

Online investing Can be child's play

After school 'video game' paying off for 13-year-old who is investing spare time to make spare change

Most 13-year-olds race home from school to play sports, chat on Facebook, download the latest music from iTunes, read Manga comics, or just "hang" with their friends to avoid doing homework.

Not Julian Marchese. He typically gets home at 3:05 p.m. and by 3:15 p.m. he sits down at his trading desk, equipped with three computer screens. The family television is tuned to CNBC. For Toronto's online trading prodigy, there's still ample time before stock markets close to make money.

He's probably the only kid in his school with his own subscription to Forbes magazine. He wants to make \$1,000,000 by age 18.

"I don't play video games, but I treat online trading as a kind of video game where you are either making or losing real money," says Julian. Although math is his best subject, he says you don't need advanced math for online trading, just addition and subtraction.

"Clearly, what makes Julian exceptional is not that he can trade online, but that he has an interest in online trading and financial markets at age 13," says Ron De Appolonia, general manager of Online Trading Academy's Toronto office.

"He is our youngest graduate ever and we have had 10,000 graduates around the world who have successfully completed our basic course," says De Appolonia.

Always interested in business, Julian started doing Google searches on his own about ways to make money and 'day trading' popped up, along with the Online Trading Academy (OTA).

Although OTA was apprehensive at first, "they were blown away by what Julian knew," says Marchese. In August 2008, Julian was allowed to take OTA's free one-day stock trading course. But that was just the appetizer.

In the last week of September, 2008, a very excited Julian took OTA's seven-day (eight hours a day) stock trading course aimed at those who want to trade for a living.

It turns out that an online trading account is like a bank account set up for a child. As long as an adult is supervising it, it's up to the parent to set limits as to what can and can't happen within the account. And Julian's mom, Jacqueline, sits with Julian and pushes the "buy" and "sell" keys when Julian is trading.

"During lunch on the first day of the course, the teacher pulled me aside and asked me to please stop answering all the questions. He asked me to please give the other students a chance," says Julian. "It was really hard for me, but I managed to sit on my hands for the rest of the week."

To trade, you don't need a lot of fancy hardware and software, says Julian.

"All you need is price, volume, two or three moving averages, to understand the concepts of support and resistance, and the knowledge to read the 'market makers'. "The most important thing the OTA course teaches you is risk management. There are two elements to this: setting stop-losses and learning how to control your emotions," says Julian.

He trades every day and typically makes two trades at every trading session. Sometimes, to add a little variety, he also trades oil and gold.

When he first started to trade online, Julian traded one financial stock and one biotech stock.

"But I don't trade stocks any more. With stocks, 60 per cent of the movement is the market itself, but the unknown 40 per cent can really hurt you," says Julian.

"I discovered there is more liquidity in futures. And with futures, you're actually trading the entire market rather than a single stock." He points out that the only thing that affects the futures market is major outside news like an announcement from the U.S. Fed, an interest-rate cut, or the job report. So, Julian has graduated to trading the U.S. futures market.

"Right now, I trade e-minis on the NASDAQ, the second most liquid market. I used to trade futures on the S&P, but found that to be too slow. E-mini futures are one-fifth the size of the regular futures market and there is no \$25,000 minimum," he says. And, yes, he realizes that trading futures is riskier than trading stocks. And he likes the fact that he has more leverage with futures (about 100 times) and that you don't pay interest on margin accounts. And the futures market is open 24 hours.

What does the future hold for Julian? "Some day, I want to open a brokerage like Swift Trade," he says.