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This Trading Floor Research report contains an update on the market

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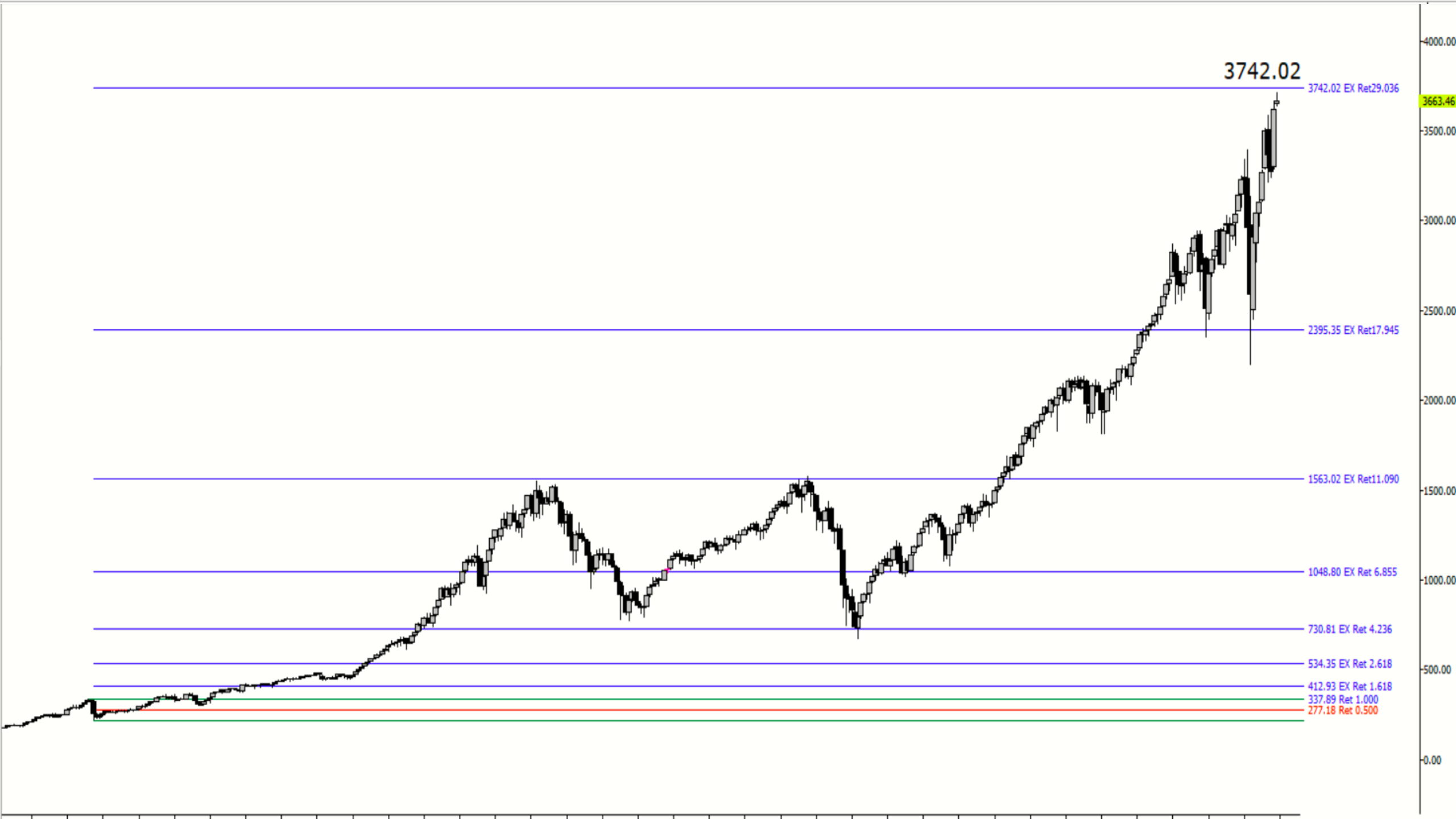
The S&P 500 has 5 distribution days

In last night's TFR report, I highlighted the fact that the S&P 500 was showing evidence of a corrective move to the downside. Today the S&P 500 added another distribution day. This brings the count to 5 days in the last 20 sessions. This is O'Neil's definition of a confirmed bear trend. That is enough to put me on alert of a downside move in the market, and I moved my personal account and managed accounts to 95% cash. We are still seeing strength in the NASDAQ. This might be enough to keep the market up until Christmas, but I am not taking any chances with all the profits I booked this year. I thought you should know, and I hope this helps in deciding for your own portfolio.

I included one more piece of evidence that helps me see when a correction is coming. I learned this from a portfolio manager and fellow CMT that I know in Indianapolis. His name is Andrew Thrasher. He discovered that when the market begins a corrective move, the VIX will move above compressed Bollinger bands. Today the VIX closed above two standard deviations of compressed Bollinger bands. I included the chart on the next page.



CBOE Market Volatility Index (VIX)





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