves, if any. (Refer Figure 3) **4**
- (b) Identify and discuss different chart patterns during full year. (Refer Figure 3) **2**
- (c) Identify and discuss different candlestick(s) during 3-months. (Refer Figure 4) **2**
- (d) Critically discuss variation of price-MACD during 3-months. (Refer Figure 4)

Marking Scheme

MS5EF08 Technical Analysis.

Q.1	i. All of the followings are assumptions made by technical analysts except: (b) Stock price movements are independent	1			
	ii. Which of the following is one of the tenets of Dow Theory? (c) Movements of the DJIA and DJTA should be considered together	1			
	iii. A bar chart is used to illustrate: (a) High, low, opening and closing prices on a daily basis	1			
	iv. When there is long upper shadow, long lower shadow and small body, it is called a _____ candle. (a) Spinning top	1			
	v. Any break above the channel gives indication that now market will be (a) Bullish	1			
	vi. Which of the following is a popular chart pattern? (c) Head and shoulders	1			
	vii. Which of the following indicates a buy signal to technical analysts? (a) The stock breaks through the moving average line from below	1			
	viii. The Bollinger bands indicator is an oscillating indicator that is used to measure (a) Volatility	1			
	ix. The MACD indicator is giving a signal that you should go (Refer Figure 1) (a) Long	1			
	x. How many Doji candles are there in the chart? (Refer Figure 2) (c) 3	1			
Q.2	i. Four points each for strength (0.5 mark * 4) Four points each for weakness (0.5 mark * 4)	2 marks	4		
	ii. Six principles of Dow theory	1 mark each	6		
OR	iii. Five waves	4 marks	6		
	3 Waves	2 marks			
Q.3	i. Two types of charts used in technical analysis 1 mark each Attempt any two: (1 mark * 2)			4	
	ii. Hammer candlestick's criteria Signal enhancement Pattern psychology Figure	1 mark 1 mark 1 mark 1 mark		4	
	iii. Bullish engulfing candlestick's criteria Signal enhancement Pattern psychology Figure	1 mark 1 mark 1 mark 1 mark		4	
	iv. Morning Star" Figure In which trend Discussion	1 mark 1 mark 2 marks		4	
Q.4	i. Supports and resistances can be identified in technical analysis Any one pattern Attempt any two	1 mark 1 mark		2	
	ii. Gap theory Four types of gaps with figure	1 mark 0.75 mark each		4	
	iii. Trendlines Channels Rectangles Example	1 mark 1 mark 1 mark 1 mark		4	
	iv. Ascending Triangles patterns with examples Descending Triangles patterns with examples	2 marks 2 marks		4	
Q.5	i. Importance of indicators Any four types of indicators (0.25 mark * 4) Attempt any two:	1 mark 1 mark		2	
	ii. SMA and EMA (1 mark each) Differences and uses (0.5 mark each) Multiple moving averages – discussion	2 marks 1 mark 1 mark		4	
	iii. MACD How it is used for prediction	1 mark 2 marks		4	

	Parameters and their commonly used values	1 mark	
iv.	Bollinger Band	1 mark	4
	Figure	1 mark	
	Value %	1 mark	
	Use	1 mark	
Q.6	(a) General comments during full year considering		
	Trends	1 mark	
	Phases	1 mark	4
	Support/resistances	1 mark	
	Waves	1 mark	
	(b) At least four types chart patterns 0.5 marks each (0.5 mark * 4)		2
	(c) At least four types 0.5 marks each (0.5 mark * 4)		2
	(d) At least four types changes 0.5 marks each (0.5 mark * 4)		2
