MMTA2

MERRIMAN MARKET TIMING ACADEMY

MMTA QUIZ #1 COURSE 1 – THE TERMINOLOGY OF CYCLES

1. What is a Cycle?

A phenomenon that occurs consistently at regular intervals of time.

2. In financial market timing, what percentage of occurrences constitutes "consistency" in order to be considered a useful cycle for analysis and projection?

In financial market timing, "Consistently" means at least a 70% rate of frequency, and it is of greater value when over 80%.

3. In financial market timing, what constitutes a "regular interval of time"?

"Regular intervals of time" means that the phenomena occur approximately 80% of the time within a range that is 1/6 of the mean periodicity.

4. What does "Mean Periodicity" refer to?

This is the "normal cycle length." It is the cycle length that is midway between the shortest and longest cycle that falls within the 80% grouping of occurrences of that cycle.

5. What is an "orb" of a cycle?

The "orb" of a cycle is the allowable time before and after its mean periodicity in which it is still considered a normal cycle.

6. What is the general orb of time used in defining a cycle's allowable periodicity?

1/6

7. What does the "range" of a cycle refer to?

The "range" of a cycle is the time frame that covers the shortest and longest cycles allowable within its normal cycle periodicity. An 18-week cycle has a range of 15-21 weeks.

8. How are market cycles measured?

Cycles in financial markets are usually measured from trough to trough (low to low).

9. What is a trough?

The lowest price in the cycle. In a bull market cycle, this will always be the start of that cycle.

10. What is a crest?

The highest price in a cycle is known as its crest.

11. What is "Right Translation?"

This is a characteristic of bull markets (markets in which prices rise more than they fall). The crest occurs after the midway of the cycle time band (the two lows that define the cycle). It spends more time going up and less time coming down.

12. What is "Left Translation?"

This is a characteristic of bear markets (markets in which prices decline more than they rally). The crest occurs at the left of the midpoint of the cycle time band (the two lows that define the cycle). It spends less time going up and more time coming down in price.

13. What is a "Cycle Distortion?" Approximately how often does distortion occur? In what phase of a cycle is it most likely to occur?

Approximately 80% of cycles will fall within a "normal" time band. The other 20% will fall outside of the normal time band. When a cycle falls outside its "normal" time band, it is known as a "cycle distortion."

14. What are the two types of cycle distortions and what do they refer to?

When a cycle bottoms later than its normal time band, it is known as an "expansion," or a "cycle expansion" or "expanded cycle." When a cycle bottoms before its normal band is in force, it is known as a "contraction," or "contracted cycle."

MMTA QUIZ #2, COURSE 1 – THE PATTERNS OF A CYCLE

1. Every cycle is comprised of smaller cycles. What are the two names these smaller cycles are known as?

Every cycle is comprised of sub-cycles, or phases.

2. What are the three types of basic cycle patterns?

- **The "Classical Three-Phase Pattern"**
- **The "Classical Two-Phase Pattern"**
- **The "Combination Pattern." The "combination pattern" contains both the 2- and 3-phase sub-cycles to the greater cycle.**

3. In an 18-week primary cycle, which pattern is the easiest to trade?

The "Classical Three-Phase" Cycle Pattern

How many phases are in it?

3

What is the name we give to those phases?

Major cycles

How long is the normal length or mean periodicity of each phase?

6 weeks

What is its normal range?

5-7 weeks; Can be up to 8 weeks sometimes

About how often does this pattern occur?

40% of the time

4. In an 18-week primary cycle, which pattern is the hardest to trade?

“Classical Two-Phase” pattern

How many phases are in it?

2

What is the name we give to those phases?

Half-primary cycles

How long is the normal length or mean periodicity of each phase?

9-weeks

What is its normal range?

8-11 weeks

About how often does this pattern occur?

20% of the time

5. In an 18-week primary cycle, which is the other type of pattern that occurs?

Combination pattern

At what intervals of time do the troughs usually occur here?

6-weeks (range 5-7 weeks) and 9 weeks (range 8-11 weeks)

About how often does this pattern occur?

40% of the time

6. Below is a chart of a primary cycle in Bitcoin. Label the start and end to the primary cycle, its crest, and then label its phases, both troughs and crests.

Primary cycle low in March 2020. Major cycle low in mid-April. Half-primary cycle low in early-May. Another major cycle low in late-May. Final major cycle/primary cycle low in mid-July. This is an example of an 18-week combination pattern. This primary cycle exhibited bullish right translation.

MMTA QUIZ #3 COURSE 1 – TREND ANALYSIS

1. All market cycles are bullish, bearish, or mixed.

True or false

2. Which phase of a cycle is almost always bullish?

1st

3. Which phase of a cycle is usually bearish?

Last

4. What are the five basic characteristics of a bull market cycle?

1. Consecutively higher lows (troughs) of the same cycle (or sub-cycle) type
2. Consecutively higher highs (crests) of the same cycle (or sub-cycle) type
3. Right translation pattern of the cycle
4. The lowest price is always the start of the cycle. There is no lower price between the start and end of a bullish cycle than where it began.
5. A fifth characteristic for a bullish primary cycle is that the market will make new highs after Tuesday of its 9th week. This is known as the "Bullish 8-Week Rule."

5. What are the five basic characteristics of a bear market cycle?

1. Consecutively lower lows (troughs) of the same cycle (or sub-cycle) type
2. Consecutively lower highs (crests) of the same cycle (or sub-cycle) type
3. Left translation pattern cycle
4. The lowest price is always the end of the cycle. There is no lower price between the start and end of a bearish cycle than where it ends.

5. A fifth characteristic for a bearish primary cycle is that the market will make its primary cycle crest before its eighth week, and usually only 2-5 weeks into the primary cycle.

6. In a bearish *primary* cycle, when does the crest usually occur?

Usually in the first 2-5 weeks.

7. What would be the characteristics of a "mixed" cycle?

A "mixed trend" occurs when only some (but not all) of the bullish or bearish characteristics are present in a cycle. For example, a cycle may exhibit higher lows and lower highs. Or a left translation pattern, but the end of the cycle does not take out the low that started the cycle. Or it may be a right translation cycle, but the crest of the cycle does not exceed the crest of the previous cycle of the same type. Or a right translation cycle in which the end of the cycle takes out the low that started the cycle.

8. What is the <u>most important consideration</u> of all the characteristics of a cycle in determining whether it is bullish or bearish?

The price at the end of the cycle relative to the price at the start of the cycle.

9. When should bullish strategies be applied in trading via cycles?

As long as prices remain above the start of a cycle.

10. At what point should bearish strategies be applied in trading via cycles?

Once prices fall below the start of a cycle.

11. What exactly is meant by "bullish" and "bearish" strategies?

Bullish: Buy the dips, buy the breakouts
Bearish: Sell the rallies, sell the breakdowns

12. On the chart on the next page, label the primary, half-primary, and major cycles of the ASX, both troughs and crests. Note: the ASX has 19-25 week primary cycle. What is its mean periodicity? What is its orb? On the chart, at what point in the first primary cycle would you shift from bullish to bearish strategies? Is the second primary cycle bullish, bearish, or mixed? At what point in the second primary cycle would it begin to look bullish?

Mean periodicity: 22 weeks. Normally a 3 week orb, although we tend to use 4 weeks per our studies in this market. Major cycle crest in late-April. Major cycle trough in early-May. Can shift to buying strategy once the first major cycle crest is exceeded in early-May. Early-June major cycle and half-primary cycle crest. Mid-June half-primary cycle trough. Late-June major cycle trough. Mid-August primary cycle Crest. Primary cycle trough mid-September. This primary cycle lasted 26 weeks. Second primary cycle is bullish—looks

even more bullish once the highs of the previous primary cycle (from mid-August) are exceeded.

MMTA QUIZ #4 COURSE LESSON 1 – SUPPORT AND RESISTANCE

1. What does support refer to in financial markets?

Support refers to a floor, or a low in price, that markets may fall to and then start to rally.

2. What constitutes a chart pattern known as a double bottom?

When a market falls to a prior low and holds that area, it is known as a "double bottom."

3. What is the term used to describe a case when prices break below a double bottom or well-defined support area? What geocosmic signatures are often present nearby to this phenomenon?
4.

Downside breakouts: Once the market falls below a double or triple bottom, it is known as a "downside breakout." Usually, a market will then escalate its downside momentum. Uranus.

5. What is the "The 50% Correction Rule" for Support in Bull Markets?

In a bullish cycle, prices will rally from its trough to crest. In many cases it will then decline about 50% of the move up from the trough to the crest of that cycle.

6. What are "corrective declines" and when do they occur? In which type of markets do they occur?

A price target range from which prices retrace after making a cycle high. It marks the midpoint of a price target range for the trough that ends this cycle. This happens in bull markets.

7. What is the normal % of a corrective decline from the rally? What is this percentage range known as?

38.2-61.8%. Fibonacci Corrections or Retracements.

8. If crude oil moves from a major cycle trough at 75.00/barrel to a crest of 93.00/barrel, then what would a normal corrective decline be to its major cycle trough, assuming this is a bull market cycle? If you were buying this corrective decline, where would your stop-loss start at?

75.00 + 93.00 = 168.00 / 2 = 84 (50% corrective decline)
93.00 – 75.00 = 18
18 * .118 = 2.12
84 + 2.12 = 86.12
84 – 2.12 = 81.88 Stop loss would be set below 75 if buying corrective decline.

9. What does resistance refer to in financial markets?

Resistance refers to a ceiling, or a high in price, that markets may rise to and then start to decline.

10. What constitutes a chart pattern known as a double top?

When a market rallies to a prior crest and stalls in that area, it is known as a "double top."

11. What is an upside breakout?

Once the market rallies above a double or triple top, it is known as an "upside breakout." Usually, a market will escalate its upside momentum after that occurs.

12. What is the "The 50% Correction Rule" for rallies in Bear Markets?

In a bearish cycle, prices will drop from its crest to trough. In many cases it will then rally about 50% of the move down from the crest to the trough of that cycle.

13. What are "corrective rallies" and when do they occur? In which type of markets do they occur?

A price target range from which prices retrace after making a cycle low. It marks the midpoint of a price target range for the crest of the net cycle of the same type. This happens in bear markets.

14. What is the normal % of a corrective rally following a decline to a cycle trough? What is this percentage range known as?

38.2-61.8%. Fibonacci Correction or Retracement.

15. If the price of Silver completes a primary cycle crest at 35.00/ounce in a bear market, and then declines to a major cycle trough at 29.50/ounce, what is the price target range of a corrective rally to the crest of the next major cycle?

MMTA QUIZ #5 COURSE 1 – FINDING CYCLES IN MARKETS

1. Fill in the blanks:

Every cycle is part of a greater cycle by a multiple of **2 or 3**.

Within every cycle are smaller cycles, which are divisions by **2 or 3** of the greater cycle.

2. What is the normal orb of allowance to a cycle period?

1/6

3. What is the first step to "Finding the Cycles within a Financial Market"?

Start with the longest chart you can find in a given market. This will usually be a yearly chart or a monthly chart.

4. What is the second step to "Finding the Cycles within a Financial Market"?

Identify the three of the most pronounced lows on this chart.

5. What is the third step to "Finding the Cycles within a Financial Market"?

Determine how far apart any two of these troughs are from one another.

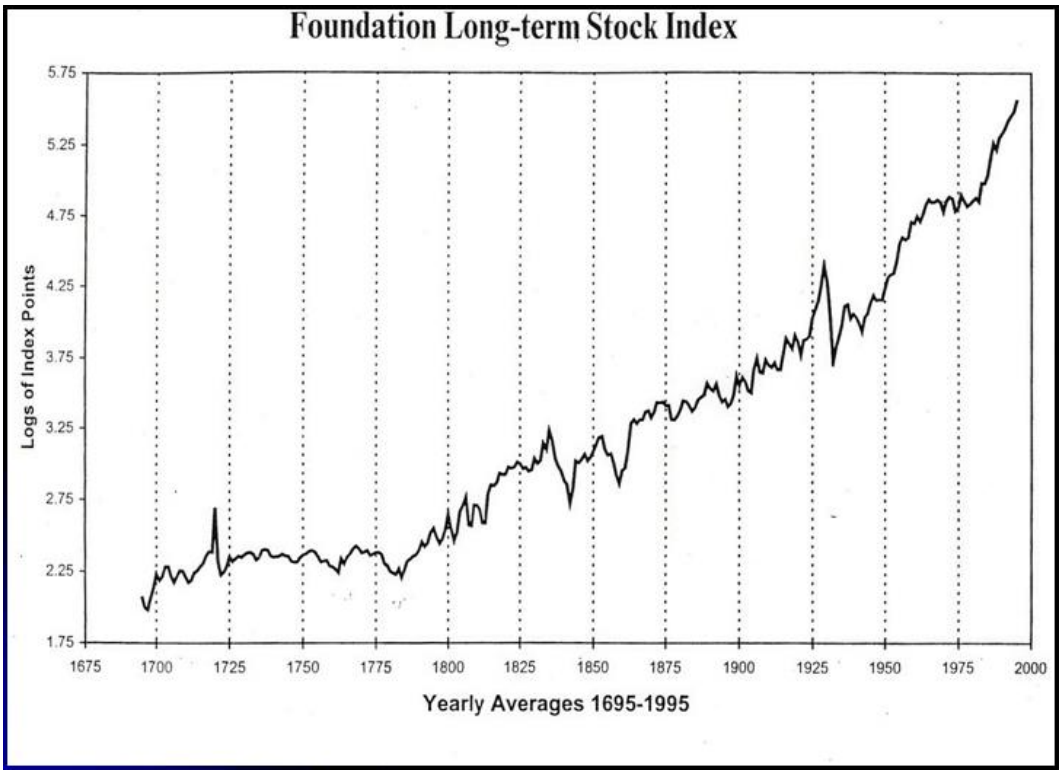
6. What is the fourth step to "Finding the Cycles within a Financial Market"?

Take the longest of these three periods and divide it by 2 and 3 to get possible sub-cycles within the potentially greater long-term cycle. Observe if there are prominent troughs in any of these ranges that would constitute a cycle, using a standard range.

7. What is the fifth step to "Finding the Cycles within a Financial Market"?

Take the two shorter-term periods (2 and 3 in Step 3). Add and subtract their lengths to the two dates chosen as the longest interval (1 in Step 3) and see if there are additional cycles with this same length.

8. In the long-term cycle shown of US and British stock prices, identify cases of a long-term 72- or 75- year cycle. What years did they occur?



1784, 1857, 1932

9. Can you identify the years of a possible 90-year cycle?

1762, 1842, 1932

10. Assuming there is a 72- or 75-year long-term cycle in U.S. stocks, can you break that down into further sub-cycles? What would they be?

38 years, 25 years.

11. Since 1932, identify the years that the half-cycle to the 72- or 75-year cycles unfolded?

1974, 2009 – 38 years +/- 6 years

12. Since 1932, identify the years when the next sub-cycles formed? What cycles are they and when did they occur?

1962, 1987, 2009 – 25 year +/- 5 years (orb extended by one year)