

# The University of Greenwich



## Trading Techniques

### Sample Final Examination

Summer 2011

Time Allowed: 2 hours

Students must answer ALL questions in Section 1,  
ALL questions in Section 2 and  
ONE question in Section 3.

No calculator permitted in this examination.

Note that this is not a complete exam paper, but just provides  
sample questions for each section

**SECTION 1****ANSWER ALL (10) QUESTIONS IN THIS SECTION**

For each of the multiple-choice questions below, identify the correct answer and write a brief justification for your choice, where appropriate. Additional marks will be awarded for correct explanations.

1. Which of the following is one way the central bank monetary authority policy has been supplying liquidity to the money markets?

- a Buy bills
- b Sell bills
- c Sell bills on repo
- d None of the above

Marks [3]

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2. The discount or premium on forward foreign exchange points are calculated from:

- a The level of interest rate in the base currency
- b The level of interest rate in the variable currency
- c The differential of interest rates between the two currencies
- d The differential of interest rates between the two currencies and the spot rate

Marks [3]

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3. What information does a Candle Chart provide in addition to a Bar Chart?

- a It gives the range of the day
- b It gives the opening and closing prices
- c It gives an indication of market momentum
- d None – they both give the same information

Marks [3]

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## TRADING TECHNIQUES

4. Which of the following best describes a Eurobond?

- a A US company borrows yen in Tokyo
- b A German company issues US dollar bonds in New York
- c A Japanese company issues US dollar bonds outside the USA
- d A Swiss company issues a Samurai bond

Marks [3]

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5. A Bearish Engulfing candlestick pattern indicates the potential:

- a Continuation of a downtrend
- b Continuation of an uptrend
- c Reversal of a downtrend
- d Reversal of an uptrend

Marks [3]

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6. Which of the following is not true of Moving Averages?

- a They eliminate market noise
- b They work well in sideways markets
- c They are best used when the market is trending
- d They give buy and sell signals

Marks [3]

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7. Which of these statements is not true of a Momentum oscillator?

- a It oscillates around a “zero” line
- b It is displayed on separate axes below the price chart
- c It is a primary indicator
- d It gives an indication of the strength of the market

Marks [3]

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**Total Marks for Section 1 [30]**

**SECTION 2**

Answer **ALL** (6) questions in this section with short answers.

1. Describe the tools available to fiscal authorities to stimulate an economy? [6]
2. Briefly describe the tenets of Dow Theory. [6]
3. Explain how a Head-&-Shoulders pattern . [6]
4. Describe the scenario that brought about Bear Stearns investment bank fall in value from \$170 to \$2 in just over a year [6]

Total Marks for Section 2 [36]

## **SECTION 3**

**Answer just ONE of the following questions with a short essay.  
Your essay should be written neatly, not exceeding 800 words**

1. Reflecting on markets history, discuss all of the issues that contributed to the current **SUB-PRIME CREDIT CRUNCH**. [34]
2. Define the six basic tenets of Dow Theory and explain how each of these 100-year old rules is applied to modern financial markets. [34]

**Total Marks for Section 3 [30]**

----- End of Paper -----