

DAY TRADING PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE

<https://daytrading.examzify.com>



Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain accurate, complete, and timely information about this product from reliable sources.

SAMPLE

Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	8
Explanations	10
Next Steps	15

SAMPLE

Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

SAMPLE

- 1. What does the term 'swing high' indicate in trading terminology?**
 - A. The lowest price in a given time period
 - B. The peak price in a specific time period
 - C. The average price over a period
 - D. The opening price of a trading session
- 2. What does "going public" involve for a company?**
 - A. The process of issuing bonds
 - B. Raising capital through an initial public offering
 - C. Acquiring another company
 - D. Expanding to foreign markets
- 3. How is a suitable risk level for day trading determined?**
 - A. By assessing market trends
 - B. Based on one's trading capital and risk tolerance
 - C. By analyzing historical data only
 - D. Based solely on personal feelings
- 4. What characterizes a stock that is "In Play"?**
 - A. It has a stable price trend.
 - B. It is experiencing price movement due to news that traders notice.
 - C. It has low trading volume.
 - D. It is a long-term hold position.
- 5. How does a certificate of deposit (CD) operate?**
 - A. Similar to a savings account but with a fixed maturity date
 - B. As a type of mutual fund investment
 - C. For trading stocks directly on the market
 - D. As a short-term loan option
- 6. What term describes accounting entries that record the transfer of gold reserves?**
 - A. Asset revaluation
 - B. Book entry format
 - C. Ledger transfer method
 - D. Gold standard record

7. What does slippage refer to in trading?

- A. Execution at the expected price
- B. Execution at a different price than expected
- C. A form of insider trading
- D. Limiting trade volume

8. In finance, what are endowments primarily associated with?

- A. Private companies
- B. Retail investors
- C. Professional management for stability and gain
- D. Short-term trading strategies

9. What does a high beta of a security imply about its risk level compared to the market?

- A. It has a lower risk
- B. It carries the same risk as the market
- C. It is significantly riskier than the market
- D. It is risk-free

10. What does it mean when a government intervenes in the markets?

- A. To increase commodity prices artificially
- B. To influence currency value through buying or selling
- C. To promote free trade policies
- D. To impose tariffs on imports

Answers

SAMPLE

1. B
2. B
3. B
4. B
5. A
6. B
7. B
8. C
9. C
10. B

SAMPLE

Explanations

SAMPLE

1. What does the term 'swing high' indicate in trading terminology?

- A. The lowest price in a given time period
- B. The peak price in a specific time period**
- C. The average price over a period
- D. The opening price of a trading session

The term 'swing high' in trading terminology refers to the peak price reached in a specific time period. This concept is crucial for traders, especially in technical analysis, as it helps identify potential resistance levels—areas where the price is likely to encounter upward pressure and may reverse direction. The swing high signifies a point where buying momentum has decreased, resulting in a decline or pullback in price. Understanding swing highs is essential for analyzing price trends and making informed trading decisions, as it allows traders to spot patterns and assess market sentiment. Recognizing swing highs, taken in conjunction with swing lows (the lowest price in the same period), enables traders to establish potential entry and exit points. Other choices provided, such as the lowest price in a given time period, average price, or the opening price of a trading session, do not define 'swing high' correctly, as they refer to different aspects of price action and market indicators.

2. What does "going public" involve for a company?

- A. The process of issuing bonds
- B. Raising capital through an initial public offering**
- C. Acquiring another company
- D. Expanding to foreign markets

"Going public" refers to the process a private company undergoes when it offers its shares to the general public for the first time, typically through an initial public offering (IPO). This transition allows the company to raise capital by selling equity shares to investors. The funds generated from this process can be utilized for various purposes, such as expanding operations, paying down debt, or investing in new projects. By becoming a publicly traded firm, the company also gains access to a wider pool of capital as it can now attract investments from individual and institutional investors. Additionally, being publicly listed often enhances the company's visibility and credibility in the marketplace. This process is distinct from other options. Issuing bonds involves raising debt rather than equity, acquiring another company refers to mergers and acquisitions, and expanding to foreign markets pertains to geographic and operational growth rather than the financial structuring involved in going public.

3. How is a suitable risk level for day trading determined?

- A. By assessing market trends
- B. Based on one's trading capital and risk tolerance**
- C. By analyzing historical data only
- D. Based solely on personal feelings

Determining a suitable risk level for day trading primarily hinges on evaluating one's trading capital alongside individual risk tolerance. Trading capital refers to the funds available for trading, which plays a crucial role in establishing how much a trader can afford to lose on any given trade without jeopardizing their overall financial health. Risk tolerance, on the other hand, is an individual's ability and willingness to endure potential losses in the pursuit of profits. Both factors are fundamentally intertwined; a trader with a significant amount of capital might opt for a different risk approach compared to someone trading with limited funds. By striking a balance between the amount they are comfortable risking on trades and their available resources, traders can create a risk management strategy that aligns with their personal goals and financial situation. This assessment enables traders to make informed decisions that support their day trading objectives while mitigating the likelihood of substantial losses.

4. What characterizes a stock that is "In Play"?

- A. It has a stable price trend.
- B. It is experiencing price movement due to news that traders notice.**
- C. It has low trading volume.
- D. It is a long-term hold position.

A stock that is described as "In Play" is characterized by experiencing significant price movement, often triggered by news events or important announcements that capture traders' attention. This heightened activity typically leads to increased volatility and higher trading volume, as market participants react to the new information, leading to rapid price changes. When a stock is "In Play," it usually means that traders are closely monitoring it for potential opportunities to capitalize on the short-term price fluctuations. This can stem from earnings reports, mergers and acquisitions, product launches, or any news that can influence market perception and the stock's future performance. In contrast, a stable price trend indicates that a stock is not experiencing significant movement, which would not qualify it as "In Play." Low trading volume suggests a lack of interest or activity in the stock, and a long-term hold position typically implies a focus on steady growth rather than the quick trades associated with a stock that is actively "In Play."

5. How does a certificate of deposit (CD) operate?

- A. Similar to a savings account but with a fixed maturity date**
- B. As a type of mutual fund investment
- C. For trading stocks directly on the market
- D. As a short-term loan option

A certificate of deposit (CD) operates similarly to a savings account, but with the key difference of a fixed maturity date. When an individual invests in a CD, they agree to deposit a certain amount of money for a predetermined period of time, which can range from a few months to several years. During this time, the funds are typically inaccessible without incurring penalties for early withdrawal. In exchange for committing their funds for this duration, the depositor earns interest at a rate that is often higher than that of a standard savings account. This interest rate remains fixed for the life of the CD, ensuring predictable earnings over the term of the investment. The other options do not accurately represent how a CD functions. Mutual funds involve pooling money from many investors to purchase a diversified portfolio of stocks, bonds, or other securities. Trading stocks directly on the market involves buying and selling shares of individual companies, which is a different investment strategy altogether. Lastly, a short-term loan option typically refers to borrowing money for a brief period, which is distinct from the savings and interest-earning nature of a CD.

6. What term describes accounting entries that record the transfer of gold reserves?

- A. Asset revaluation
- B. Book entry format**
- C. Ledger transfer method
- D. Gold standard record

The term that appropriately describes accounting entries recording the transfer of gold reserves is known as "Book entry format." This method allows for the efficient and accurate recording of changes in ownership of gold reserves without the need for physical handling or movement of the actual gold. In a book entry system, the ownership changes are logged in accounting records, which helps facilitate transactions, settle accounts, and maintain accurate records of ownership. This system is especially useful in the context of gold reserves, as it simplifies the accounting process and enhances the security and efficiency of transactions. Other terms listed, like asset revaluation, ledger transfer method, and gold standard record, pertain to different aspects of accounting or historical monetary systems and do not specifically capture the nature of the entries used for recording transfers of gold reserves.

7. What does slippage refer to in trading?

- A. Execution at the expected price
- B. Execution at a different price than expected**
- C. A form of insider trading
- D. Limiting trade volume

Slippage refers to the phenomenon in trading where an order is executed at a different price than what was expected or intended by the trader. This can occur due to various factors, such as market volatility, rapid price movements, or delays in order processing. For instance, if a trader places an order to buy a stock at \$50, but the order is executed at \$50.10 due to fluctuations in the stock's price, the difference of \$0.10 is considered slippage. This concept is particularly important for day traders, who often operate with very tight margins and are looking to make quick trades. Understanding slippage helps traders manage their expectations when entering or exiting positions, as it can impact the overall profitability of their trades.

8. In finance, what are endowments primarily associated with?

- A. Private companies
- B. Retail investors
- C. Professional management for stability and gain**
- D. Short-term trading strategies

Endowments are primarily associated with professional management for stability and gain because they often constitute large pools of funds established by institutions such as universities, charities, or foundations. These funds are managed by professionals who aim to grow the capital over the long term while also providing a steady income stream for their respective organizations. The goal of these endowments is to preserve the principal amount while generating returns that can be distributed for the endowment's intended purposes, like scholarships or research funding. The professional management aspect is critical, as it involves strategic asset allocation and investment choices designed to provide stability against market fluctuations and consistent growth over time. This requires a level of expertise and experience not typically afforded to individual investors or short-term trading strategies, which involve higher risks and a different investment approach.

9. What does a high beta of a security imply about its risk level compared to the market?

- A. It has a lower risk
- B. It carries the same risk as the market
- C. It is significantly riskier than the market**
- D. It is risk-free

A high beta indicates that a security is more volatile than the overall market. Beta is a measure of a security's price movement in relation to the market as a whole; a beta greater than 1 suggests that the security tends to move more aggressively, both up and down, than the market. Therefore, a high beta means that the security carries a higher level of risk because its price is expected to experience larger fluctuations in comparison to the market average. This increased volatility can lead to higher potential returns, but it also increases the likelihood of significant losses. As a result, a high beta signals that investors are taking on more risk when they invest in that security relative to the market's overall risk.

10. What does it mean when a government intervenes in the markets?

- A. To increase commodity prices artificially
- B. To influence currency value through buying or selling**
- C. To promote free trade policies
- D. To impose tariffs on imports

When a government intervenes in the markets, it often involves influencing the currency value through various actions such as buying or selling its own currency. This is done to stabilize the economy, correct imbalances, or achieve specific economic goals such as controlling inflation or supporting exports. By intervening in currency markets, a government can shift demand and supply dynamics, affecting how the currency is valued in international trade. Currency intervention is significant because it can help manage the exchange rate, which plays a pivotal role in a country's economic stability and competitiveness. For example, if a country's currency is too strong, it may make exports more expensive and less competitive abroad. Conversely, if it is too weak, it can lead to inflation and increased costs for imported goods. By strategically intervening, the government aims to maintain a favorable balance that supports economic growth and stability.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://daytrading.examzify.com>

We wish you the very best on your exam journey. You've got this!

SAMPLE