

Hi

What's so special about Thursday 10th May?

For one thing, it's my wife - Heloise's - birthday.

I can't tell you anything about what I'm buying her or where I am taking her as she reads my emails, but she will be going to a 3-star Michelin restaurant somewhere in the South East of England!

As for her presents I'll be trudging around the West End all day Saturday looking for inspiration!

On a more mundane but potentially profitable level, the 10th is the day that The Bank Of England next meets to decide on interest rates. Now, those in the know are suggesting that it is a forgone conclusion that the panel WILL raise base rates by a quarter of one percent. This is in response to inflation figures breaching self-imposed targets.

That's bad news for all of us with a mortgage . . . but did you know that this presents a potential bumper profit harvest on the stock market?

Here's why:

If interest rates go up, then the cost of borrowing for both individuals and companies goes up. This in turn can bite into company profitability and hit the share price of companies who have a high level of debt.

What's the result? The stock market, including the FTSE 100 could fall. The traders will see it as an opportunity to do some profit taking and will offload their positions, sending the market down at least in the short term.

Also, as the returns for the saver actually increases, money and fund managers will see that moving a great percentage of their available funds away from the stock market and into cash.

The result? It's highly likely to cause short-term volatility and a potential pullback in the market.

So how could you make money from this?

Well you could short the market using spread betting. This means you would actually bet that the market or individual stocks that make up the FTSE 100 would fall and profit if your hunch proves right.

A much smarter and less hair-raising way to profit from this situation is to look at the bigger picture and trade the pullback . . .

Although rising interest rates are not good for the short- term, over the long term they are absorbed by the stock market and the companies involved and will usually see the market head higher after a time of sideways or going lower.

And this is where it gets very interesting . . .

There are a lot of these pullbacks going on in the market. Some, like interest rate hikes, cause bigger moves than others. But what is common is that this pullback in the market can be seen as a opportunity to trade when the market snaps back into the upwards trend.

Let me give you an example . . .

Say the professionals are 'taking profits' from Marks & Spencer shares...

That means they're SELLING millions of shares...and 'loading up the slingshot'. The more profits they take, the further the slingshot is pulled back. It's these pull backs' which are telltale signs that something big is about to happen to a share price.

Then, once this professional profit-taking is over, the elastic on the slingshot is released...the professionals start buying back M&S shares...and the share price is propelled forward.

Today as we are in a broadly bullish market where prices are moving higher over the medium to long term, then if you could identify where these pullbacks are happening and the professionals are taking profits, then you could position yourself for the snap back to the long-term trend.

Still with me? Good. Because if you want to make money from these pullbacks using spread betting, then there is some news I want to share with you . . .

You see, that's why the 10th May is important for a third reason. You see it marks the official relaunch of all new version of Don't Tell The Professionals (DTTP) trading programme.

