

# MainStreet Advisors Financial Market Update

April 24, 2009  
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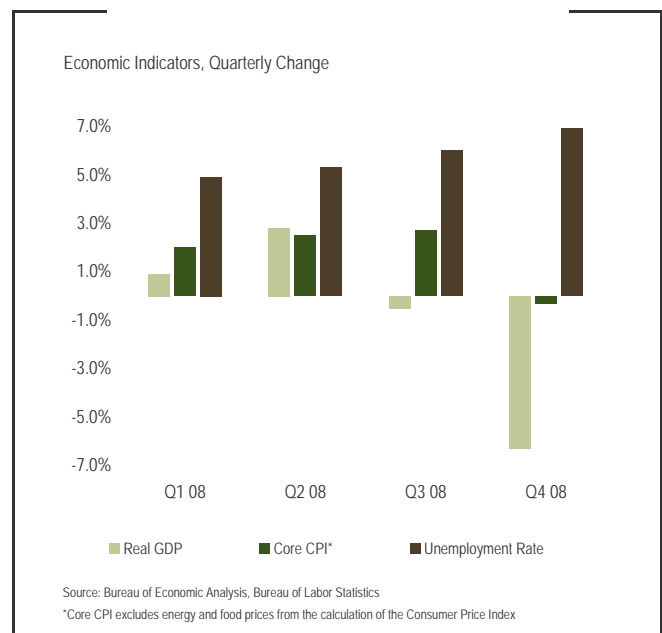
## Economic Update

New projections, released in the International Monetary Fund's (IMF) April World Economic Outlook, have the global economy contracting at a revised rate of 1.3% in 2009, with a slow recovery expected to take hold next year. The report cautioned, however, that the 2010 projected growth of 1.9% will be slow relative to past economic recoveries. The revisions come as a result of a continuing collapse in confidence and demand. IMF Chief Economist Olivier Blanchard stressed that the strong recovery policies that have been developed should allow the global economy to trend upward by the end of this year with unemployment cresting late in 2010.

Finance chiefs from the Group of Seven met on Friday to ensure that stimulus policies are maintained until signs of an economic recovery are evident. Members discussed the effects that unemployment, deflation, and toxic bank assets are continuing to have on the economy.

Government economic reports issued this week indicate that the economy is still facing tough conditions. The number of Americans filing first-time applications for unemployment insurance rose last week to 640,000 and March sales of previously owned homes fell more than forecast. Additionally, the Commerce Department reported Friday that durable-goods orders resumed their downward trend in March. Manufacturers' orders for long-lasting goods decreased by 0.8% last month to a seasonally adjusted \$161.19 billion. Despite the discouraging economic data, Bloomberg reported Friday that U.S. consumer confidence advanced this month to the highest level since the bankruptcy of Lehman brothers Holdings Inc. in September of 2008.

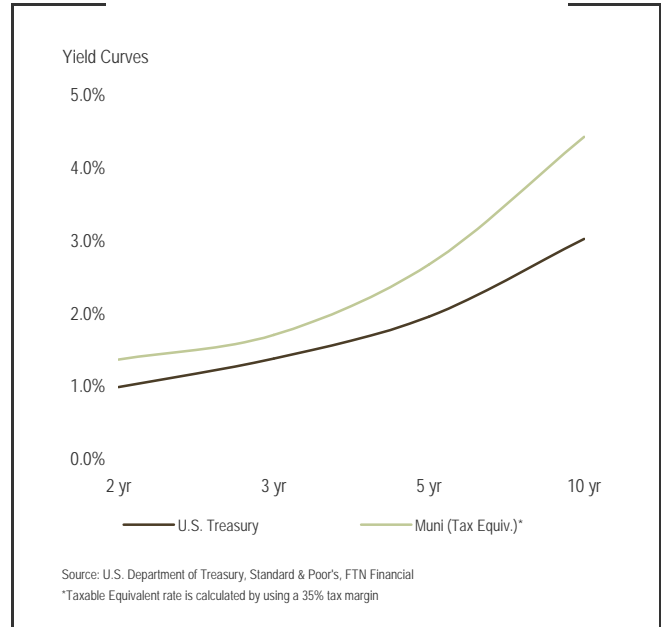
The Bank of Canada cut its key lending rate to a record low of 0.25% this week and announced that it plans to keep it there for more than a year. Additionally, Japan unveiled a 15.4 trillion yen (\$160 billion) stimulus package this month, suggesting that sentiment concerning the global economy remains pessimistic.



Apr. 20 <sup>th</sup>	Leading Indicators, March Monthly Chg.	0.3%
Apr. 21 <sup>st</sup>	ICSC-Goldman Same Store Sales, Wkly. Chg.	-0.4%
Apr. 21 <sup>st</sup>	State Street Investor Confidence Index, April	79.6
Apr. 22 <sup>nd</sup>	MBA Purchase Applications	253.0
Apr. 22 <sup>nd</sup>	EIA Petroleum Status Report, Wkly. Chg.	3.9M Barrels
Apr. 23 <sup>rd</sup>	Initial Jobless Claims ( Week ending 4/18)	640,000
Apr. 23 <sup>rd</sup>	Existing Home Sales, March SAAR*	4.57M
Apr. 23 <sup>rd</sup>	EIA Natural Gas Report, Wkly. Chg.	46 bcf
Apr. 24 <sup>th</sup>	Durable Goods New Orders, March Monthly Chg.	-0.8%
Apr. 24 <sup>th</sup>	New Home Sales, March	356,000

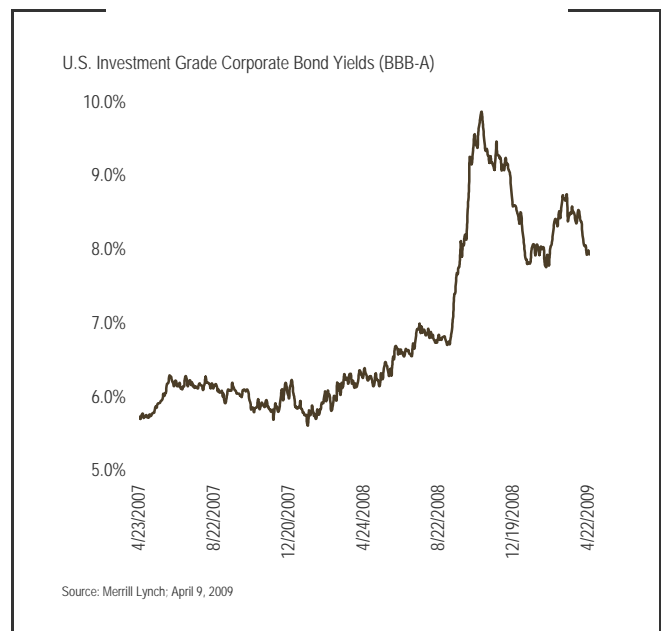
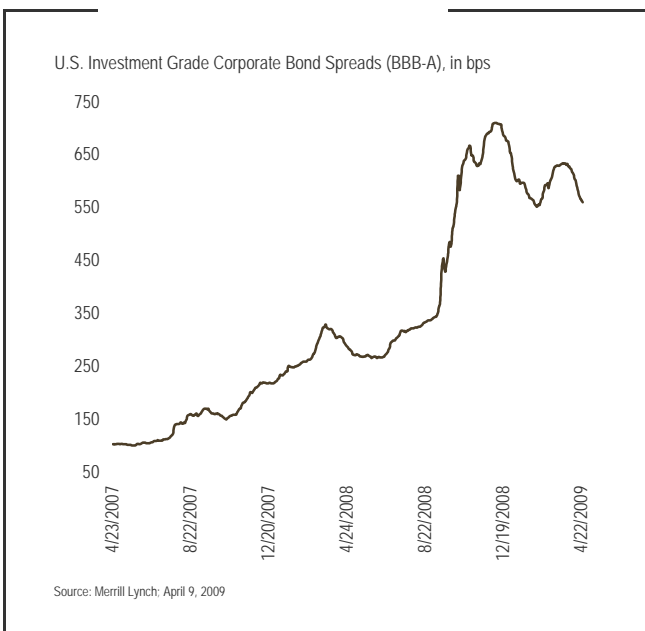
Bond Market Update

U.S. Treasuries finished the week lower, after a small rally earlier in the week. A spell of selling on Friday following better than expected durable goods orders and new home sales pushed prices lower. The Treasury's announcement to sell \$101 billion in new debt next week also pressured government bonds. Corporate and municipal debt new issuance remained strong as California, the Metropolitan Transportation Authority of New York, and AT&T brought new deals to the market. In a sign that investors are focusing on the higher yields of corporate debt, companies sold approximately \$444 billion of bonds this year, compared with \$325 billion during the same period last year, according to Bloomberg. The considerable amount of new supply from the Treasury, corporate, and municipal sectors will likely pressure the fixed income markets in the near-term. Meanwhile, corporate borrowing costs fell this week to the lowest levels since October amid signs that government efforts to support the credit markets are beginning to take affect. The spread, or extra yield, on corporate bonds relative to Treasuries fell to 6.98%, down from 8.96% in December, according to Merrill Lynch's U.S. Corporate and High Yield Index. Spurred by investor's increased comfort purchasing riskier debt with higher yields, the cost for companies to issue new debt has fallen significantly since the beginning of the year.



Issue	4.17.09	4.24.09	Change
3 month T-Bill	0.13%	0.10%	-0.03%
2-Year Treasury	0.91%	0.99%	0.08%
5-Year Treasury	1.79%	1.96%	0.17%
10-Year Treasury	2.86%	3.03%	0.17%
30-Year Treasury	3.72%	3.89%	0.17%

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



Stock Market Update

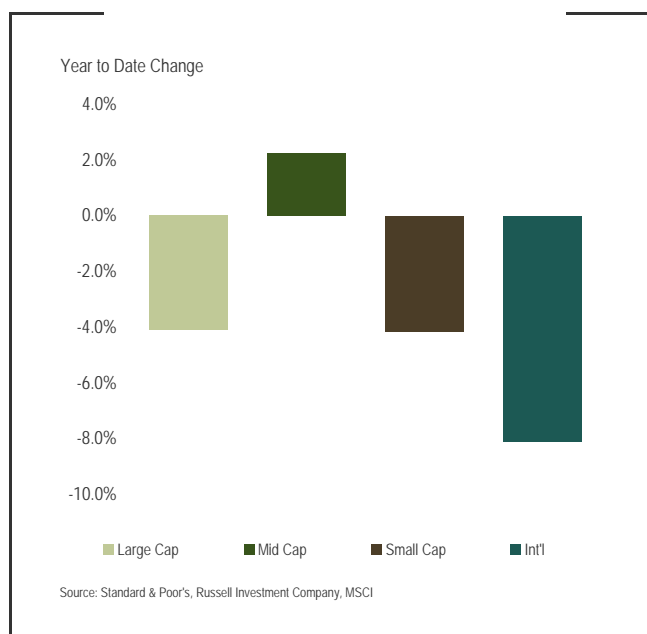
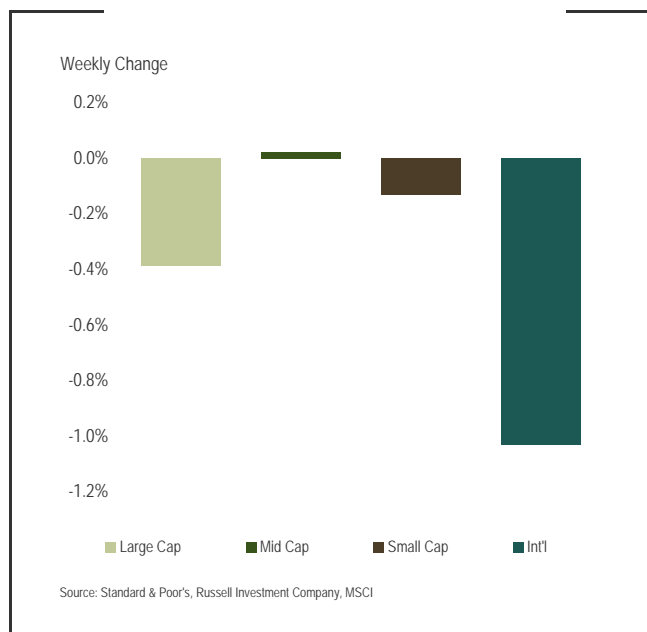
Stocks posted slight declines for the first week in seven following declines on Monday when the Dow Jones Industrial Average lost 289.60 points or 3.6%. Gains made after Treasury Secretary Geithner announced that the "vast majority" of banks have enough capital to survive were not enough to the recover Monday's loss. The DJIA ended the week at 8,076.29, lower by 55.04 points or 0.68%. The broader S&P 500 shed 3.37 points or 0.39% to end the week at 866.23.

Oracle (ORCL) thwarted merger talks between Sun Microsystems (SUNW) and IBM (IBM) when it struck a deal to purchase Sun for \$7.38 billion, according to the Wall Street Journal.

In earnings news this week, Bank of America (BAC) announced that it earned \$4.2 billion in the first quarter; however the stock lost 24% as investors focused on the comments by chairman and CEO Ken Lewis, who warned of increasing credit losses. Yahoo! Inc. (YHOO) announced a 78% quarterly drop in its profit and said it would slash 5% of its workforce. Apple (AAPL) announced a better-than-expected 15% rise in profit on strong demand for iPhones and iPods. Profit fell at Microsoft (MSFT) by a better-than-expected 32% in the first quarter as revenues declined in nearly all of its businesses. General Motors (GM) announced that it would extend its normal two-week re-tooling period to a two month shut-down over the summer. The extended break is expected to help GM to reduce its 113-day supply of cars and 123-day supply of trucks, according to the Wall Street Journal.

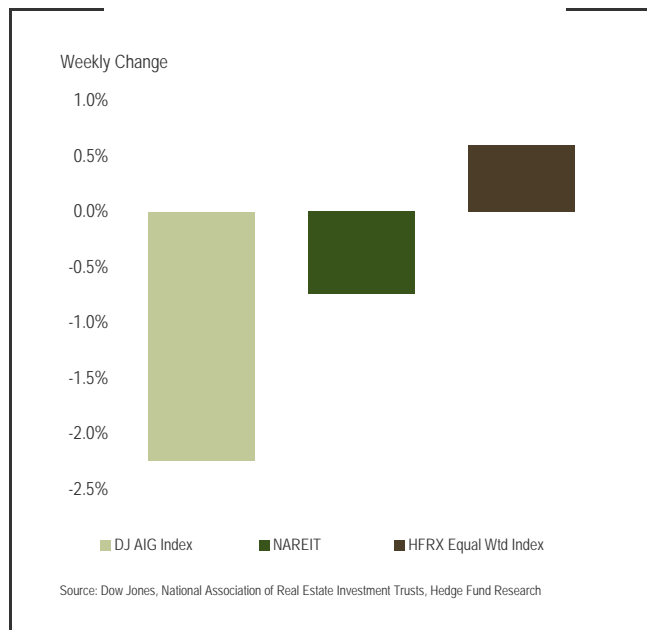
Issue	4.17.09	4.24.09	Change
Dow Jones	8,131.33	8,076.29	-0.68%
S&P 500	869.60	866.23	-0.39%
NASDAQ	1,673.07	1,694.29	1.27%
Russell 1000 Growth	382.66	383.87	0.32%
S&P MidCap 400	550.2	550.32	0.02%
Russell 2000	479.37	478.74	-0.13%
MSCI EAFE	1,148.92	1,137.08	-1.03%
MSCI EM	648.39	639.75	-1.33%
MSCI Small Cap	99.33	99.52	0.19%

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.



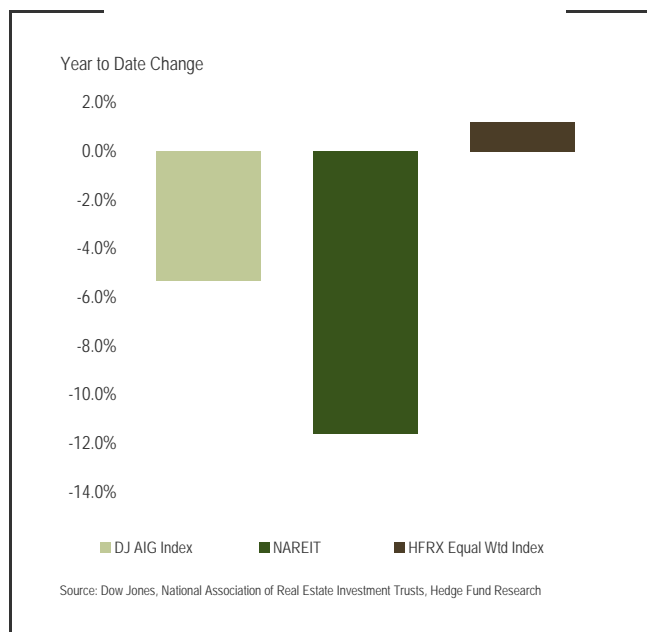
Alternative Investments Market Update

Crude oil prices for June delivery gained nearly \$2 per barrel on Friday with light sweet crude settling at \$51.55 per barrel and North Sea Brent crude settling at \$51.67 per barrel. The encouragement was likely due to a report from the U.S. Department of Commerce indicating that durable good orders fell less than expected. However, there was also discouraging news earlier in the week when U.S. government data showed that petroleum demand is its weakest in almost ten years and the highest supply levels in almost nineteen years. The Wall Street Journal also reported that, in terms of supply, commercial oil inventories in the industrialized world are higher than in 1998 when crude prices plummeted to \$10 per barrel.



Issue	Previous Week	Current <sup>1</sup>	Change
Gold	867.90	914.10	5.32%
Crude Oil Futures	50.33	48.85	-2.94%
Copper	2.20	2.05	-6.82%
Sugar	21.50	21.50	0.00%
HFRX Equal Wtd. Strat. Index	1,009.71	1,015.71	0.59%
HFRX Equity Hedge Index	1,026.21	1,022.71	-0.34%
HFRX Equity Market Neutral	1,004.42	1,009.76	0.53%
HFRX Event Driven	1,184.56	1,195.44	0.92%
HFRX Merger Arbitrage	1,352.56	1,349.88	-0.20%
Dow Jones AIG Commodity Index	113.58	111.03	-2.24%
FTSE/NAREIT All REIT	78.33	77.75	-0.74%

<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™

120 North LaSalle Street Suite 3750  
Chicago, Illinois 60602  
312.223.0270 direct  
312.223.0276 fax  
[www.mainstreetadv.com](http://www.mainstreetadv.com)