

# MainStreet Advisors Financial Market Update

April 9, 2009  
[page 1]

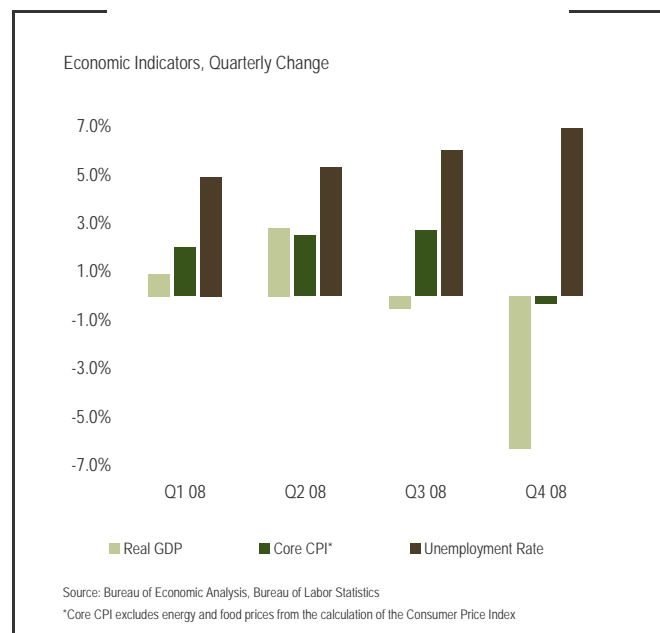
## Economic Update

The Labor Department reported on Thursday that the number of Americans filing first-time claims for unemployment insurance exceeded 600,000 for a 10th straight week, an indicator that the labor market remains in a weakened state. However, first-time jobless claims were lower than initially expected, revised to 654,000 from an earlier estimate of 674,000.

Data released on Thursday from the Commerce Department revealed that the U.S. trade deficit in February unexpectedly contracted to the lowest level in nine years. The gap fell to \$26 billion, fading nearly 28% from \$36.2 billion in January. Imports fell 5.1% while exports climbed from a two-year low. The decline is being attributed to a sharp decrease in demand for Asian cars, toys and electronics. Bloomberg reports that the smaller gap may be reason enough for economists to trim the projected drop in first quarter growth. An additional report from the Labor Department showed the price of goods imported into the U.S. rising 0.5% in March.

Federal Reserve Chairman Ben Bernanke's plan to boost the housing market moved fixed U.S. mortgage rates higher this week. The average rate on a 30-year home loan increased to 4.87% this week from 4.78% a week earlier. Bloomberg reported an increase in mortgage applications in the U.S., now up to its highest level in three months.

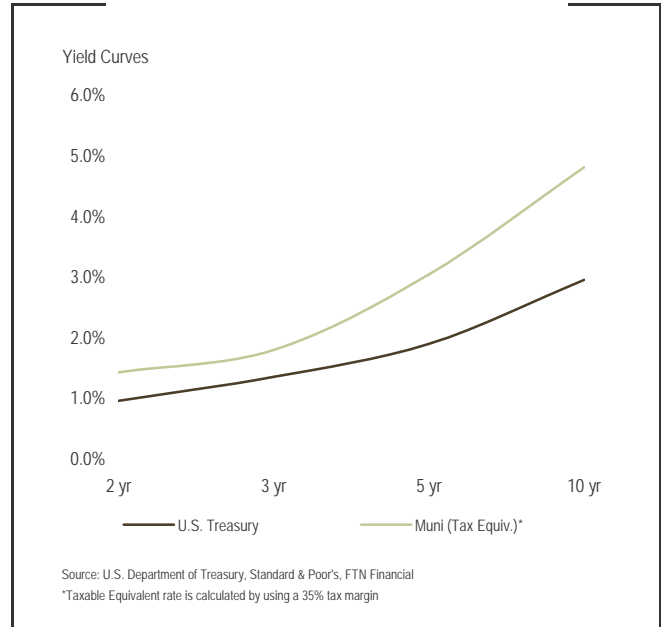
The Bank of England decided not to change its benchmark interest rate and said it will continue buying government bonds in an effort to fight the deep recession. The rate, at 0.5%, is the lowest since the bank was founded in 1694. The nine-member Monetary Policy Committee agreed to continue a three-month program that has the UK bank purchasing \$110 billion worth of assets to bolster the economy.



Apr. 7 <sup>th</sup>	ICSC-Goldman Same Store Sales, Wkly. Chg.	0.6%
Apr. 7 <sup>th</sup>	Consumer Credit Outstanding, Feb. Monthly Chg.	-7.4B
Apr. 8 <sup>th</sup>	MBA Purchase Applications	297.7
Apr. 8 <sup>th</sup>	Wholesale Inventories, Feb. Monthly Chg.	-0.6%
Apr. 8 <sup>th</sup>	EIA Petroleum Status Report, Wkly. Chg.	1.7M Barrels
Apr. 9 <sup>th</sup>	International Trade Balance Level, February	-26.0B
Apr. 9 <sup>th</sup>	Initial Jobless Claims ( Week ending 4/4)	654,000
Apr. 9 <sup>th</sup>	Export Prices, March Monthly Chg.	-0.6%
Apr. 9 <sup>th</sup>	Import Prices, March Monthly Chg.	0.5%
Apr. 9 <sup>th</sup>	RBC Cash Index, January	38.3
Apr. 9 <sup>th</sup>	EIA Natural Gas Report, Wkly. Chg.	-143 bcf

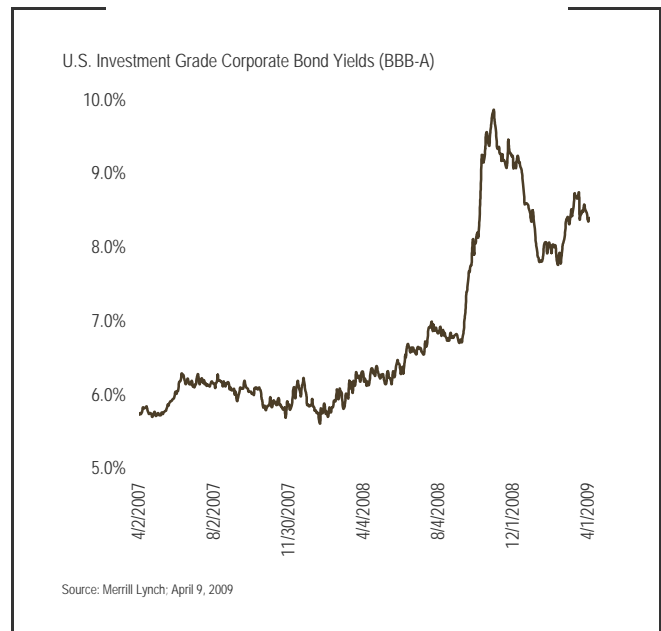
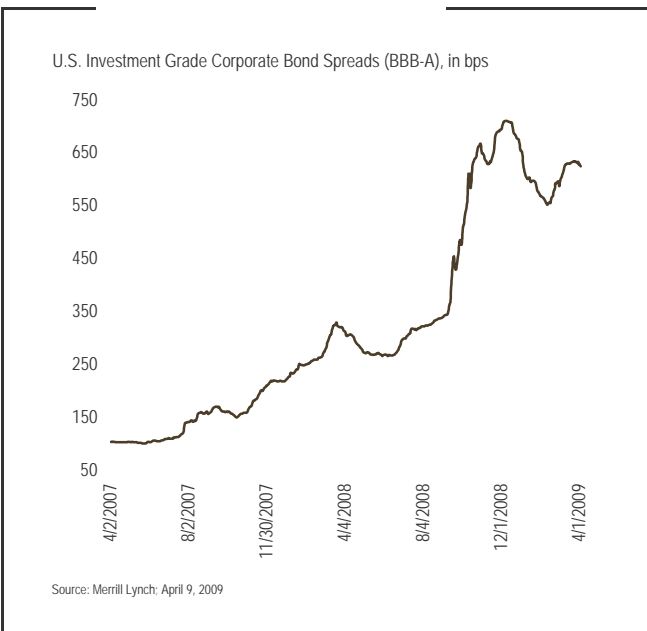
Bond Market Update

US Treasuries sold off this week after a lackluster start from equities quickly turned into a multi-day rally. A kickoff to earnings season may have sparked the modest decline in equities on Monday, but both the 10 and 30 year Treasury bonds sold off significantly and gold declined by nearly 3% to begin the week. Also on Monday, Ford retired nearly \$9.9 billion of long-term debt in an offering with existing bond holders. This move is expected to put pressure on GM and Chrysler to improve their balance sheets and is estimated to save Ford nearly \$600 million in annual interest expenses. The middle part of the week was fairly quiet for Treasury prices, despite the announcement that the Term Asset Repurchase Program (TARP) may be expanded to insurance companies. On Friday, the stock markets cheered Wells Fargo's pre-announced first quarter earning of a record \$3 billion, further depressing bonds. This week the Treasury had sold nearly \$59 billion in notes, which is more than the \$36 billion in notes that the Federal Reserve has purchased since they began their quantitative easing efforts on March 25.



Issue	4.2.09	4.9.09	Change
3 month T-Bill	0.21%	0.18%	-0.03%
2-Year Treasury	0.96%	0.96%	0.00%
5-Year Treasury	1.87%	1.90%	0.03%
10-Year Treasury	2.91%	2.96%	0.05%
30-Year Treasury	3.70%	3.76%	0.06%

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



Stock Market Update

Stocks pared early week losses on Thursday to end their fifth straight week of gains. The Dow Jones Industrial Average ended the holiday-shortened week at 8,083.38, up 105.30 or 1.32%. The broader S&P 500 gained 1.67% this week to close at 856.55 and the technology-heavy Nasdaq Composite Index gained 1.89%.

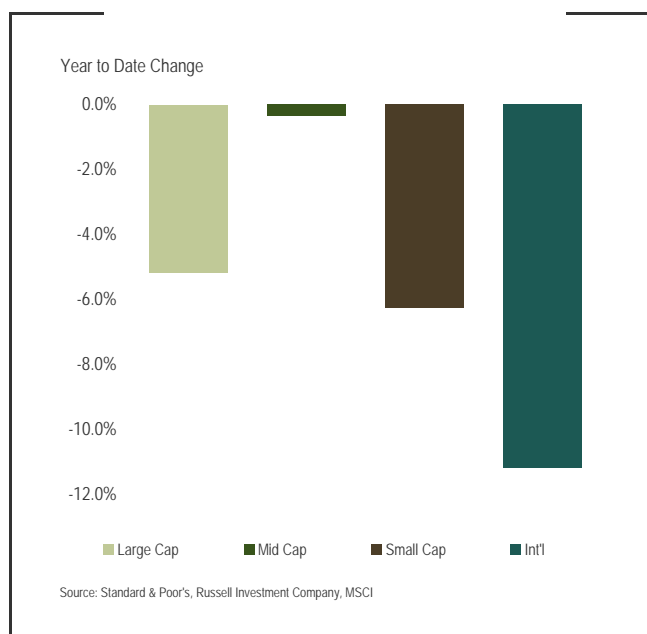
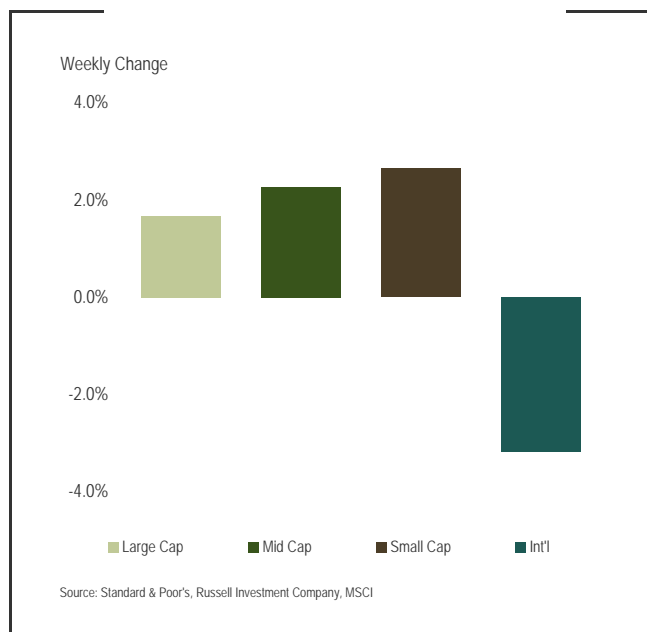
Alcoa (AA) kicked off first quarter earnings season with dismal news on Tuesday when it announced that it lost 61 cents a share in the first quarter, worse than the 51 cents a share, on average, predicted by analysts. Declines in aluminum prices weighed on the company's bottom line during the quarter. Stocks lost 2.39%, as measured by the S&P 500, on the worry that more earnings disappointments were on the horizon.

However, sentiment changed on Thursday when Wells Fargo & Co (WFC) preannounced better than expected first quarter earnings. Wells announced that it expects net income of \$0.55 a share in the first quarter of 2009, well above the \$0.25 a share expected by analysts. Wells gained over 31% on the news and sent financial stocks soaring over 15%.

In international news, Barclays PLC (ADR:BCS) gained over 16% on the news it entered an agreement to raise cash by selling its iShares ETF unit for \$4.4 billion to private equity firm CVC Capital Partners, according to Reuters. The deal is expected to increase Barclays' Tier 1 Capital Ratio, a key measure of bank solvency, to 7.2% from 6.7%. The deal has a 45 day "go shop" provision allowing Barclays to seek better offers for the iShares unit.

Issue	4.2.09	4.9.09	Change
Dow Jones	8,017.59	8,083.38	0.82%
S&P 500	842.50	856.56	1.67%
NASDAQ	1,621.87	1,652.54	1.89%
Russell 1000 Growth	373.34	377.78	1.19%
S&P MidCap 400	524.51	536.43	2.27%
Russell 2000	456.13	468.2	2.65%
MSCI EAFE	1,134.73	1,098.82	-3.16%
MSCI EM	613.07	610.22	-0.47%
MSCI Small Cap	95.02	93.54	-1.56%

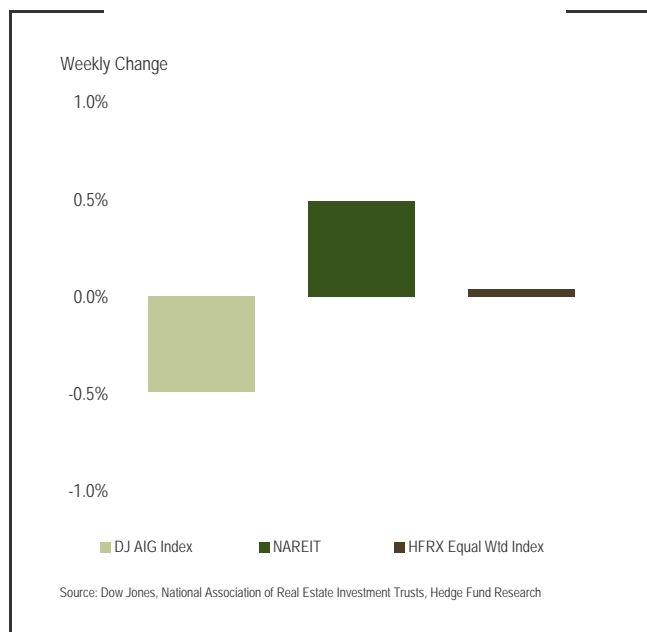
Prices reflect most recent data available at the time of publication  
Source: Bloomberg, Russell Investment Company, Standard & Poor's, Morgan Stanley Capital International, The Wall Street Journal, MarketWatch.



Alternative Investments Market Update

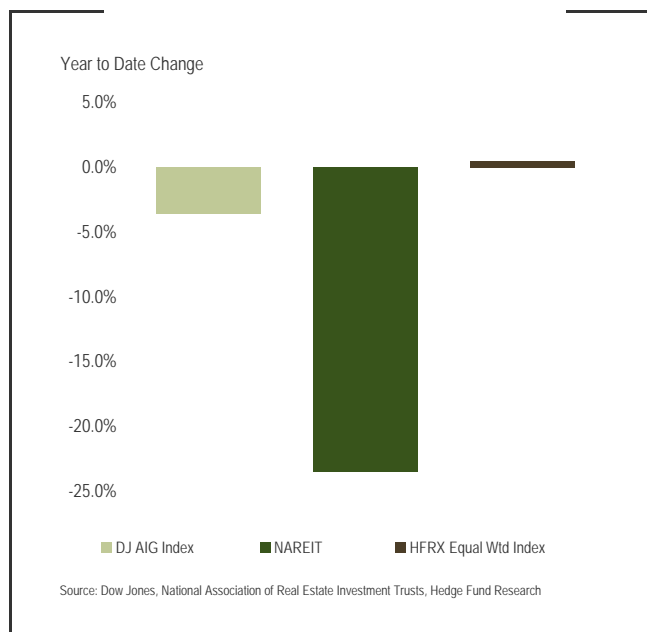
Bloomberg reported that crude oil rose more than \$2 per barrel on Thursday after the encouraging Wells Fargo earnings report. The 5.8% gain was also attributed to a report showing a smaller than expected increase in U.S. supplies. Domestic supplies increased 1.65 million barrels to 361.1 million last week, the highest since July 1993. Stockpiles at Cushing, Oklahoma, the location where West Texas Intermediate crude is delivered, fell 878,000 barrels to 29.98 million last week. This marks the lowest level since December 26th, although still well above the five year average of 20.5 million. Because of the supply glut, May contracts of oil are trading at a discount to June, which is a situation known as contango.

Three giant private equity firms, the Blackstone Group, Kohlberg Kravis Roberts, and the Carlyle Group, are all intending to bid on the cellphone operations that Verizon Wireless is selling as a result of the acquisition of Alltel. The New York Times reported that the business for sale services 2.1 million customers in over 20 states and could achieve a bid as high as \$3.5 billion. Verizon acquired Alltel in January from Goldman Sachs and TPG for \$28 billion.



Issue	Previous Week	Current <sup>1</sup>	Change
Gold	897.30	883.30	-1.56%
Crude Oil Futures	52.51	52.24	-0.51%
Copper	2.00	2.07	3.50%
Sugar	21.90	21.70	-0.91%
HFRX Equal Wtd. Strat. Index	1,008.36	1,008.74	0.04%
HFRX Equity Hedge Index	1,018.05	1,019.35	0.13%
HFRX Equity Market Neutral	1,012.40	1,008.17	-0.42%
HFRX Event Driven	1,183.96	1,183.78	-0.02%
HFRX Merger Arbitrage	1,358.37	1,351.55	-0.50%
Dow Jones AIG Commodity Index	113.68	113.12	-0.49%
FTSE/NAREIT All REIT	66.97	67.30	0.49%

<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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