

technology @ WORK

Irish day traders unfazed by market scares

LAST week Mark Barton, a disgruntled amateur investor, used the internet to trade in shares, walked into the office where he used to trade and shot and killed nine people. The tragedy brought to the wider world's attention the world of day trading - the high pressure, low training arena where amateurs are encouraged to risk funds on the stock markets.

Day traders use the internet to gain access to the markets, using web sites to access the same real-time information that is available to professional stockbrokers. While many observers blamed the easy access to the markets and the losses that he sustained there for Barton's actions, day traders have committed an even worse crime in the eyes of Wall Street: they almost all lose money.

A survey carried out by North American Securities Administrators' Association (NASAA) has found that over 70% of day traders in the US lose money. Analysts estimate the true figure could be much higher.

Yet amidst all the hysteria and bankers' red ink, small numbers of Irish investors are making the markets pay using exactly the same mechanisms: the websites of US stockbrokers.

"A figure I hear a lot is that 98% of traders actually lose money," said Mr Kelly, a farmer in Co Kerry who took up web trading just under a year ago. "I make a return of 10% a month. I have never made less than that." That 10% a month is an excellent return. Kelly claims the dangers are indeed as severe as NASAA's report suggests, but says you can be more careful than most US day traders.

"What they are doing there is closer to gambling than trading," said Kelly. "Those people are hooked on gambling. I'm not in it for the buzz, I'm in it because I want a better lifestyle."

Like over 200 traders across the country, Kelly learned to trade at a weekend workshop and support helpines to advise small investor clubs dotted around the country which use the web to trade in the US.

Each club of around 20 investors meets once a month to discuss investment plans and four designated traders carry out the club's wishes online, using Charles Schwab, ETrade and AmeriTrade, the only brokers which allow online transactions from outside the US.

"We have all kinds of people trading: hairdressers,



The Investment Club Network runs weekend workshops to help small investors around the country.

dentists, a lawyer who used to be in the Boomtown Rats, some millionaires and one group almost entirely made up of accountants," said Babu Shah, one of the founders of the company.

Investors put up between £30 and £70 a month. The clubs are careful not to be exclusive; to decide the amount to be invested each member writes down what they can afford and the lowest figure is chosen.

"In the US centres they don't teach any strategy. They promise big returns and a lot of people lose money," said Babu Shah of TICN. "It is important to use specific strategies giving a return which is achievable."

"This gives me an extra income of a couple of hundred pounds a week on a few hours' work a month," said Kelly. "I love being a farmer, I like the lifestyle, it's what I am. This extra money allows me to do that without borrowing from the bank."

HOW TO DO IT

To invest, you need an account at one of the brokers, which means investing an initial \$3,000-\$10,000 with Charles Schwab [www.charleschwab.com], ETrade [www.etrade.com] or AmeriTrade [www.ameritrade.com].

US amateur brokers have lost their shirts on extreme short-term trading, trying to make a profit from one part of the day to the next. Kelly advises against this. "I buy stock at around \$15 in a company with annual growth of about 10%, and I sell the option on buying those shares at \$15 in a month's time. In a month, hopefully, the shares are \$3 or \$1.50 and I have made 10%."

He says research and trading take only a few hours and adds that he "couldn't find anyone who has lost money on this kind of strategy."

IAA warns on computer bug risk to aircraft

SMALL planes are most at risk next weekend as aeroplane navigation systems experience a problem similar to the Y2K bug.

The Irish Aviation Authority (IAA) has issued a warning to pilots and airlines regarding a change in the system by which the Global Positioning System (GPS) calculates the date.

Eurocontrol, the European Organisation for the Safety of

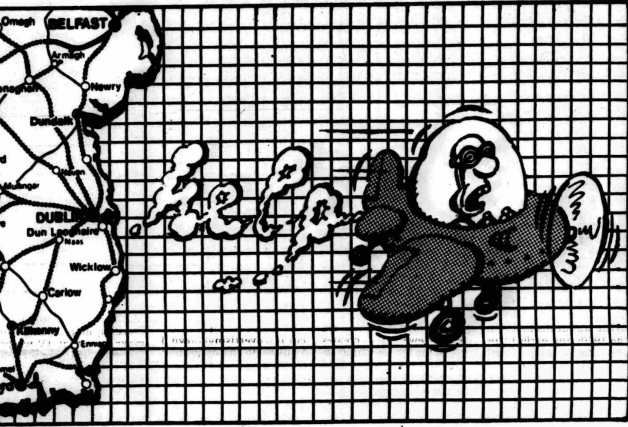
Air Navigation, has warned that although there is no danger of large aircraft which have several methods of navigation, smaller private planes which use older and cheaper GPS receivers could be more vulnerable.

"This is a low end problem," said a Eurocontrol spokesman. "A number of small operators relying on GPS could be affected - private planes. It would affect very few, however."

The problem derives from the method used by GPS to calculate dates. Weeks are counted starting from Week 0 in January 1980 with a limit of 1,024 weeks. This week is Week 1,023 and between Saturday night and Sunday the counter will switch back to Week 0 for the first time in GPS history.

Several NOTAMs (Notes to Air Men) have been issued on the problem and the IAA is confident that Irish services will not be affected. "The operators are all aware of the issue, we have visited them and reviewed their procedures and standards. We have confirmed that they have procedures to protect against any possibility of the systems going haywire."

"GPS is not approved as the sole means of navigation in European airspace," said the Eurocontrol spokesman, "so any



plane will have other standard ground-based navigation systems which will be used if there is a problem. If something goes wrong, it will have gone so wrong that the plane will immediately notice and switch to another system."

Both Aer Lingus and Ryanair reported that they are aware of the issue and have fully fixed and checked equipment.

Spokeswomen for both companies claimed there would be no problems on their flights next weekend.

Dr Michael Woods, Minister for the Marine, has issued a warning. "There are safety implications for skippers of fishing vessels, cargo ships and pleasure boats," said Woods. A statement from the Department warns that effects on ships could include inability to locate satellites or an increase in the time taken to locate satellites. It also warned that receivers might appear to work and display inaccurate positions, times and dates.

The rollover problem is one of a number of dates which may send computers into confusion in addition to the highly publicised Y2K date of 1.1.00. The ninth of September, with its date 9.9.99, has been the subject of controversy, with some programmers claiming it will cause problems in the Cobol computing language, while February 29 next year may also be a problem date. October 10 is the first date to require an eight-digit date field of 10.10.2000 and may also cause problems for computer systems.

What could go wrong

If the GPS fails, large commercial planes will automatically switch to other land-based navigation systems.

On land this will be based on radio beacons on the landscape. Over sea, laser gyros will be used to determine position.

Even if these systems fail, a spokeswoman for the IAA said "planes will still have their traditional instruments like compasses and altitudes meters", so should be able to make an emergency landing.



Where will Yugo today?

A VIRTUAL Yugoslavia will be inaugurated on the web next month in an attempt to heal divisions in the Balkans.

The organisers of the site want an egalitarian cybernation open to everyone who wants to join, and they want it to represent the climate of tolerance that they believe existed in Yugoslavia before the outbreak of the current Balkan crisis.

"We spent our youth in a country which at that time was very good if you were young," said Slobodan Simovic. "Nobody wants to make a political statement, we don't want to say that this was a better country. It was a very tolerant and interesting intellectual climate. This site doesn't refer to the country or the politics, it's supposed to be fun."

Demand to join the country has reached such a pitch that the passport office which processes applications for membership has had to be closed temporarily. The site, at www.yuga.com, hopes to attract five million users, at which point the virtual country will ask for membership of the United Nations.

"When this happens, we will ask for 20 square metres of land anywhere on earth to be our country. On this land, we'll keep our server," says a statement on the site. The current population stands at 2361 citizens, and would be over 5,000 if

all current applications were processed.

All citizens must take up a ministerial portfolio, and the site suggests titles such as Secretary for Mountains, Secretary for Sunsets and Secretary for Swimming. No title duplication is allowed.

"People are making several types of communities on the internet," said Simke. "They can be based on money or some type of common interest. We are making a State that has no hierarchy."

The constitution of the State can only be modified by a vote which is open to the whole population. Citizens have responsibilities as well as rights. The constitution states: "Every citizen has an obligation to

visit CY at least 50 times a year. Every citizen has an obligation to read the Constitution at least once a month in order to follow the changes, and to be informed on the current rules. Every citizen has an obligation to vote at least for one third of the suggestions of other citizens, during one year."

The national anthem is changed weekly and chosen from a list voted on by all citizens. If all titles have been vetoed by citizens from the list, then "softly" will act rebellious and choose any song that comes to its mind, random, from some of existing mp3 sites on the web," the constitution states.

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ISPs fail to agree on flat-rate charges for internet access

INTERNET Service Providers (ISPs) are divided over whether or not there is a market for flat-rate internet access in Ireland, following the announcement this week by Eas that in September customers will for the first time be provided with near unlimited internet access for a fixed fee.

Eas's new Surf NoLimits product is due for a September launch and gives unlimited access during off-peak hours, all weekend and from 6pm to 8am weekdays, for a fixed fee with no additional telephone call costs.

The limited access time was explained by Lucy Gaffney, MD of Eas Clear, as being in response to consumers' demands.

"We did market research

with Amárach Consulting and it showed consumers were only really interested in flat rate at off-peak times," she said.

The flat rate model in the US has not worked," said a spokeswoman for Telecom Eireann, which owns ISPs Tinet and Indigo.

"There are technical considerations, such as people clogging up the networks by logging on and staying connected and ISPs in the US are moving back to charging for access. We are looking at all the options currently and there will be some form of flat rate access in the near future," she said.

It announced last spring that it would launch a flat rate of £40-45 for 100 hours of access, but the service was not to appear.

Indigo launched a subscription-free service recently. Mark Beggs of Indigo claimed that it is more likely to be a success than a flat rate offering.

"You have to ask is there a need for this service?" he said. "We are not getting the feeling from our research that customers are looking for a flat-rate charge. £17 is expensive when an average internet bill is £27. A lot of people only use the internet for five or six hours a week. The market of heavy users is very small."

Customers would have to be online for nearly 37 hours a month, or just over one hour a day, in order to

save money on the current 18p off-peak rate of 46p per hour.

Eas introduced a new technical support charge on all their services. Support, which had been free, rose to 58p per minute on a 1550 number, said Gaffney.



Lucy Gaffney of Eas Clear with Saurer Colin O'Hara to launch new home internet packages by Eas Clear.

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