



# The Best And The Brightest Of Technical Analysis

*Traders are a lonely breed. Most of their days are spent alone, their eyes glued to an array of computer screens, fingers poised over the keyboard and "Do not disturb" signs hanging over their desks. Continually enhancing your trading skill is essential to success but in this task, at least, there is strength in numbers. Here's one organization that can help and some benefits of belonging.*

**by Matt Blackman**

**T**he Market Technicians Association (MTA) may not be well known to many traders, especially those who are new to the practice, but it has been responsible, in a large part, for bringing the art of technical analysis to the level of professionalism and public awareness that it enjoys today.

Its membership list reads like the who's-who in the field. John Murphy, Constance Brown, former STOCKS & COMMODITIES Editor Thom Hartle, Phil Erlanger, Linda Raschke, and Stan Weinstein are just a handful of examples of technicians who have become household names in the business as

KEN SMITH

authors and presenters. In addition, Richard Arms, John Bollinger, Chuck Dukas, Steve Nison, Martin Pring, Sherman McClellan, Ron Meisels, and Robert Prechter are well known for the indicators they have developed or greatly improved upon that are used today.

Compared to the subject of technical analysis, which was discussed at least as far back as a century ago in the writings of Charles Henry Dow, founder of *The Wall Street Journal*, the Market Technicians Association is relatively young — only 30 years old. Its origins can be traced back to a lunch meeting at Massoletti's Restaurant in New York City in 1971 with Ralph Acampora, John Brooks, and John Greeley. The technicians realized that it was high time that a group similar to what existed for fundamental analysts be established to discuss ideas and principles pertaining to technical analysis. The first official meeting took place in spring 1972 at the Downtown Athletic Club in Manhattan. In attendance were 10 to 18 working technicians.

Since then, the organization brought forth by these three technicians has grown to include 400 members and more than 1,850 affiliates in 30 countries worldwide. Members include technical analysts, portfolio managers, professional traders, investment advisors, writers, and related practitioners with a minimum of five years' experience and, in the words of the MTA, "whose professional efforts have been spent practicing financial technical analysis for the investing public, an active portfolio management process or for whom technical analysis is a primary basis of their investment decision-making process."

The qualification period for full-member status of the MTA has been reduced to three years for those who have completed the Chartered Market Technicians (CMT) designation, but more about that later. Affiliate status is conferred on those who trade personal accounts or who have an interest in technical analysis but who do not offer related services to the public or are new to the profession.

### WHY REINVENT THE WHEEL?

Why would a trader be interested in joining? That depends on how much you value your time and see learning as an integral part of what you do.

How many times have you struggled with a new indicator or trading method and spent the commensurate time testing it, only to learn that it does not live up to expectation? Imagine being able to have a discussion with someone who has already been through the process. How much time and effort it would save!

First and foremost, membership in the MTA or similar international group offers an excellent opportunity to meet with other technicians and discuss trading ideas. Regional and national meetings are useful testing and proving grounds to facilitate the process. Monthly regional meetings provide presentations by active traders and professionals on all areas of technical analysis, with forums to discuss topics of interest. They provide a venue to discuss trading ideas and strategies with others who trade for a living.

The MTA also offers presentations to members online, so no matter where you live, you have the benefit of hearing the latest ideas from the best in the profession.

Learning and sharing ideas extends to annual conferences presented around the world by the International Federation of Technical Analysts (IFTA). In 2003, the conference hosted by the MTA will be held November 6–9 in Washington, DC, providing participants with the chance to hear authors present their latest ideas and discuss them with their peers. (See the MTA Conference link in "Suggested reading" to check out this year's itinerary.)

Since 1976, the MTA has published quarterly journals on a range of topics related to technical analysis. The good news is that each one from 1978 has been saved and recorded. The CD-ROM, called the *Journal Of Technical Analysis*, contains more than 4,200 pages of presentations and papers that have appeared in the *MTA Journal*, and chances are that there will be at least a few that relate to indicators and trading styles you use.

Membership also includes an annual directory of the names, corporations, mailing, and email addresses and phone numbers of all affiliates and members. Have a question for John Bollinger or Martin Pring? Call or email them for an answer.

### TRADING CREDENTIALS

If you trade your personal account for a living, the credentials you hold are of little importance since you are your only customer. Of greatest importance is how well you do the job. It is your responsibility to master the task at hand and this includes conducting research, testing indicators, developing a trading plan, and following prudent money management principles. If you need to know something, you buy the appropriate book or computer software, or sign up for a seminar to learn.

However, once you embark on the task of trading the money of others, advising them, or writing professionally about the process, you move into a whole new category. Customers want to know what qualifications and professional training you possess to give them greater comfort their money is safe. Unless you are already a household name in the investment field, your opinion will carry greater weight if you have the proper credentials. This includes the Chartered Financial Analyst (CFA) and Chartered Market Technician (CMT) designations. Those who rely on fundamental data to make investment decisions use the former, while the latter tells the world that you have received certification as a technical analyst.

The CMT program is made up of three levels. To pass the first level, candidates must demonstrate an understanding of and competence with entry-level material, including the MTA code of ethics in a two-hour multiple-choice exam. *Technical Analysis Of The Financial Markets* by John Murphy and *Technical Analysis Explained* by Martin Pring are required reading for this level.

Level 2 requires an understanding of a broader range of material, which is tested in a four-hour multiple-choice exam. As well as material from level 1, the student taking the

next exam in 2003 is expected to apply material from the reading list that includes *Schwager On Futures Technical Analysis* by Jack Schwager, *Trading Systems And Methods* by Perry Kaufman, and *Investment Psychology Explained* by Martin Pring.

Level 3 candidates may choose to take an essay exam or write a research paper that demonstrates "a sound mastery of research techniques as applied to the practice of technical analysis," according to the MTA. "The conclusions reached should extend the body of knowledge in the field of technical analysis."

The entire program can be finished in as little as three years but no more than five. Successful graduates will only be able to display the CMT designation once they have demonstrated a minimum of three years' related professional experience.

It is interesting to note that my research indicates that many who become MTA affiliates initially did so simply to get the CMT designation, since it is a requirement that all those enrolled in the program belong to the organization. It is only when enrolled in the program that many become aware of the other benefits that MTA membership offers. This was certainly true in my case.

#### CONCLUSION

We often forget that no matter how much experience and know-how we possess, there is usually someone else who has been there and done it before us, and traders are no exception. To reach maximum potential, it is the responsibility of every trader to discover who that expert is for your particular trading style and technique. It's a lot easier to learn from those more experienced than to reinvent it yourself. This is true whether you trade your own account of a few thousand dollars or manage and trade millions professionally. Organizations such as the Market Technicians Association provide a fertile and exciting environment for this to occur.

In the last 20 years, markets have become more volatile,

partly due to rapidly changing economic conditions and shorter cycles as well as the fact that a growing percentage of market participants are short-term traders. Whatever the reason, the answer is clear: Become more proficient in the art of technical analysis or risk being left behind.

The Market Technicians Association is arguably the most established group of professional technical analysts in the world. Nowhere will you find a list of members more experienced and published in the field. If nothing else, membership will give you the opportunity to meet and learn from those who have helped shape and will continue to play a big part in the world of technical analysis in the future.

Independent traders who join the MTA find that doing so gives them the ability to hone their skills and stay informed regarding the latest trading innovations. For those who plan to offer trading or technical analysis-related services to the public, MTA membership and the CMT designation tells the world that you have put in the time and effort to call yourself a professional and have the credentials to prove it.

*Matt Blackman is a trader, technical analyst, software reviewer, and content provider for technical trading/investment websites. He is an affiliate member of the Market Technicians Association (MTA) and Canadian Society of Technical Analysts (CSTA) and is currently enrolled in the Chartered Market Technicians (CMT) program.*

#### SUGGESTED READING

Hartle, Thom [1996]. "Ralph Acampora Of Prudential Securities," interview, *Technical Analysis of STOCKS & COMMODITIES*, Volume 15: February.

2003 MTA Annual Conference Agenda  
<http://www.mta.org/IFTA2003/IFTABrochure.pdf>

Chartered Market Technicians Program Information  
<http://www.mta.org/cmtprogram/>

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