

<u>Question Number</u>	<u>Question Text</u>
1	<p>The True Range measures all of the following except?</p> <p>Maximum daily market movement Market Volatility Distance between breakouts</p> <p><u>Correct:</u> Distance between breakouts <u>Explanation:</u> The True Range measures maximum daily movement and market volatility. It does not measure the distance between breakouts.</p>
2	<p>The Average True Range is 4.50 points. If a trader goes long and wants to use a 2 ATR stop loss. His fill price was 124.50. Where should his stop-loss be placed?</p> <p>133.50 129.00 120.00 115.50</p> <p><u>Correct:</u> 115.50 <u>Explanation:</u> An ATR of 4.50 points mean a 2 ATR stop would be 9.00 from your fill. Since your long the stop would be placed below the market price ($124.50 - 9 = 115.50$)</p>
3	<p>Lean Hogs' ATR is 1.50 points. The total risk on a 2 ATR stop is 3.00 and Lean Hogs is worth \$400 per point. How much risk (in dollars) does this ATR represent?</p> <p>\$300 \$600 \$1,200 Unable to determine</p> <p><u>Correct:</u> \$1,200 <u>Explanation:</u> ($3.00 \times \\$400 = \\$1,200$)</p>
4	<p>If two markets are said to be highly correlated, it means what?</p> <p>They trade in different directions Market activity of the two contracts are similar They are in the same market complex or category</p> <p><u>Correct:</u> Market activity of the two contracts are similar</p>

	<p><u>Explanation:</u> If two markets are correlated it means that they move in similar directions, or their price activity is similar.</p>
5	<p>Japanese Yen is worth \$12.50 per tick. Today the Yen moved 63 ticks. How much is this movement worth in dollars?</p> <p>\$787.50 \$630.00 \$393.75</p> <p><u>Correct:</u> \$787.50 <u>Explanation:</u> (63 ticks x \$12.50 = \$787.50)</p>
6	<p>Corn is worth \$50.00 for each full point. This week Corn moved 15.50 points. How much is this movement in dollars?</p> <p>\$775.00 \$65.50 \$387.50 \$1,550</p> <p><u>Correct:</u> \$775.00 <u>Explanation:</u> (15.50 x \$50 = \$775)</p>
7	<p>A trader has a \$100,000 account, and a signal to go short Pork Bellies occurred. 1 ATR in Bellies is worth 2.00 points and Bellies' point value is \$400 per full point. A trader risking 2% on each unit with a 2 ATR stop will trade how many contracts?</p> <p>5 contracts 2 contracts 1 contract Unable to determine</p> <p><u>Correct:</u> 1 contract <u>Explanation:</u> 2% of \$100,000 is \$2,000. 1 ATR is worth 2.00 points so a 2 ATR stop is worth 4.00 points. Each point is worth \$400, in dollars (\$400 x 4.00 = \$1,600). \$2,000/\$1,600 = 1.25 rounded down to 1.</p>
8	<p>Crude Oil and Heating Oil have a correlation of 0.78. What can be determined from this information?</p> <p>The markets are in the same complex or sector The markets are highly correlated The markets are not correlated}</p> <p><u>Correct:</u> The markets are highly correlated <u>Explanation:</u> A correlation factor over 0.70 would suggest two items are highly correlated. A correlation of 1.00 means that the two items move nearly perfectly together.</p>

9	<p>Coca Cola is trading at \$49.52. How much is 100 shares worth?</p> <p>\$49,520 \$4,952 \$492.50</p> <p>Correct: \$4,952 Explanation: (100 x \$49.52 = \$4,952)</p>
10	<p>The S&P 500 index contains what?</p> <p>the Dow Jones Industrials 500 individual stocks Select US and International stocks</p> <p>Correct: 500 individual stocks Explanation: The S&P 500 contains 500 different companies.</p>
11	<p>A broad market index is described as what?</p> <p>An index that contains many different types of companies Several small stocks in one market sector Utilities, Railroads, and Automobile stocks}</p> <p>Correct: An index that contains many different types of companies</p>
12	<p>A 2 ATR stop will have less risk then a 3 ATR stop.</p> <p>True False</p> <p>Correct: True Explanation: The higher the ATR multiple the higher the level of risk.</p>
13	<p>2% risk per unit will have more risk than a 3% risk per unit.</p> <p>False True</p> <p>Correct: False Explanation: The higher the percent risk per unit the more risk per unit.</p>
14	<p>Trader A has an account of \$50,000 and wants to risk 4% per trade. Trader B has an account of \$100,000 and wants to risk 1.5% per trade. Which statement accurately describes the relationship between the two traders?</p> <p>Trader A is risking more in terms of dollars than Trader B Trader A is risking \$2,000 per trade and Trader B is risking \$3,000</p>

	<p>per trade Trader B is risking more in terms of dollars than Trader A</p> <p>Correct: Trader A is risking more in terms of dollars than Trader B Explanation: Trader A is risking \$2,000 per unit ($\\$50,000 \times 4\% = \\$2,000$). Trader B is risking \$1,500 ($\\$100,000 \times 1.5\% = \\$1,500$)</p>
15	<p>You have a \$50,000 account and are risking 2% per trade. A breakout occurred in Wheat and you want to take a long position. The current ATR is 3.50 points. Wheat is worth \$50 point each full point. Using a 2 ATR stop how many contracts would you trade?</p> <p>5 contracts 10 contracts 2 contracts</p> <p>Correct: 2 contracts Explanation: You are risking ($\\$50,000 \times 2\% = \\$1,000$) \$1,000 per unit. A 2 ATR stop is worth 7.00 points. Wheat is worth \$50 per point so a 2 ATR stop is worth \$350 in dollars. ($\\$1,000/\\$350 = 2.8$, rounded down to 2 contracts)</p>
16	<p>Your account started at \$75,000 and you are long Sugar with 2 units (2 contracts on each unit). The first unit is long from 6.25 and the second unit is long from 6.58. The market is currently trading at 6.64. (Sugar is worth \$11.20 per tick.) What is the account currently worth?</p> <p>\$76,008 \$75,252 \$73,992</p> <p>Correct: \$76,008 Explanation: The first unit has two contracts from 6.25 and the market is trading at 6.64. That represents a gain of 0.78 points. The second unit has two contracts from 6.58 and the market is trading at 6.64. That represents a gain of 0.12 points. The total gain is ($0.78 + 0.12 = 0.90$) 0.90 points. Sugar is worth \$11.20 per tick, so the entire move is worth \$1,008 ($90 \times \\$11.20 = \\$1,008$). The account is now worth \$76,008 ($\\$75,000 + 1,008 = \\$76,008$)</p>
17	<p>Your account started at \$125,000 and you are long Cocoa with 2 units (3 contracts on each unit). The first unit is long from 1550 and the second is long from 1578. The market is currently trading at 1590. (Cocoa is worth \$10.00 per tick.) Your stop loss orders are at 1534. What is the dollar amount of risk on this trade and what percentage of equity does that represent?</p> <p>\$1,800 and 1.4% \$900 and 0.7% \$3,600 and 2.8%</p>

	<p>Correct: \$1,800 and 1.4%</p> <p>Explanation: The first unit has a stop at 1534 which represents 16 points of risk per contract and 48 points total. The second unit has a stop at 1534 and represents 44 points of risk per contract and 132 points total. Total points at risk is 180 which represents \$1,800 total ($180 \times \\$10 = \\$1,800$). The total risk in percent of account is $\\$1,800/\\$125,000 = 0.014$ or 1.4%.</p>
18	<p>Chicago Board of Trade Wheat and Kansas City Wheat will have the same risk.</p> <p>False True</p> <p>Correct: False</p> <p>Explanation: Chicago Wheat and Kansas City Wheat are two different markets. You cannot make the assumption that both will have the same risk.</p>
19	<p>Using the ATR to calculate the number of contracts accomplishes what?</p> <p>Keeps risk consistent against all markets Makes calculating the number of contracts easier Makes sure you are trading non-correlated markets</p> <p>Correct: Keeps risk consistent against all markets</p>
20	<p>Your account started at \$15,000. After units one – three your account balance has grown to \$17,000. It is time to add unit four. Should you base your percent risk per unit off of original equity or equity on hand (including all open trade profit).</p> <p>Original equity Equity on hand</p> <p>Correct: Equity on hand</p> <p>Explanation: Trend followers use current equity in hand, not their original equity when making trading decisions.</p>
21	<p>Your 2 ATR stop is above your average trade price. Where should your stop be placed?</p> <p>At the 2 ATR stop Average trade price</p> <p>Correct: Average trade price</p> <p>Explanation: Trend followers will bring their stops to breakeven once the ATR stop is above the average trade price.</p>
22	<p>Trading the TurtleTrader method you are willing to risk all open</p>

	<p>trade profits.</p> <p>False True</p> <p>Correct: True Explanation: Trend followers will be aggressive with their open trade profits.</p>
23	<p>Your account is worth \$50,000 and you have a signal to sell short Coca Cola. The current ATR for Coca Cola is 1.25. How many shares can you trade using 2% risk and a 2 ATR stop?</p> <p>400 800 200 Unable to determine</p> <p>Correct: 400 Explanation: \$50,000 risking 2% is \$1,000. One ATR is worth 1.25 so a 2 ATR stop means a 2.50 stop. You have 2.50 at risk on each unit. ($\\$1,000/2.50 = 400$)</p>
24	<p>A FOREX trader is selling short the Euro Currency/Japanese Yen Cross Rate. Using a \$100,000 account calculate how many contracts can be traded using 3% risk and an ATR of 40 points (each point/pip is worth \$10 and use a 1 ATR stop).</p> <p>7 contracts 3 contracts 14 contracts</p> <p>Correct: 7 contracts Explanation: \$100,000 risking 3% is \$3,000. 40 points is worth \$400. ($\\$3,000/\\$400 = 7.5$ contracts)</p>
25	<p>S&P 500 futures move from 1020.30 to 1040.10 and you are short the market. What does this mean to your account? (S&P Futures are worth \$250.00 per full point)</p> <p>+\$4,950.00 (\$4,950.00) (\$9,900.00) +\$9,900.00}</p> <p>Correct: (\$4,950.00) Explanation: You are short from 1020.30 and the market moves higher. This means you are losing money on the position. The difference between 1020.30 to 1040.10 is 19.80 full points. The total amount of the loss is \$4,950.00 ($19.80 \times \\$250 = \\$4,950.00$)</p>
26	<p>You are trading Oats. The market is trading at 150-0. You are long</p>

	<p>2 contracts from 128-0, 2 contracts from 135-0, and 3 contracts from 143-0. The total amount of profit on this trade is \$2,200 (each full point of Oats is worth \$50).</p> <p>True False</p> <p>Correct: False Explanation: The first unit at 128 has a profit of 22 points and you are long 2 contracts for a total of 44 points. The second unit at 135 has a profit of 15 points and you are long 2 contracts for a total of 30 points. The third unit at 143 has a profit of 7 points and you are long 3 contracts for a total of 21 points. Total on all units is (44 + 30 + 21 = 95). Total dollar value is \$4,750. (95 x \$50 = \$4,750)</p>
27	<p>Crude Oil futures move from 32.00 to 34.68 and you are long 8 contracts. Your beginning account balance was \$100,000. How much profit was generated on this move and what percent of your original account does this represent. (Crude Oil is \$1,000.00 per full point)</p> <p>\$21,440 in profit and 17.7% \$21,440 in profit and 21.4% \$42,880 in profit and 21.4% \$42,880 in profit and 42.9%</p> <p>Correct: \$21,400 in profit at 21.4% Explanation: A move from 32.00 to 34.68 is 2.68. Eight contracts represents a total of 21.44. Each point of Crude Oil is worth \$21,440. This represents ($\\$21,440 / \\$100,000 = 0.214$)</p>
28	<p>Coffee futures are worth \$375 for each full point. Coffee futures move from 72.00 to 69.00. You are short the market. What does this mean to your account?</p> <p>loss of \$1,125 profit of \$1,125 loss of \$900 profit of \$900</p> <p>Correct: profit of \$1,125 Explanation: You are short the market so you profit if prices decline. A move from 72.00 to 69.00 is 3 full points. Each point is worth \$375 for a total on the move of \$1,125.</p>
29	<p>Sugar futures are worth \$1,120 for each full point. Sugar futures move from 5.75 to 7.10. You are long 2 contracts. What does this mean to your account?</p> <p>\$3,024 \$1,512</p>

	<p>(\$1,512) (\$3,024)</p> <p>Correct: \$3,024 Explanation: Since you are long the market you profit if the market increases in value. The difference from 7.10 to 5.75 is 1.35. You are long 2 contracts for a total for a total of 2.70 points. The total dollar amount of the move is $(2.70 \times \\$1,120 = \\$3,024)$.</p>
30	<p>International Paper (IP) moves from \$45.25 to \$48.37. You are long 125 shares from \$45.25, 155 shares from \$46.00, 175 shares from \$46.55 and 135 shares from \$47.25. What is the profit or loss on these shares?</p> <p>(\$1,320.85) (\$660.43) \$1,227.05 \$660.43</p> <p>Correct: \$1,227.05 Explanation: The first unit was established at 45.25. There is 3.12 in profit per share or 390.00 total $(3.12 \times 125 = \\$390.00)$. The second unit was established at 46.00. There is 2.37 in profit per share or 367.35 total. $(2.37 \times 155 = \\$367.35)$. The third unit was established at 46.55. There is 1.82 in profit per share or 260.75 total. $(1.82 \times 175 = \\$318.50)$. The fourth unit was established at 47.25. There is 1.12 in profit per share or \$151.20 total. $(1.12 \times 135 = \\$151.20)$ Total profit $(390.00 + 367.35 + 318.50 + 151.20 = \\$1,227.05)$</p>
31	<p>You are long Microsoft (MSFT) from \$35.00 and the market is trading at \$35.78 with 2700 shares. The system requires a second unit to be added. 1 ATR is 0.78. Using a 3% risk and a 1 ATR stop, how many shares should be added. Your starting capital size was \$75,000.</p> <p>2,965 2,700 2,800</p> <p>Correct: 2,965 Explanation: The total profit on the trade is $(0.78 \times 2,700 = 2,106)$ \$2,106. Total account size is \$77,106. 3% of account is \$2,313.18. The number of shares to trade is $(\\$2,313.18 / 0.78 = 2,965)$ 2,965.</p>
32	<p>You are short Silver futures and the market is trading at 757.50. Your first unit was established at 805, the second at 795, the third at 772. (Each full point in Silver is worth \$50.00 and you are short 1 contract on each unit) A long breakout in Sugar is triggered. 1 ATR is worth 0.28 (\$50 per each full point). Using a 2 ATR and 2% of equity on hand, calculate how many contracts should be traded.</p>

	<p>(Original equity was \$125,000)</p> <p>4 contracts 8 contracts 2 contracts</p> <p>Correct: 4 contracts Explanation: First position $805 - 757.50 = 47.5$ pts Second position $795 - 757.50 = 37.5$ pts Third position $772 - 757.50 = 14.5$ pts Total: 99.5 or $(99.5 \times \\$50 = \\$4,975)$ \$4,975</p> <p>Current Account value: $\\$125,000 + \\$4,975 = \\$129,975$</p> <p>2 ATR stop is 0.56 points, in dollars \$657.20 per unit. 2% risk = \$2,599.50. Contracts to be traded is $(\\$2,599.50 / \\$657.20 = 4)$</p>
33	<p>You are assembling a portfolio across many futures markets. Which of the following markets is the most desired? (You are looking for the best correlation for portfolio diversification purposes.) Corn to Cocoa – (0.1290), Feeder Cattle to Dow Jones – (-0.5030), Cotton to Crude Oil – (-0.3890)</p> <p>Feeder Cattle to Dow Jones Cotton to Crude Oil Corn to Cocoa</p> <p>Correct: Feeder Cattle to Dow Jones Explanation: To get the best market combination you need to select the market pair that has the most negative correlation. Feeder Cattle to Dow Jones has the most negative correlation.</p>
34	<p>What is the total risk of the following portfolio? +5 Sugar, +7 Swiss Franc, -3 Sugar, -5 Cocoa</p> <p>9 units 5 units 4 units</p> <p>Correct: 8 units Explanation: Sum the long units: 12, Sum the short units: 8. Divide the smallest number of units by 2. $(8/2 = 4)$. Subtract the smallest from the largest = 8.</p>
35	<p>If a stop is brought to breakeven then risk to the portfolio is zero.</p> <p>False True</p> <p>Correct: True</p>

36	<p>Using the TurtleTrader method you will trail your stop behind the market to protect profits.</p> <p>False True</p> <p>Correct: False Explanation: Trend followers will risk all open profits as a trend develops.</p>
37	<p>Which of the following market pairs are correlated the least? Lean Hogs to Cotton – (-0.074), CRB Index to Ten Year Notes (-0.073), Crude Oil to Sugar (-0.163)</p> <p>Crude Oil to Sugar Lean Hogs to Cotton CRB Index to Ten Year Notes</p> <p>Correct: Crude Oil to Sugar Explanation: Crude Oil to Sugar has a correlation of (-0.163). That correlation is the most negative.</p>
38	<p>Which of the following market pairs are correlated the most? Live Cattle to Crude Oil – 0.505, Cocoa to Heating Oil 0.349, Japanese Yen to Copper 0.707, Sugar to Gold 0.657</p> <p>Japanese Yen to Copper Live Cattle to Crude Oil Cocoa to Heating Oil Sugar to Gold</p> <p>Correct: Japanese Yen to Copper Explanation: The Japanese Yen to Copper has the highest correlation value; therefore it is correlated the most.</p>
39	<p>If two markets are highly correlated, and both give a breakout signal, then you should take positions in both markets.</p> <p>False True</p> <p>Correct: False Explanation: If you take the same position in two highly correlated markets then you are placing the account and double the risk.</p>
40	<p>Corn futures are trading at 310.50 and you are short. You have 5 units on in the market. The first is 340 with 3 contracts, the second at 333 with 2 contracts, the third at 325 with 4 contracts, the fourth at 318 with 3 contracts and the fifth at 309.00 with 2 contracts. Your beginning account balance was \$100,000. A breakout in another market has occurred. You are risking \$3,316.50 on each</p>

	<p>unit. What percent of your current account value does that represent?</p> <p>2.0% 1.5% 3.0% 2.5%</p> <p>Correct: 3.0% Explanation: First unit $340.00 - 310.50 = 29.50 \times 3 \text{ cts} = 88.5 \text{ pts}$ Second unit $333 - 310.50 = 22.50 \times 2 \text{ cts} = 45 \text{ pts}$ Third unit $325 - 310.50 = 14.50 \times 4 \text{ cts} = 58 \text{ pts}$ Fourth unit $318 - 310.50 = 7.5 \times 3 \text{ cts} = 22.5 \text{ pts}$ Fifth unit $309.00 - 310.50 = -1.5 \times 2 \text{ cts} = -3.0 \text{ pts}$ Total 211.0 pts or $(211.0 \times \\$50 = \\$10,550)$</p> <p>Account balance is $\\$100,000 + 10,550 = \\$110,550$</p> <p>Risk per unit $\\$3,316.50 / \\$110,550 = 0.03$</p>
41	<p>Walmart (WMT) is trading at \$52.00 per share. You are short Walmart stock with 825 shares. How far does the price have to drop to give you a profit of \$3,011.25?</p> <p>\$48.35 \$49.15 \$47.62 \$50.25</p> <p>Correct: \$48.35 Explanation: If you are short 825 shares of Walmart then you make \$825 for each dollar drop in the share price. To make \$3,011.25 the market would have to drop 3.65 points. $(\\$3,011.25 / 825 = 3.65)$. The current market is 52.00 so a 3.65 drop translates into a share price of \$48.35.</p>
42	<p>You are long Soybean futures from 700.25. The market rises to 737.50 and you show a profit of \$7,450.00. How many contracts are you long? (Soybean futures are \$50 for each full point)</p> <p>2 contracts 8 contracts Unable to determine 4 contracts</p> <p>Correct: 4 contracts Explanation: The difference from 737.50 to 700.25 is 37.25 points. Each point is worth \$50 so this move translates into \$1,862.50 per contract. To determine the number of contracts held divide the total profit by the dollar move per contract. $(\\$7,450 / \\$1,862.50 = 4)$</p>

43	<p>You are short Coffee futures from 77.65. The market falls to 69.50 and you show a profit of \$15,281.25. How many contracts did you originally sell short? (Coffee futures are \$375 for each full point)</p> <p>5 contracts 2 contracts 10 contracts Unable to determine</p> <p>Correct: 5 contracts Explanation: The difference between 77.65 and 69.50 is 8.15 points or a dollar value of \$3,056.25. The number of contracts originally is $\\$15,281.25 / \\$3,056.25 = 5$ contracts.</p>
44	<p>You sold short a market. What best describes your position?</p> <p>You profit as the market falls You exited a position with a stop loss You are looking for the market to rise It is a term to describe your intent to sell the market at a profit target</p> <p>Correct: You profit as the market falls Explanation: When you sell short a market you profit as the market falls. It means you established a position and you do not want the market to rise.</p>
45	<p>Your account started with \$15,000 and you are long Oat futures with 4 units (1 contract on each unit). The first unit is long from 165, the second from 169 1/2, the third from 175 1/4, and the fourth from 180. Oat futures are currently trading a 182. (Oats are worth \$50 for each full point). The ATR on the last unit is 3 points and you are using a 2 ATR stop. The stop should be placed at what point?</p> <p>172 172.50 174 175.50</p> <p>Correct: 174 Explanation: The last position was established at 180.00. One ATR stop is worth 3 points and you are using a 2 ATR stop or 6 points. $180.00 - 6 \text{ points} = 174.00$.</p>
46	<p>Your account started at \$25,000. After units one through five your account balance has grown to \$27,500 and you are using 2% risk per unit. It is time to add position six. What is the dollar risk for this unit?</p> <p>\$550.00</p>

	<p>\$500.00 \$505.00 \$55.00</p> <p>Correct: \$550.00 Explanation: $\\$27,500 \times 0.02 = \\550.00</p>
47	<p>In order to properly balance your account you should _____.</p> <p>trade markets in different sectors trade markets with low correlations to each other trade both stocks and futures contracts</p> <p>Correct: trade markets with low correlations to each other</p>
48	<p>You can use stocks and futures together to balance your trading account.</p> <p>True False</p> <p>Correct: True Explanation: You can use any non-correlated instrument to balance your account (Futures, Forex, Stocks etc)</p>
49	<p>It is possible that a stock and a futures contract will be correlated to each other.</p> <p>True False</p> <p>Correct: True Explanation: Futures contracts and stocks can be correlated to each other. International Paper and lumber for instance are correlated to each other.</p>
50	<p>An individual stock can be highly correlated to a futures contract.</p> <p>True False</p> <p>Correct: True</p>
51	<p>Using the ATR to determine position size accomplishes what?</p> <p>Equalizes risk among several markets Makes calculating risk easier Allows you to see market risk as a number</p> <p>Correct: Equalizes risk among several markets</p>

52	<p>In order to quickly screen through stocks you can watch their corresponding market sector for breakouts.</p> <p>True False</p> <p>Correct: True Explanation: Looking at each sector instead of each individual stock can save time.</p>
53	<p>A 3 ATR stop will be further away from your price point than a 2 ATR stop.</p> <p>True False</p> <p>Correct: True Explanation: The higher the ATR multiple the farther your stop will be from the market.</p>
54	<p>Your account is worth \$15,000. A breakout occurred in the Euro Currency. 1 ATR is worth \$350 and you are using a 1 ATR stop with a 1.5% risk on each new unit. The breakout is too risky for your account. Can you use a mini Euro Currency and take the trade? (The mini Euro Currency is 50% of the value of the large Euro Currency.)</p> <p>False True</p> <p>Correct: True Explanation: If a large contract is too risky for a trade then you can use a mini contract if the risk profile matches.</p>
55	<p>Your beginning account balance was \$45,000. A few weeks ago you bought Sugar futures on a breakout at 5.38 (3 contracts). As the market moved higher you added positions at 5.51 (3 contract), 5.64 (3 contracts), and 5.82 (2 contract) Each ATR is currently 0.18, Sugar is trading at 5.82 and you are using a 2 ATR stop. What is your current account balance, where is the stop placed and what percent of your original equity is at risk? (Sugar is worth \$11.20 per tick)</p> <p>\$48,124.80, 5.46 and 3% \$47,124.80, 5.57, 3.5% \$46,135.80, 5.61, 3.32%</p> <p>Correct: \$48,124.80, 5.46 and 3% Explanation: First position $5.82 - 5.38 = 0.44 \times 3 \text{ contracts} = 1.32$, Second position $5.82 - 5.51 = 0.31 \times 3 \text{ contracts} = 0.93$ Third position $5.82 - 5.64 = 0.18 \times 3 \text{ contracts} = 0.54$</p>

	<p>Fourth position $5.82 - 5.82 = 0.00 \times 2 \text{ contracts} = 0.00$ Total 2.79 points or $(2.79 \times \\$1,120.00 = \\$3,124.80)$ Account value is $\\$45,000 + 3,124.80 = \\$48,124.80$</p> <p>ATR is 0.18 and the market is trading at 5.82. A 2 ATR stop is 0.36 points and the stop is placed at 5.46 $(5.82 - 0.36 = 5.46)$.</p>
56	<p>What is the total risk of the following portfolio? +2 Oats, +5 Live Cattle, +1 Corn, -6 Crude Oil, -4 Cocoa</p> <p>6 units 2 units 4 units</p> <p>Correct: 6 units Explanation: Sum the long units 8, sum the short units 10. Divide the smaller number by 2, $8/2 = 4$. Subtract the smaller from the larger, $10 - 6 = 6$.</p>
57	<p>The larger the multiple of ATR stop, the father the distance from your stop to the current market.</p> <p>True False</p> <p>Correct: True</p>
58	<p>You are 125 shares of Walmart from \$52.50, 150 from \$53.00, 225 from \$53.25 and 175 from \$53.60. How much capital are you using on this trade?</p> <p>\$35,873.75 \$32,251.00 \$33,752.68</p> <p>Correct: \$35,873.75 Explanation: First position: $125 \times \\$52.50 = 6,562.50$, Second position $150 \times 53.00 = 7,950.00$, Third position $225 \times 53.25 = 11,981.25$, Fourth position $175 \times 53.60 = 9,380$. Total $(6,562.50 + 7,950.00 + 11,981.25 + 9,380 = \\$35,873.75)$</p>
59	<p>Placing trades in the same direction in two highly correlated markets places twice as much risk on the account.</p> <p>True False</p> <p>Correct: True</p>
60	<p>The Swiss Franc is worth \$12.50 per tick. Today the Franc moved from 0.7965 to 0.7928 and you are long 2 contracts. What does</p>

	<p>this mean to your account?</p> <p>(\$462.50) \$462.50 (\$925.00) \$925.00</p> <p>Correct: (\$925.00) Explanation: You are long the market and the market fell, so your position lost money. The difference between the two prices is 37 ticks, or \$462.50 per contract. 2 contracts would equal a loss of (\$925.00).</p>
61	<p>Crude Oil futures are worth \$10.00 per tick. You are long 1 contract from 31.75 and 2 contracts from 32.45. Today Crude Oil moved from 32.50 to 33.18. How much, per contract, is this worth to your account?</p> <p>\$2,040 \$680 \$1,360</p> <p>Correct: \$680.00 Explanation: 32.50 from 33.18 is 0.68 ticks or \$680.00. Since you are long you profit from a rising market.</p>
62	<p>All of the following describes selling short except:</p> <p>Your stop loss was triggered You want the stock to fall You will profit as the market falls.</p> <p>Correct: Your stop loss was triggered. Explanation: When you sell short you want the issue to fall, and you profit from a decline in the issue. It does not mean you had a stop in the market, or a stop loss was triggered.</p>
63	<p>An account of \$125,000 is using \$23,500 in margin. What is the margin to equity ratio?</p> <p>18.8% 37.6% 9.4%</p> <p>Correct: 18.8% Explanation: ($\\$23,500 / \\$125,000 = 0.188$)</p>
64	<p>An account of \$42,500 has a margin to equity rate of 8.4%. How much margin is being used?</p> <p>\$3,570 \$3,400</p>

	<p>\$4250</p> <p>Correct: \$3,570 Explanation: ($\\$42,500 \times 0.084 = \\$3,570$)</p>
65	<p>How much leverage is being used in this example? You use \$25,000 to control a contract worth \$175,000.</p> <p>7 to 1 3.5 to 1 5 to 1</p> <p>Correct: 7 to 1 Explanation: ($\\$125,000 / \\$25,000 = 5$)</p>
66	<p>If you are leveraged at 20 to 1 then for every 1 point move you will make or lose \$20.</p> <p>True False</p> <p>Correct: True</p>
67	<p>An ATR of 7.50 in Corn (Corn is \$50 per point) is worth \$375.</p> <p>True False</p> <p>Correct: True Explanation: ($7.50 \times \\$50 = \\375)</p>
68	<p>An ATR of 78 in the Canadian Dollar (Canadian Dollar is \$10 per point) is worth \$780.</p> <p>True False</p> <p>Correct: True Explanation: ($78 \times \\$10 = \\780)</p>
69	<p>Your account started with \$5,000. Currently your account is in a 35% drawdown. What is your current account value?</p> <p>\$3,250 \$1,750 \$2,850</p> <p>Correct: \$3,250 Explanation: $\\$5,000 \times 0.35 = \\$1,750$. $\\$5,000 - \\$1,750 = \\$3,250$</p>
70	<p>What is the percent drawdown of the following example? You started with an account of \$100,000 and your quickly ran to \$112,500. From that point you suffered a 28% drawdown. Where</p>

	<p>is your account now?</p> <p>\$72,000 \$81,000 \$76,500</p> <p>Correct: \$81,000 Explanation: $0.28 \times \\$112,500 = \\$31,500$. $\\$112,500 - \\$31,500 = \\$81,000$</p>
71	<p>Your account started at \$12,500, ran to \$17,250 and then fell to \$11,000. That was the equity high and what percent drawdown are you currently in?</p> <p>\$17,250 and 27.5% \$17,250 and 12.0% \$17,250 and 22% \$17,250 and 36.2%</p> <p>Correct: \$17,250 and 36.2% Explanation: \$17,250 was the highest value of the account. From \$17,250 the market fell to \$11,000 a decline of \$6,250. The decline represents a drawdown percent of $(\\$6,250 / \\$17,250 = 36.2\%)$</p>
72	<p>Live Cattle futures have an ATR of 1.05 points and Cattle is trading at 75.55. Each point in Cattle is worth \$400. You want to place a 3 ATR stop behind the market. Where is your stop placed, and what dollar amount do you have at risk?</p> <p>72.40 and \$1,260 73.45 and \$1,260 72.40 and \$840 78.70 and \$1,260</p> <p>Correct: 72.40 and \$1,260 Explanation: A 3 ATR stop is $(1.05 \times 3 = 3.15)$ 3.15 points. This represents a dollar value of $(3.15 \times \\$400 = \\$1,260)$ \$1,260. Place the stop 3.15 behind the current market price or $(75.55 - 3.15 = 72.40)$ 72.40.</p>
73	<p>All of the following is true except what?</p> <p>Long contracts profit as the market rises Short contracts profit as the market falls Selling short a stock means you want the stock to fall =A Bearish market means you want the market to rise</p> <p>Correct: A bearish market means you want the market to rise</p>

	<p><u>Explanation:</u> Being bearish on the market means you want the market to fall, not rally.</p>
74	<p>You are long Sugar futures from 6.85. The market rises to 7.20 and you show a profit of \$2,352. How many contracts did you originally go long? (Sugar futures are \$1,120 for each full point.)</p> <p>6 contracts 3 contracts 9 contracts 5 contracts</p> <p><u>Correct:</u> 6 contracts <u>Explanation:</u> From 6.85 the market rallied to 7.20 or 0.35 points. 0.35 represents an increase of \$392.00. $\\$2,352 / \\$392 = 6$ contracts.</p>