

Brokers use computers to track stock market

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SAN JOSE, Calif. — Brokers are playing the stock market with new toys that could take the rest of us beyond video games.

But while this new software for personal computers is replacing manual tracking of stock portfolios and market action, don't expect your computer to make you the next market whiz.

Even though some software is sophisticated enough to indicate when to buy or sell stock, you still must have an in-depth knowledge of the market to make the most of financial software.

Microcomputers offer serious and casual investors advanced ways to gather and study stock information. Electronic services let investors automatically update market prices, flag important company developments, forecast trends, tap into economic news and monitor portfolios.

"Micros are not a cure-all for doing the grunt work of learning what the market is all about," said Dick Elston, director of technical research for the Capital Preservation Fund, a money market fund based in Palo Alto. "If people think that by using a personal computer they won't have to learn the numbers and how to interpret them, they'll be greatly disappointed."

Elston added, "Not much has been done to get the intelligent, curious layman involved."

The three dozen packages of financial software on the market today are designed either for the professional investor doing high-grade analysis or the novice who wants to simply organize a portfolio. There is very little in between, according to John F. McMullen, whose data processing consultant firm of McMullen & McMullen in Jefferson Valley, N.Y., monitors the financial software market.

When buying his home computer five years ago, Julius Blank, a longtime semiconductor industry executive, intended to use it to help make investment decisions. His attempts to find "user friendly" software to do more than just organize his portfolio reached a dead end. He settled on depending on his computer to take the drudgery out of updating his portfolio.

"What is around is impossible to use," Blank said. "There is a lot of exaggeration of what a computer can do. You have to tell it what to do. If you can't do that, all you've got is a nice toy."

Gerald Wright, owner of the Digital Deli computer store in Mountain View, agreed: "There is not a lot on the market out there for someone who owns a few shares of stock. I think it would be the seventh or eighth reason for buying a machine."

Wright's store doesn't carry financial software because he hasn't found any yet that helps people who want to learn how to invest.

One of his part-time salesmen, Howard Starkey, said he has discovered that public domain software, which is found in magazines and not sold by a particular manufacturer, fits the non-professional investor better than any pre-packaged product.

Another computer store owner, Jon Hoffman of the PC Centre in Sunnyvale,

said he believes that for everyone but the stockbroker, financial software "creates more interest than sales ... it is still a novelty rather than a reality. Give it a year."

One hurdle is the high cost of connecting a personal computer to any of the massive data banks available from market statistics collectors like Dow Jones. Users say a much less expensive route for those who own only a few stocks is to get daily quotes from newspapers instead of logging into a data base.

Investing in stocks, bonds, commodities and options is a complicated art, and few computer store salespeople are savvy enough about the market to sell financial software, said Chris Dunlap, a programmer and salesman for CompuTrac of New Orleans, La. That's the reason a lot of financial software is sold by its creators. In 1979, CompuTrac was established as a technical analysis group to design and sell financial software worldwide.

An advantage to buying software directly from a programmer is that it can be continually updated, Dunlap said. Most financial software isn't compatible with CP/M, a common operating system for personal computers, but much of it does run on Apple and IBM computers.

While playing the market with a home computer hasn't replaced video games in popularity, it is making stock watching easier.

The machines are a roaring success with professional market traders, though. "If you don't use a computer to aid in analysis, you're falling behind," Dunlap said.

In the past few years, financial software has spurred interest in technical analysis of the market. Technical analysis is a way of using past market trading patterns to predict price movements.

Michael F. Cuffe of San Rafael, a former stockbroker who supports his family by investing in stocks, is a convert to technical analysis and personal computers.

"The personal computer allows me to do a lot more in the same amount of time and to do so many different things," said Cuffe. "There is really very little you can't do with it."

Cuffe tracks 35 stocks using the software packages "Analy\$it" and "Advi\$or," both written by Kate's Komputers of Sausalito. The programs are customized so Cuffe easily does technical analysis that once took reams of paper and hours of time.

One of the most complex tasks Cuffe does with his NorthStar Advantage personal computer is forecast stock price changes. He measures price movement in relation to time with electronically drawn graphs.

Describing himself as "a typical user with practically zilch knowledge of the internal workings of a computer," Cuffe switched from handwritten charting to a personal computer 18 months ago. He relies on a market timing service based on the Kondratyev Wave theory and integrates it into his market analysis.