

# MainStreet Advisors Financial Market Update

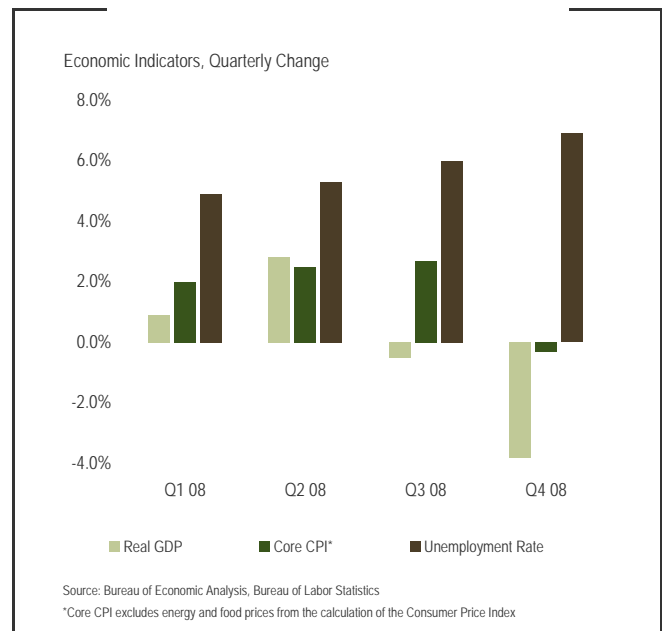
March 13, 2009  
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## Economic Update

Consumer confidence has started to improve modestly as economic policy measures provide some encouragement, according to the Reuters/University of Michigan Surveys of Consumers. The preliminary March reading for the Consumer Sentiment Index increased 0.3 points to 56.6, surpassing consensus expectations as perception of government policy increased by the strongest monthly gain on record. Despite the slight increase, consumers remain aware of the challenges facing the economy. Reuters reported that consumers' assessment of current economic conditions is at the weakest level since November. The RBC CASH Index, a measure of consumer attitudes towards the economy, personal financial situations, savings, and confidence to make large investments, showed a very slight increase in consumer confidence as well. While consumers continue to be weary, signs of stabilizing confidence are encouraging and suggest a possible bottoming of consumer sentiment.

The U.S. trade deficit narrowed for a sixth consecutive month in January to the lowest level since 2002 amid further softening in consumer demand. The U.S. Department of Commerce announced that the approximate \$36.0 billion deficit resulted from a \$7.6 billion decline in exports and an \$11.5 billion decrease in imports. A deepening of the recession suggests that trade activity may remain sluggish in the coming months.

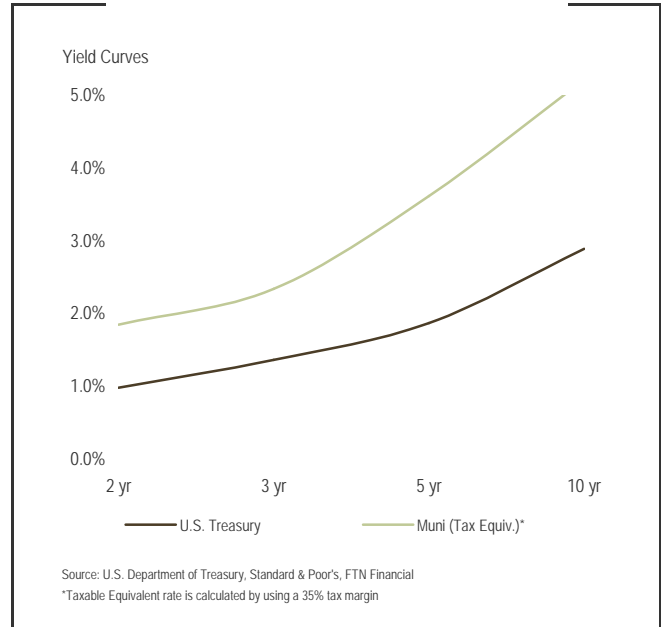
Data released this week showed that the unemployment rate exceeded 10% in four states—Michigan, South Carolina, California, and Rhode Island. A recent survey conducted by Bloomberg showed economists project the jobless rate will hit 9.4% in 2009 and remain elevated into 2011. However, the U.S. Department of Commerce reported that consumer spending has shown signs of stabilizing. Excluding auto-related sales, retail sales advanced 0.7% last month marking the second monthly gain. A pickup in consumer spending should help counteract further expected declines in business spending, causing some economists to revise their estimates for gross domestic product slightly upwards, according to the Wall Street Journal.



Mar. 10 <sup>th</sup>	ICSC-Goldman Same Store Sales, Wkly. Chg.	0.2%
Mar. 10 <sup>th</sup>	Wholesale Inventories, Jan. Monthly Chg.	-0.7%
Mar. 11 <sup>th</sup>	MBA Purchase Applications	294.3
Mar. 11 <sup>th</sup>	EIA Petroleum Status Report, Wkly. Chg.	0.7M Barrels
Mar. 12 <sup>th</sup>	Retail Sales, Feb. Monthly Chg.	-2.7%
Mar. 12 <sup>th</sup>	Initial Jobless Claims	654,000
Mar. 12 <sup>th</sup>	RBC Cash Index, March	8.2
Mar. 12 <sup>th</sup>	Business Inventories, Jan. Monthly Chg.	-1.1%
Mar. 12 <sup>th</sup>	EIA Natural Gas Report, Wkly. Chg.	-112 bcf
Mar. 13 <sup>th</sup>	International Trade Balance Level, January	-36.0B
Mar. 13 <sup>th</sup>	Export Prices, Feb. Monthly Chg.	-0.1%
Mar. 13 <sup>th</sup>	Import Prices, Feb. Monthly Chg.	-0.2%
Mar. 13 <sup>th</sup>	Consumer Sentiment Index, March	56.6

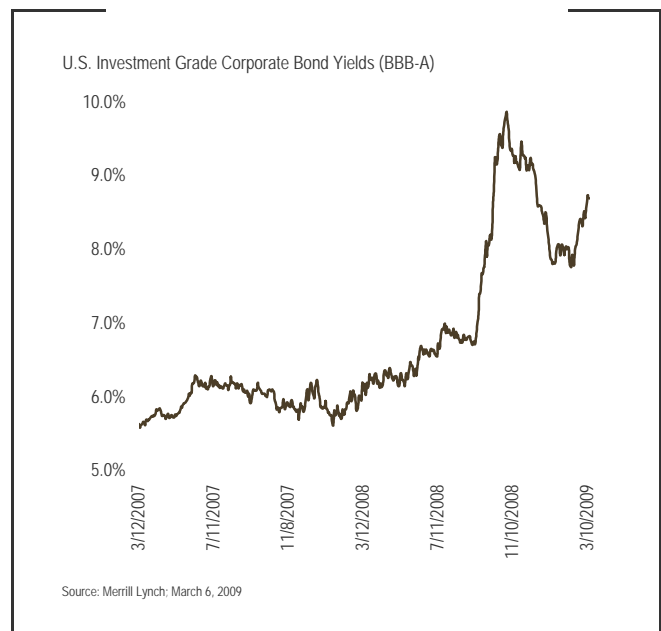
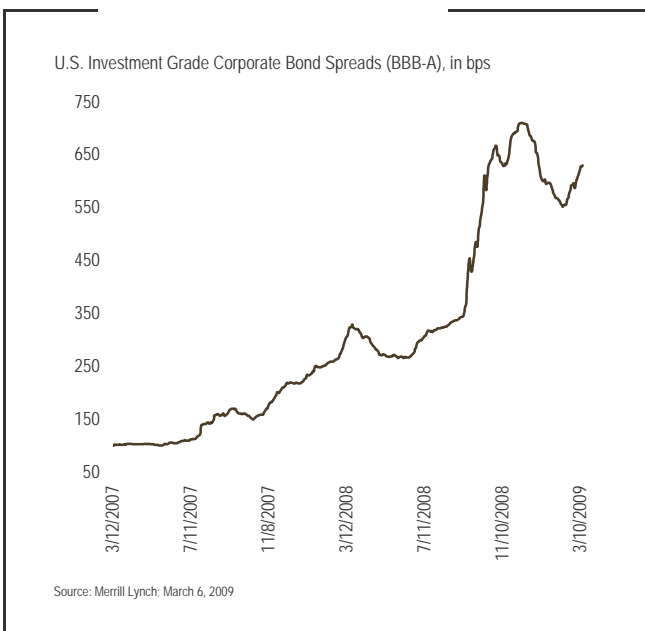
Bond Market Update

Although U.S. Treasuries rose earlier in the week amid successful 10- and 30-year auctions, the government debt market finished the week lower, particularly on the long-end. World stock market gains sapped demand for Treasuries and China's Premier Wen Jiabao expressed concern about the safety of U.S. government debt. China, the largest holder of U.S. Treasuries, is asking "the U.S. to maintain its good credit, to honor its promises and to guarantee the safety of China's assets." Comments from China can move markets because any large-scale selling would increase bond yields dramatically, which would subsequently lift borrowing costs for the U.S. government, consumers and companies. Concern has risen this year about the value of Treasuries after their steep rally in 2007 and 2008. The U.S. government has sharply increased bond supply as it seeks to restore growth and pay for record budget deficits. This increase in supply will likely put upward pressure on yields and decrease the value of bonds. A longer-term worry for foreign investors is that all of the aggressive economic stimulus and monetary policies will fuel inflation risks, which would hurt the value of the dollar and cut into the return on Treasuries when converted back to foreign currencies, according to the Wall Street Journal. However, China has continued the buy U.S. government debt. It increased Treasury



Issue	3.6.09	3.13.09	Change
3 month T-Bill	0.21%	0.20%	-0.01%
2-Year Treasury	0.91%	0.98%	0.07%
5-Year Treasury	1.83%	1.87%	0.04%
10-Year Treasury	2.83%	2.89%	0.06%
30-Year Treasury	3.50%	3.66%	0.16%

Source: Bloomberg, FTN Financial, The Wall Street Journal, U.S. Department of Treasury.



Stock Market Update

Stocks posted their biggest weekly gain since November by rising four days in a row on renewed hope that banks have seen the worst of the credit crisis. The Dow Jones Industrial Average lost 78 points on Monday but gained for the rest of the week to close at 7,223.98 up 597.04 points, or 9.01%. The broader S&P 500 gained 73.17 points, or 10.71%, to end the week at 756.55.

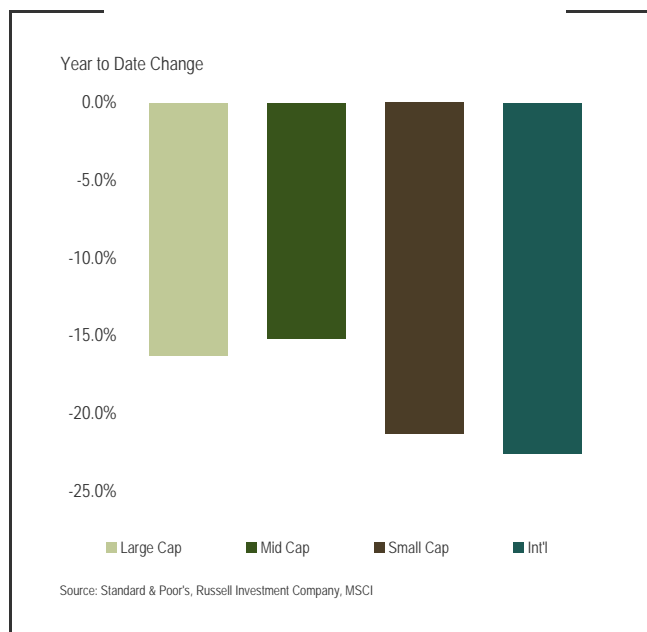
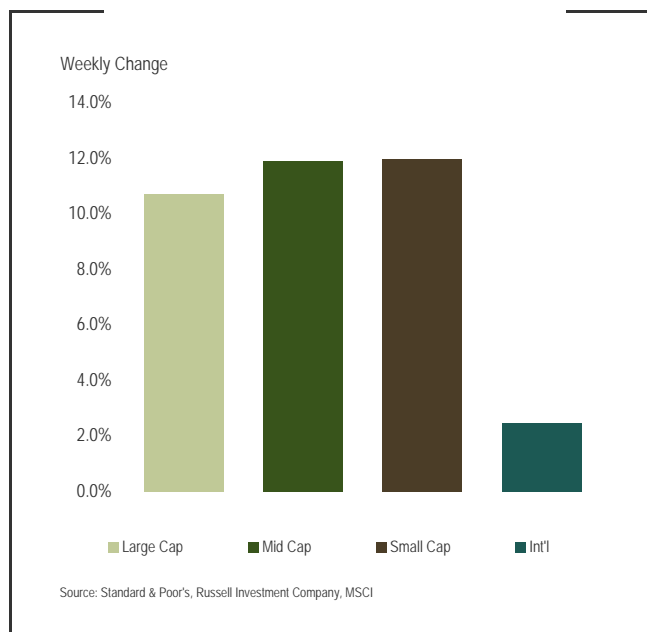
The rally started on Tuesday after Citigroup (C) announced that it earned a profit in both January and February. The sentiments were echoed on Thursday by Bank of America (BAC) CEO, Ken Lewis. Major money-center banks, Citigroup, Bank of America and JP Morgan (JPM) rose for the week, gaining 72.82%, 83.44% and 49.09%, respectively. General Electric (GE), the subject of recent Wall Street speculation over the size of losses sustained at its GE Capital unit, had its debt downgraded one notch to AA+. The stock rallied 13% on the news as the market feared the downgrade would be larger than one-notch, according to the Wall Street Journal.

The Switzerland-based pharmaceuticals company, Roche (ROG) agreed to acquire the 44% of Genentech (DNA) it does not already own for \$95.00 per share. The merger values the South San Francisco-based biotechnology firm at approximately \$46.7 billion, according to the Wall Street Journal. Drug makers, Merck (MRK) and Schering-Plough (SGP) announced they had agreed to combine under the Merck name. Under the deal, according to Reuters, Schering Plough shareholders would receive \$10.50 in cash and 0.5767 Merck shares for every share of Schering. The deal places a 34% premium on Schering's March 6 closing price.

Stocks in Asia and Europe rallied on the bank optimism as well, with the Nikkei 225 gaining 6.3% in Japan and the FTSE 100 gained 6.3% in the U.K. The U.K. based bank, Barclays PLC participated in the broad based bank rally gaining 14.35% on the week.

Issue	3.6.09	3.13.09	Change
Dow Jones	6,626.94	7,223.98	9.01%
S&P 500	683.38	756.55	10.71%
NASDAQ	1,293.85	1,431.50	10.64%
Russell 1000 Growth	308.51	336.03	8.92%
S&P MidCap 400	408.13	456.71	11.90%
Russell 2000	351.05	393.09	11.98%
MSCI EAFE	935.58	958.40	2.44%
MSCI EM	488.15	515.97	5.70%
MSCI Small Cap	81.63	81.30	-0.40%

Prices reflect most recent data available at the time of publication  
Source: Bloomberg, Russell Investment Company, Standard & Poor's, Morgan Stanley Capital International, The Wall Street Journal, MarketWatch.

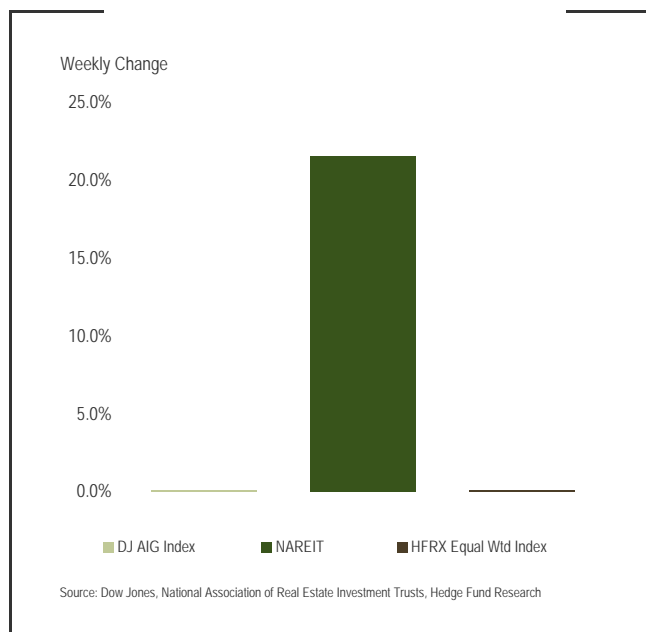




Alternative Investments Market Update

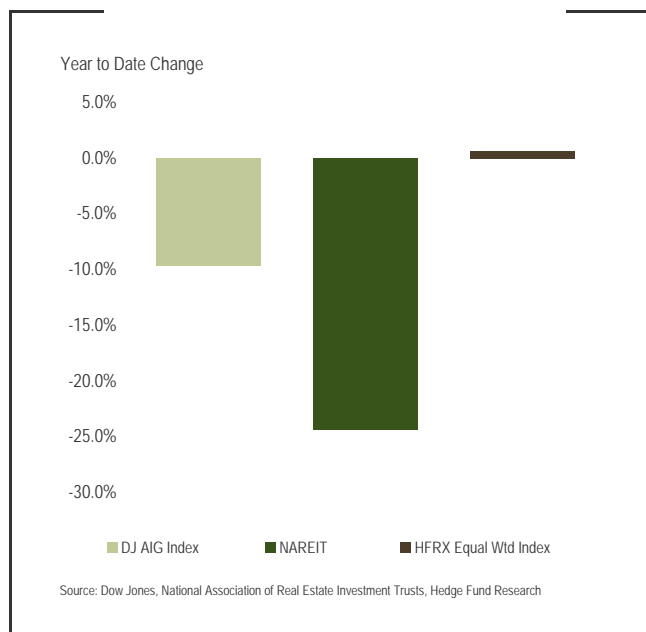
Crude oil prices declined on Friday after the International Energy Agency (EIA) and the Organization of Petroleum Exporting Countries (OPEC) reduced their global demand forecasts due to the recession in major consuming countries. According to Bloomberg, the IEA, which advises 28 developed nations on energy policy, decreased its consumption outlook 0.3% to 84.4 million barrels a day. OPEC decreased their estimate for 2009 by 520,000 barrels to 84.6 barrels a day. OPEC ministers will meet in Vienna on March 15th to discuss reducing production. Since September, production has been cut by 4.2 million barrels. Crude oil prices finished the day down 1.7%; however, they finished the week up 1.6% and are up 3.7% year to date.

According to a survey conducted by InvestHedge Billion Dollar Club, the fund of hedge funds industry contracted by about 30% last year. It was estimated that fund of funds industry represents about half of hedge fund assets, and it totals approximately \$1.8 trillion spread out across 557 funds. UBS Global Asset Management was ranked as the largest fund, with \$34 billion as of December 31st.



Issue	Previous Week	Current <sup>1</sup>	Change
Gold	942.70	930.10	-1.34%
Crude Oil Futures	45.52	46.25	1.60%
Copper	1.69	1.66	-1.78%
Sugar	19.30	18.98	-1.66%
HFRX Equal Wtd. Strat. Index	1,008.41	1,009.44	0.10%
HFRX Equity Hedge Index	990.89	985.25	-0.57%
HFRX Equity Market Neutral	1,029.28	1,025.32	-0.38%
HFRX Event Driven	1,171.15	1,180.26	0.78%
HFRX Merger Arbitrage	1,339.47	1,352.41	0.97%
Dow Jones AIG Commodity Index	105.83	105.94	0.10%
FTSE/NAREIT All REIT	54.73	66.53	21.56%

<sup>1</sup> Prices reflect most recent data available at the time of publication  
Source: Dow Jones, National Association of Real Estate Investment Trusts, Hedge Fund Research, Bloomberg, The Wall Street Journal.



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MainStreet Advisors displays its performance results in addition to the market index that it believes represents a similar strategy in terms of asset allocation (stocks, bonds), generally accepted investment objectives (growth, income, or balanced), style benchmarks (growth, value, or core), geographic allocations (US, Foreign, or Global), sector allocation potential, and cap size objective (small cap, mid cap, or large cap). The index is shown in order for clients to make a comparison of performance for the designated time period. However, the indices shown above may not completely reflect the risk or volatility of the overall market or of the risk taken by the MainStreet Advisors program. The indexes shown are not intended to be an absolute benchmark for the MainStreet Advisors program due to the fact that clients may not be able to duplicate exact holdings in the indexes shown, MainStreet Advisors programs may reallocate some or all assets in the program to cash in response to market conditions, and MainStreet Advisors programs utilize a flexible management strategy with regard to equity selection, cap size, style, and asset allocation. It should be noted that market indices are always fully invested and holdings are limited to the index charter. The market index used for comparison is an unmanaged index and is a common measure of performance of the relevant stock markets. They are not available for direct investment.



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