

People Profit From Opinions On Economy

Predict Economic Trends, Cash In



By David Louie

Nov. 15 - KGO - Everyone has an opinion about where the economy is going. Now you can turn that opinion into money. It's not for the faint of heart. But this is an innovative way to gamble your money on economic trends.

Most people buy a house because it's a good investment. Over the years, its value tends to go up. But it could go down.

A website lets you bet on the direction of home prices and other economic developments.

Keith Cova, loan consultant: "You can go to someone's backyard barbecue, and everyone's got an opinion about the housing market and interest rates. Well, here's a vehicle. If you want to turn that into a wager, go ahead."

The place is HedgeStreet.com. Here's where you can put your money on what you believe will happen to oil prices, inflation, interest rates, and gold.

Here's how it works: Do you think the median price of a house in San Francisco will be above \$729,000 on a certain date? If you think yes, you pay \$2.90 to buy a Hedgelet. If you're right, you get \$10. If you're wrong, you lose your money.

HedgeStreet is aimed at average investors. You can open an account for \$100. A unit of investment is called a Hedgelet, which costs between zero and \$10 dollars.

Carl Wescott of San Francisco started buying Hedgelets five weeks ago. He makes his living as a real estate investor.

Carl Wescott, HedgeStreet.com customer: "I feel that HedgeStreet is a lot less risky than the stock market, since I feel that I know more about what's happening with the things that I'm betting on."

Note that he used the term "betting." Is this gambling?

Keith Cova, loan consultant: "I would say in a certain sense it is gambling, but there's a lot of investing out there that also is gambling."

Keith Cova of Los Gatos is a loan consultant. He has access to the latest mortgage rates and knows where they're heading.

Keith Cova, loan consultant: "I'm probably better off than the average guy."

That's why investment manager Ken Winans warns novices about the risk.

Ken Winans, investment manager: "It is not for the faint of heart. It is not for the uninformed. You truly have to know what you're doing."

So who's jumping in?

Russell Andersson, HedgeStreet.com vice-president: "These are the intellectually curious folks who are actually participating in these markets because it's fun and exciting, and it's something new to do."

Keith Cova says he's up 50-percent. Carl Wescott says he's up 115-percent.

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