

**STARTING YOUNG**

# Focusing solely on forex trading

But Mervin Yong tries to limit his losses as his risk appetite is not high, reports **WANG XIN MIN**

**J**UDGING by his lifestyle and investment portfolio, one would conclude that 24-year-old Mervin Yong Wei Yang has been bitten by the travel bug. Having recently graduated from the Singapore Management University (SMU) with a degree in information systems management and a second major in finance, he has just returned from a seven-week long graduation trip in the United States.

Furthermore, while he currently plans to get a job in either the banking or IT sector, he also hopes to work as a freelance travel consultant, designing itineraries and providing advice on various travel destinations. His wanderlust is thus reflected in his investment portfolio, which consists solely of trades in the foreign exchange (forex) market.

**Q: What got you interested in investing?**

**A:** I started investing in the forex market a year ago, when a friend encouraged me to learn the basics of forex trading with JF Lennon Institute of Financial Science, a financial education institution. When I first started, I used demo accounts at [www.forex.com](http://www.forex.com), which contains smaller spreads compared to other brokerages. Currently, I invest only in forex markets.

**Q: What has been your experience in the forex market?**

**A:** I try to fit my trading activities in the forex market into my lifestyle, rather than the other way round. Thus, I survey the market conditions at my own time before deciding whether or not to enter the market, and there is hence no need to stare at the computer screen 24/7.

While trading in the forex market is risky, it is also easier to profit from it, as an investor is able to take both buy and sell positions and would thus be able to profit whether markets react positively or negatively. However, I believe the key lies in managing one's money well. You can't save too much if you want your money to grow; yet it is also important to limit your losses. For instance, I set caps on my losses by placing stop losses based on my risk appetite.

**Q: Given the volatility of forex markets, would you then characterise your risk appetite as large, and are you currently looking to diversify your portfolio?**

**A:** Not quite. I try to limit my losses as my risk appetite is not high. In fact, I try to avoid large movements in my account, whether they be profits or losses. I do not see myself investing in equities or bonds in the near future as I do not yet know enough about them, and conditions in these markets are currently not stable.

**Q: What have been your best and worst investments so far?**

**A:** My worst investment has been a recent trade in the euro/US dollar currency pair, where I lost 40 per cent of my trading account. However, I managed to rebuild my capital over time through proper money management techniques.

Conversely, my best investment has been in attending the forex school, where I gained



ARTHUR LEE

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information on trading topics such as proper money management, a better understanding of market movements, as well as how to fit forex trading into my lifestyle.

**Q: Before you entered the school, did you try your hand at investing?**

**A:** Yes, I had attempted candlestick analysis and moving average analysis on my own by searching for information online. However, that did not work out well as I saw many conflicting pieces of advice while combing through various websites. I also lacked the time and resources to analyse charts prior to current trading days.

**Q: What has changed since then?**

**A:** Now, I check for market chart activity dating a couple of months back, to observe how candles are forming before coming up with my own analysis. While the basics of candlestick analysis do not change, how each investor interprets and acts on the information differs. For instance, investment strategies and advice gleaned from websites would tell one very different things.

Currently, I check for data on Forex Factory ([www.forexfactory.com](http://www.forexfactory.com)), which contains a calendar of events that may affect forex movements. For example, when economic data such as the monthly report on non-farm payroll employment figures in the United States is released, markets tend to fluctuate wildly.

I am also learning fundamental analysis to fend against bad trades and to complement the technical analysis that was taught at JF Lennon. However, fundamental analysis can be confusing and thus takes time to get used to.

**Q: What lessons have you learnt from your investment experience?**

**A:** I have learnt to avoid trading on-the-go, as I tend to miss or misread fluctuations in the market when I trade with my phone, such as when I am overseas. Now, I enter the forex market only when I can fully concentrate on market movements.

I think a supportive family is also important, as one would feel more comfortable investing with a supportive environment. I am grateful for the encouragement my family has given me.

**Q: What advice do you have for new investors?**

**A:** Do find a credible school and someone credible to learn from as it is important to have a mentor. Also, since we as young investors tend to have low capital, there is no need to risk too much money in the initial investment stage as the investment aim should be to gain a better feel of trading in the market.

A new investor should also take out his/her base money once he/she has made

enough profit to cover the base investment. For instance, a friend had once entered bad trades that wiped out his savings and profits. In hindsight, he realised that he should have withdrawn his initial investment once he made a profit and use only his profits to engage in trading.

**Q: What are your long term investment goals?**

**A:** In the short term, I hope to triple my account in the next three to four months. I also hope to get a flat with my girlfriend soon so that we can start our financial planning for the next five to ten years.

In the longer term, I hope to own my own properties by the time I hit age 30. While some may choose to invest in cars, I believe cars are the worst forms of investment as their devaluation begins the very first day they are bought. On the other hand, property in Singapore generally tends to appreciate over time. However, I would also choose to invest in property overseas as repayment on property in Singapore includes that of principal, which is not the case for properties in certain countries.

*If you're between the ages of 17 and 30, and think you've got an interesting investing or entrepreneurial story to share, do email [btjif@sph.com.sg](mailto:btjif@sph.com.sg) with 'Starting Young' in the subject heading*