



PHOTO BRENDAN ESPOSITO

# Smart trading from home

Sharemarket trading from the comfort of a home office may be enticing but ensure you've got the best equipment for the job. **CATRIONA PURCELL**

There is no one program that does everything, says Gary Green.

In the early days of home-based, online trading and investment, the issue was finding a computer with enough RAM, a modem that was fast enough and a decent-priced Internet service. Now it's a matter of deciding what software programs and data provider you need.

Gary Green spends about 10 hours a day in his converted garage-cum-home-office, attached to his house in suburban Sydney, watching stock quotes tick over on his PC and planning his next trade. He has been trading from home since 1993 and has seen a lot of changes in the technology.

His advice to newcomers is to do your homework, otherwise you could spend a lot of money on programs you don't need.

"What software you will need depends on if you are a day-trader, in-and-out of the market in a day, or if you have a more long-term view of the market," says Green.

"You will get some programs that will do some things and others that will do something else. There is no one program that does everything.

"Basically any computer you buy these days will do the job. Screen size is important – the more information you can get on a screen, the better. And it is a cheaper option than two screens. A 20-inch monitor or larger is best, but a 17-inch is fine."

Australia's best-known professional share trader, Daryl Guppy, advocates two screens for serious day-traders, as well as a reliable Internet



#### DEFINITION

**RAM Random Access Memory.** This is the amount of space a computer has to write, store and retrieve information and program instructions.

**Day trader** Professional share trader who buys and sells shares and options daily on the Internet.

Service Provider (ISP), a back-up ISP and a spare telephone line, so if "worst comes to worst you can call your broker and tell them to sell".

Both agree that a dedicated historical and end-of-day data supplier, such as Electronic Information Solutions (EIS), ALMAX or ODDS, is essential for planning the next day's trading. Some organisations such as Paritech and Ozemail Stockwatch, or broker sites such as Sanford Securities, also provide end-of-day data via the Internet, but Guppy warned that some people have had problems with data accuracy and the treatment of no-trade days and holidays.

Some providers supply data in chart form, or give clients charting software to convert raw data so it can be technically analysed. If not, charting software such as Ezy Chart, Metastock, or Personal Hotline for Mac users, is needed. Guppy says such software should use as little memory as possible, as traders often run multiple programs and memory-greedy programs reduce computer performance when switching screens.

## **Day traders need access to real-time charting software to monitor the market**

He adds that day traders also need access to real-time data and real-time charting software to monitor every twitch in the market, whereas intermediate to long-term traders could make do with end-of-day data and charting – depending on how

closely they want to follow the market.

Real-time data includes tick data, real-time charting and market-depth information, usually in the form of a ticket running across the bottom of a screen, such as Marketcast and ODDS provide. Tick data is delivered via the SBS television signal or the Internet, with some day traders, including Guppy, choosing to dedicate one computer to uninterrupted data supply.

Marketcast, ODDS, and E\*TRADE also provide real-time data and charting facilities. If data is provided in its raw form, then real-time charting software programs, such as Metastock Professional or Trade Station are needed.

"You need to understand the difference between programs and talk to your data providers and broker to make sure the software you are using is compatible with what they use," Guppy says.

Green says he managed to avoid costly equipment purchasing errors because he stumbled on the Australian Technical Analysts Association (ATAA), which provides information on the types of software and resources available.

"It was money well spent. I got a lot of information from them," Green says.

"There are so many ways you can access data. The association organises meetings where you can find out what deals are out there, which provider is the best, what software you need ...

"If you go to the [software] vendors, they are biased. That's the dilemma. But the association is not biased. If you only go to vendors, you don't know for sure if what they recommend is the best program for what you are doing.

"There is no magic bullet. You have to ask a lot of questions."