

The story of FRITZ – First Real Internet Trading Zest

Meet Fritz, 60 years old, healthy, wealthy and finding retirement slightly boring after a successful career as an Insurance Broker. The pension fund, unit trusts and independent portfolio managers left Fritz with enough money to retire comfortably. He always took a keen interest in the economy and stockmarket. He recently registered for online share trading and this is the story of his first transaction.

The first thing Fritz does is to go through the website demo to familiarize him with all the features on the website. He sees a number of information pages and research functions he can use. His first stop is the general information page, packed with real-time market information and live newsfeeds from I-Net Bridge or Reuters. His online broker provides live JSE SENS news. This means that he gets all company announcements at the same time as the rest of the investment community, even the brokers directly connected to the JSE. Listed companies are forced to release all company results and sensitive announcements on SENS first to prevent unfair trading. He also looks at the latest JSE Index prices and the day's major up and down movers.

Sanlam iTrade has a unique tool, called MAPS, that makes it easy to view large amounts of data at once on their website www.sanlamitrade.co.za. All the shares in the JSE Top 40 Index, your own watchlist or your own portfolio are displayed on one page. The shares are represented in blocks sized according to their market capitalizations. Price movements are shown in shades of green for up and shades of red for down. The brighter colours are easy to spot, indicating big price movements. Detailed price information and direct links to a share's important data and chart is also available with one click of the mouse. Without having to scroll through a whole table of share price movements, investors are able to see in one glance at the MAP where the big movements in the market are occurring.

Next Fritz goes to the research page and browses through the different research reports his online broker provides. In most cases all research, fundamental data, charting and live or delayed prices are included in a monthly fee of about R50. He reads an interesting research report on Property Trust Companies and the benefits if South Africa introduces REITS, where property trusts will be allowed to gear 25% of their investments. He also reads a report from his broker's chief economist indicating that interest rates have peaked and are not expected to increase this year. He then clicks on the Property Share Matrix which ranks all property shares on their forward dividend yields. ApexHi-A is second highest with a forward yield of more than 8% and Fritz now starts his own research.

His online broker has access to Profile Media's comprehensive fundamental data on all listed shares. They also publish the well known Stock Exchange Handbook. This magnificent functionality is updated daily and is included in his small monthly fee. Fritz first goes to the Consensus Broker Forecasts where the views of up to ten top research brokers are summarized. The consensus view is only a "Hold", but if interest rates are held steady by the Reserve Bank this year, the view towards property trusts may change. Fritz is also looking for a share with a high dividend yield. He next checks the directors dealings in Apex and notices that the last time a director sold shares in Apex was in March last year. Fritz also looks at the last two or three year's financial results and glances through the news archive for any negative news.

Now Fritz wants to do some technical analysis to assist in the timing of his purchase. He first goes to the Learning Centre to study some of the tutorials on technical analysis. He then goes to the comprehensive charting facility that is also included in his monthly fee. ApexHi-A is still trading above its 21 and 50 day moving averages which is bullish. The RSI indicator is also rising. The previous day the share price, at R15.50 jumped above the top end of the Bollinger band though and the Stochastics also show an overbought position. Fritz decides to buy, but not for more than R15.00.

Fritz goes to the trading page and enters the share code. He can now see live share prices directly from the JSE with market depth, the best five bid and offer prices with the volumes bid and offered. The best bid is at R15.35 for only 2000 shares, but there are more than 1m shares on offer at R15.50. Fritz sticks to his guns and enters an order to buy 5000 shares at R15.00 and makes the order valid for two weeks, prepared to wait for the share price to come down a bit. The broking fee at 0.75% is a lot less than his previous broker's fees. Including all the taxes and levies it amounts to R841 or 1.1%. His buy order is processed immediately into the JSE without having to wait on the telephone and without the possibility of a typing error by the dealer. Seconds later he can see he is now the 5th best bid in the market. As soon as the order is executed he will receive a SMS confirmation of the trade, followed by an e-mail broker's note the next day.

Fritz can also protect his new purchase from sudden price declines with a stop-loss order when he is not watching the market. He can enter a stop-loss order that will trigger a sell order if the price falls to say R14.00. Quite helpful if he is overseas when the market crashes. Fritz has now started to build and manage his own portfolio. Over the next few years he will learn a lot about the market and share in its ups and downs. He will learn to protect his portfolio with put warrants and short single stock futures. He will not have to worry about boredom again.

That was not too difficult, Fritz smiles and pours himself a Chivas on the rocks while thinking that he must tell the four ball on Saturday about this exciting and rewarding new hobby.