

Hi-tech messiah who wants

Vince Stanzione has made £2m from internet gambling on market price movements. Almost anyone could do the same, he tells Jill Insley

METALS have been good to Vince Stanzione this autumn. He stands to make at least £100,000 out of copper, and in September, he made £250,000 when the price of gold soared.

But Stanzione does not actually buy the shares or assets that are making him wealthy; his success with copper came from a bet on the price of mining company Antofagasta.

He epitomises a new breed of speculator who gambles on price movements through internet betting sites. He uses spread

betting, one of several forms of speculation made accessible to the public by web-based technology. Stanzione was originally a City broker, but he believes people don't need any particular expertise to make money from the stock market.

'You just need common sense,' he says. He has been so successful at applying his own that he has made about £2 million in the five years he has been placing bets – a period that has included devastating price falls in share prices on 'real' markets. He's lost plenty, too – a

Wealth warning

SPREAD betting, the best known method of financial gambling, has a reputation for being the quickest, most efficient way to lose the shirt off your back. If you bet goes against you, you are likely to lose a lot more than your original stake, so it's not suitable for widows, orphans or anyone who is financially challenged. If you want to test Vince's methods at no risk, you can set up a virtual trading account with £20,000 of pretend money on the spread betting website www.tradindex.com.

quick look at last three months' records shows that he made more than £400,000 on four bets, but lost £37,000 on eight bets.

The knack, he says, is to ensure you stop the losing bets as soon as possible, but to let the winning ones run.

He doesn't pretend to know a lot about the firms, currencies or indices he bets on. He doesn't bother reading what the papers say, and checks price movements only once a day after the markets have closed.

He does not base 'investment decisions' on the fundamental information a fund manager would use. He is a speculator, pure and simple, betting on an asset

only when its performance chart gives the right signals, indicating it has achieved momentum in one direction or the other.

'A chart is a picture of what the crowd is doing. You should never be the first in, and never the first out. This means you won't make the maximum possible money out of a share price movement – you make your money on the bit in the middle, because it's impossible to predict where the bottom is.'

He runs courses for people who want to follow suit. Chelsey Baker, an actress and model who went on the first course about four years ago, says she had no previous experience of shares, but often makes £1,000 a day.

'It took about five to six weeks to get to grips with it. It really doesn't take up much time – about half an hour a day, and maybe an hour on Fridays to do a more thorough updating of the markets,' Baker adds.



Trading place: spread betting

How to have a punt and

LET'S say you think gold is going to rise in price over the coming days or weeks and you want to bet that will happen.

In most cases this can be done online or by telephone, and you can trade in sterling, euros or US dollars. The dealer will quote two prices: a buy and sell. If the quote on gold is \$371/\$372.50, you buy at the second price, \$372.50. You decide to place a £10 per tenth of a dollar bet, so you would buy £10 at 372.5. This means that for every tenth (or 'point') the price of gold rises, you win £10, and your potential profits are unlimited.

You also need to place a stop which will prevent you losing too much money if you are wrong. In this case you would place the stop at \$360, 125 tenths lower than the price at which you placed the bet. So even if gold tumbles to \$300, your maximum loss would be 125 X £10 = £1,250.

Two weeks later gold

moves to \$405 and you want to take your profit. You are quoted \$404/\$405.5, so you sell at the lower price to close the bet.

The price has moved up by 315 tenths, so on this bet at £10 per tenth, you would have made £3,150 tax-free profit. Another way to dabble at lower risk is through the fixed-odds bet, which limits the amount you lose

'Trends are repeated over and over... You just need to learn what to look for'

to your original stake. If you win, you receive a payout which is a fixed multiple of your stake.

The American company Betonmarkets (www.betonmarkets.net) allows punters to start trading with a deposit of \$50 (about £30). It offers a virtual account with \$10,000 pretend money, allowing you to trade with no risk.

In this case you might decide to bet that during the next few days the US Dow Jones shares index will fall lower than 10200.00, supposing the present level is 10673.22. You decide to buy 'a bear contract' to win \$1,000 if you are right.

The Betonmarkets system calculates that the cost of the contract will be \$460, and if the Dow Jones moves below 10200.00 after five days your contract expires with a pay-out value of \$1,000. If the index is above 10200.00 when the contract expires, you lose your stake.

In the meantime, if the market moves downwards in your favour, you can sell your bet back to Betonmarkets for a price higher than your original stake. If it moves up and you think you are likely to lose your bet, you can sell it back for less than your stake.

When should you bet?
Spread betting expert Vince Stanzione says

to spread his betting secret



enables you to make money from the stock markets without buying shares.

CHARTING A PROFIT OPPORTUNITY

Movements in the Antofagasta share price

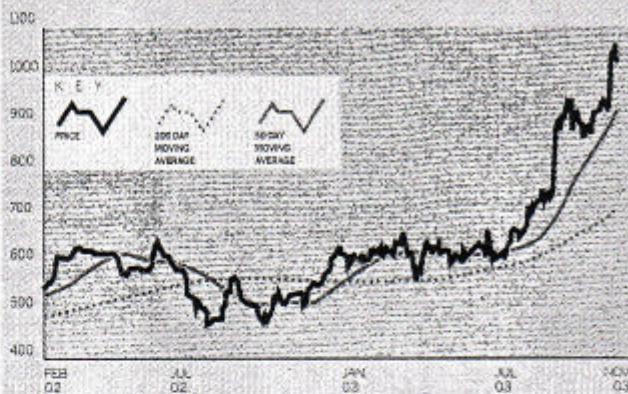


chart all your options

trends repeat themselves over and over again, so you just need to learn what to look for.

Markets are often bullish on the last day of the month and the first three or four of a new month, possibly because this is when people's pension contributions are invested by the fund managers,' he says.

The same holds true before market holidays in the US, including Memorial Day, 4 July, Labour Day, Thanksgiving and Martin Luther King Day, the third Monday in January; while September tends to be a good month to bet on gold.

Markets often go up on Mondays and down on Wednesdays and Fridays. Find a source of market information that is easy to use and adapt. The financial website ShareScope provides a stock market data and analysis package for a membership fee of £79.95 plus a monthly subscription of £11.95, but if

you are just starting out with a virtual trading account, you should find sufficient information on free websites such as www.bigcharts.com or www.ft.com.

Look for a stock that is moving; the spreads (the cost of the bet) tend to be tightest on shares that move and are bought and sold most. New highs or lows on a performance chart are a good sign. If the chart is moving upwards, look for a peak that is higher than for the last 12 months. Don't try to get in at the bottom of a market, or to pick the top.

Your chart system may allow you to apply rolling averages to charts. If the share or index moves above the moving average, you can consider buying. If it moves below, close your bet, or if you are feeling aggressive, sell short – a bet that the share or index will fall further.

Try using a 200-day and 50-day moving average

together on the same chart, using the 200 day average for buy signals and the 50 day to close bets.

Trendlines – straight, sloping lines drawn between two or more prominent points on a chart – identify the strength of a trend. A rising trendline drawn between troughs helps to identify 'price support', a level where traders will buy. A falling trendline between peaks helps to identify price resistance, a level where people will sell.

The idea is to invest in line with the current trend until the price line breaks through it, or wait until the trendline is breached and then bet on the new trend.

● Stanzione teaches a limited number of day-long seminars on financial spread betting, each costing £2,997 plus VAT.

For further information contact www.thefinancial-trader.co.uk; or phone 01908 330747.