



INTERNATIONAL FEDERATION OF
TECHNICAL ANALYSTS, INC.

A Not-For-Profit Professional Organization

CFT II – Syllabus and Reading List: April / October 2006

SYLLABUS AND AIMS

The Overall Aim

The aim of the CFT II examination is to confirm that the candidate possesses the professional knowledge, understanding and skills to pursue a career in technical analysis within the investment community. In particular, at the end of their training period qualified technicians are expected to have a good understanding of, and practical experience in, the major techniques listed below, together with a wide range of timing and analytical tools and indicators to enable them to select the most advantageous portfolios, trades, hedges etc. for their clients, their employers or their own trading systems.

The syllabus is therefore designed primarily to ensure that students will gain the necessary skills to pursue their careers to a more advanced level in a professional manner, and also to provide investors with the knowledge and confidence in technical analysis that will enable them to make better informed trading decisions.

Syllabus

1. Bar charts. Gaps, islands, key reversals. Defining price objectives from gaps and patterns on bar charts. Arithmetic versus logarithmic scales.
2. Moving averages - arithmetic, weighted, and exponential. Centred, non-centred and advanced. Single, double and multiple moving average crossovers. Moving envelopes, including Bollinger Bands.
3. Candle charts and candle patterns.
4. Point and figure charts. Construction, scale, box reversal, objective counting. Advantages and disadvantages compared to other types of chart.
5. Dow Theory.
6. Chart patterns, e.g. triangles, flags, pennants, diamonds, broadening patterns (megaphones), wedges.

7. Reversal patterns and how to identify/anticipate them. Rounding tops and bottoms, head and shoulders, spikes, double/treble/multiple tops and bottoms.
8. Trend. How to draw correct short, medium and long-term trendlines. Trend channels. Return lines and internal trendlines. Unconventional but useful trendlines. Acceleration. Speed lines. Trend characteristics.
9. Consolidation - how and why it occurs. Breakouts and how to recognise them.
10. Corrections: when and how far.
11. Support and resistance. The various chart points and facets that can act as such.
12. Basic elements of Gann theory.
13. Basic elements of Elliott wave theory.
14. Fibonacci series, fan lines, arcs and time zones.
15. Cycles. Amplitude, length, phase, harmonicity, synchronicity, left and right translation. Detrending.
16. Relative performance and how to interpret relative strength charts.
17. Momentum indicators and oscillators including:
 - Rate of change - Welles Wilder's RSI - Stochastics (%K & D)
 - Moving Average Convergence Divergence (MACD) & MACD histogram
 - Directional Movement Indicator - Parabolics - Commodity Channel Index
18. Volume signals and indicators, including On-Balance Volume, Volume Accumulator etc. Open interest.
19. Breadth indicators.
20. Sentiment indicators and contrary opinion.
21. Market Profile (TM).
22. Investor psychology - individual and group.

