

MainStreet Advisors Financial Market Update

May 1, 2009
[page 1]

Economic Update

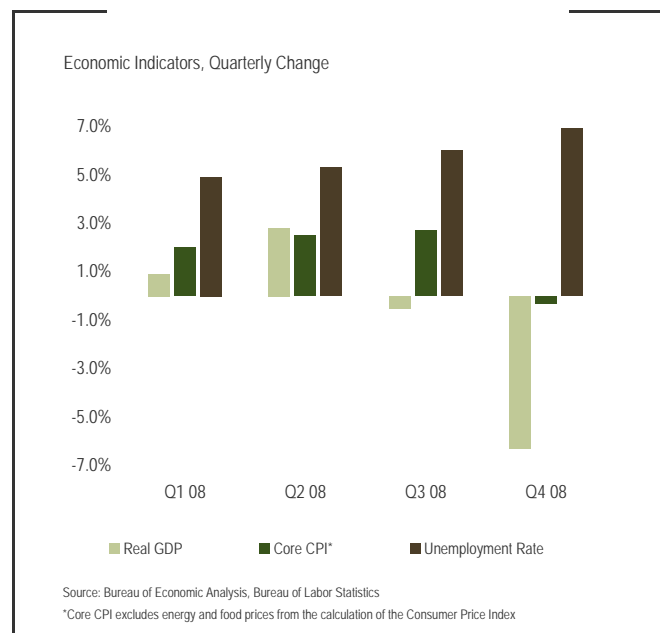
Economic data released this week showed GDP falling at a steeper than expected rate of 6.1%. According to the Wall Street Journal, the decline can be largely attributed to a pullback in production on the producer side after a similar pullback on the consumer side in the latter half of 2008. Businesses slashed production to empty excess product stockpiles in store shelves, warehouses, and car dealers' lots. Economists estimate that the correction should put the economy in a better position to stabilize by the third quarter.

In a report released by the Commerce Department on Thursday, consumer spending, a large percentage of U.S. economic activity, declined 0.2% from last month. Due to large losses in the stock and housing markets, consumers are storing cash, which has elevated the national savings rate to 4.2% from February's 4%. Many economists believe that spending will remain at low levels through the remainder of the year further increasing the national savings level.

The Labor Department released employment statistics Thursday revealing that initial jobless claims fell 14,000 to 631,000 in the week ended April 25. However, continuing claims for jobless benefits remained on the rise climbing 133,000 to 6.27 million, further demonstrating the difficulty employment-seekers are having finding new work. In a separate report, the Labor Department claimed that a broad measure of worker compensation rose 0.3% in the first quarter from the fourth quarter, the smallest gain since 1982. Wages and salaries increased 0.3%, while benefits rose 0.5% for the quarter.

After a regular policy meeting this week, the Federal Reserve and the Federal Open Market Committee (FOMC) revealed that there is no intention of pulling back from aggressive efforts to revive the economy. The Fed explained in a statement released following the meeting that it would continue with plans to substantially increase its holdings of mortgage-backed and treasury securities in the months ahead. The FOMC kept its target federal funds rate near zero and vowed to keep it there for an extended period of time.

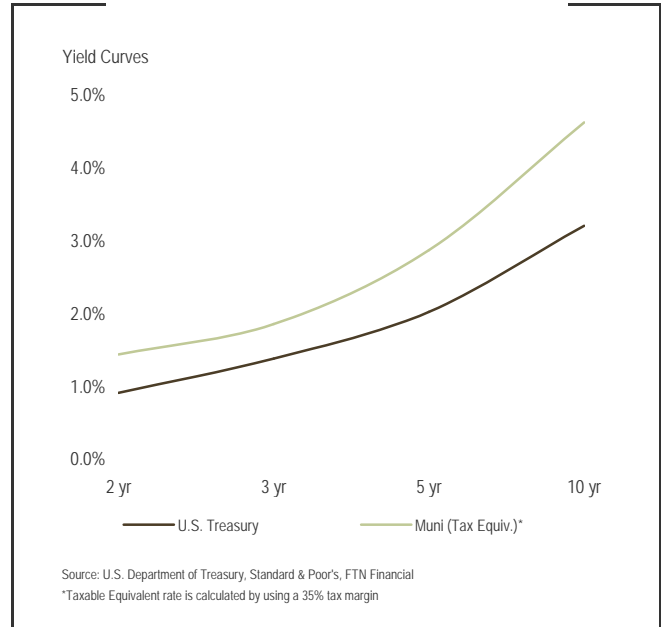
Source: Bureau of Economic Analysis, U.S. Department of Commerce, Federal Reserve Banks, U.S. Department of Labor, The Wall Street Journal, The International Monetary Fund, The Conference Board, The National Association of Realtors.



Apr. 28 th	S&P/Case-Shiller Composite 20 Index, February	143.2
Apr. 28 th	Consumer Confidence Index, April	39.2
Apr. 29 th	MBA Purchase Applications	251.6
Apr. 29 th	Real GDP, Q1 Quarterly Change SAAR*	-6.1%
Apr. 29 th	GDP Price Index, Q1 Quarterly Change SAAR*	2.9%
Apr. 29 th	EIA Petroleum Status Report, Wkly. Chg.	4.1M Barrels
Apr. 30 th	Personal Income, March Monthly Chg.	-0.3%
Apr. 30 th	Consumer Spending, March Monthly Chg.	-0.2%
Apr. 30 th	Core PCE, March Monthly Chg.	0.2%
Apr. 30 th	Employment Cost Index, Q1 Quarterly Change	0.3%
Apr. 30 th	Initial Jobless Claims (Week ending 4/25)	631,000
Apr. 30 th	Chicago PMI Business Barometer Index, April	40.1
Apr. 30 th	EIA Natural Gas Report, Wkly. Chg.	82 bcf
May 1 st	Domestic Motor Vehicle Sales, April	6.9M
May 1 st	Consumer Sentiment Index, April	65.1
May 1 st	ISM Mfg. Index - Level, April	40.1
May 1 st	Factory Orders, March Monthly Chg.	-0.9%

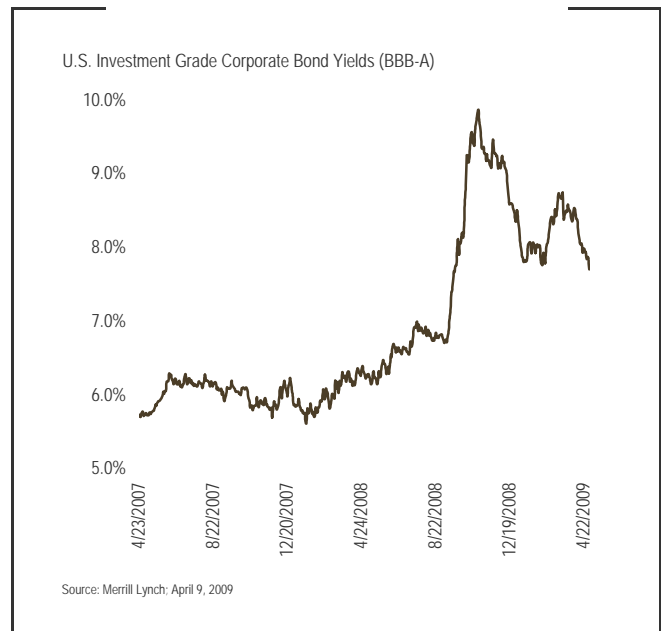
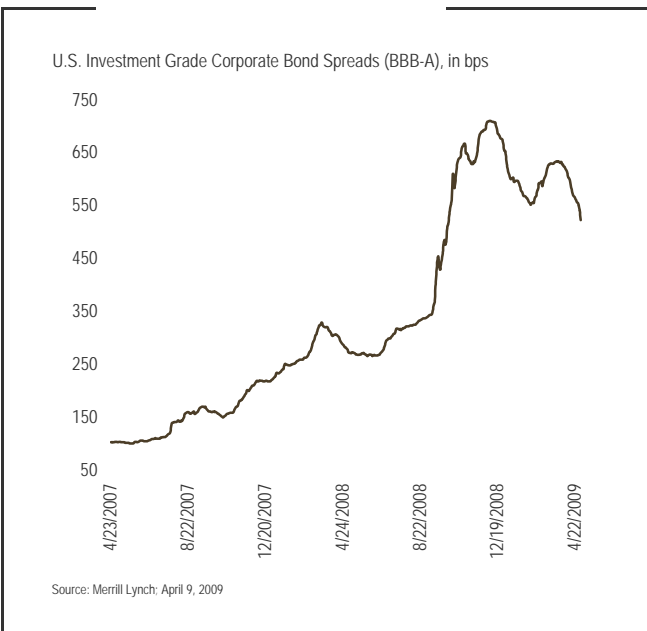
Bond Market Update

Once again, U.S. Treasuries finished the week lower, with the benchmark 10-year note climbing to a new record high for 2009. Amid growing speculation that the worst of the recession may be over, U.S. government debt fell for the sixth straight week, which represents the longest losing streak in almost two years. A spell of selling on Friday, following an industry report that showed manufacturing in the U.S. shrank in April at the slowest pace in seven months, pushed prices lower. The Treasury's announcement to sell \$71 billion in new debt next week also pressured government bonds. Supply and the brightening economic environment helped Treasuries ignore some of the week's biggest news. Thursday's official Chapter 11 filing by Chrysler left little impression on the government bond market. In a sign that investors may be focusing on riskier assets, Treasuries have lost 4.6% since March 18, while during the same time period junk bonds have returned 15.4%, according to Merrill Lynch Indexes. Meanwhile, the rise in yields this week has not pushed up mortgage rates. The average rate on a 30-year mortgage has fallen to 4.92% from 5.16% on March 17, the day before the central bank announced the mortgage buyback program, according to Bankrate.com



Issue	4.24.09	5.1.09	Change
3 month T-Bill	0.10%	0.16%	0.06%
2-Year Treasury	0.99%	0.92%	-0.07%
5-Year Treasury	1.96%	2.03%	0.07%
10-Year Treasury	3.03%	3.21%	0.18%
30-Year Treasury	3.89%	4.09%	0.20%

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



Stock Market Update

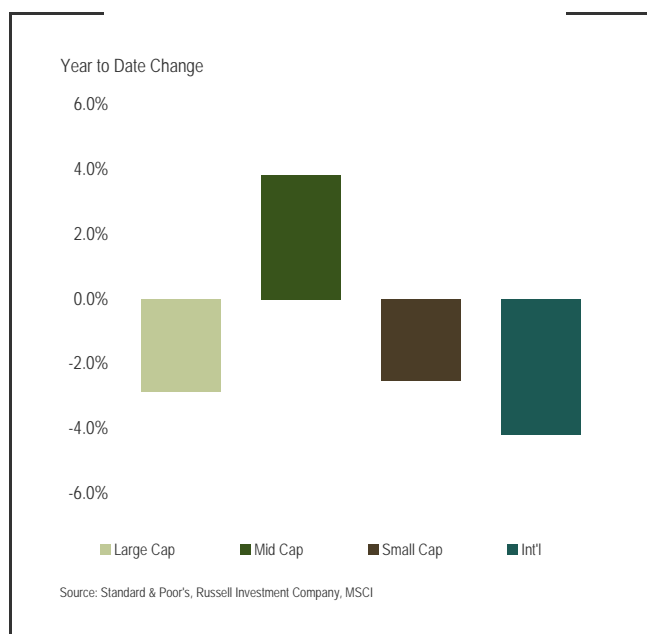
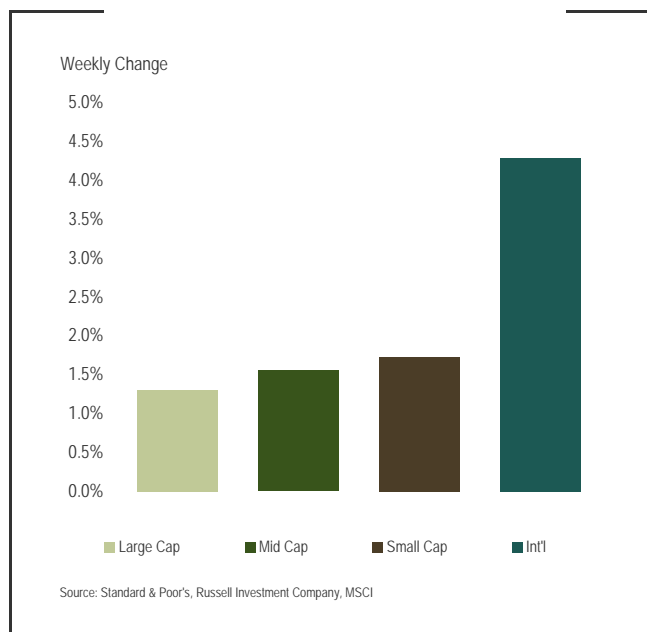
Despite the second quarter in a row of negative GDP growth, the growing flu pandemic, and the announcement of Chrysler's bankruptcy, most major markets were up for the week. Stocks have significantly increased since the lows of February. U.S. stocks now have back to back monthly gains, with the Dow rising 7.7% in March and 7.4% in April. This rally was the best two month gain in nearly seven years. Strong gains were observed in overseas markets as well. Emerging markets like Brazil and China were up 15.5% and 4.4%, respectively. Developed markets fared well too, with Europe up 13.5% and Japan rising 8.9%.

After weeks of negotiating, Chrysler filed for Chapter 11 bankruptcy protection, the 6th largest in U.S. history. Initial terms of the workout include a new ownership structure with the UAW holding 55%, Italian automaker Fiat 35%, US government 8% and the Canadian government 2%. Other debt holders, like mutual funds, large banks and institutional investors are left out of the combined company and are expected to make themselves heard through the bankruptcy process.

Once again financial stocks made headlines this week. At Bank of America's annual shareholder meeting, Ken Lewis was stripped of his Chairman title, but retained his CEO status. Banks that received bailout funds are worried about talented executives from highly profitable trading and fee revenue business segments may depart for firms without pay caps. Citigroup asked for exceptions to government imposed pay caps in an attempt to retain these employees.

Issue	4.24.09	5.1.09	Change
Dow Jones	8,076.29	8,212.41	1.69%
S&P 500	866.23	877.52	1.30%
NASDAQ	1,694.29	1,719.20	1.47%
Russell 1000 Growth	383.87	389.83	1.55%
S&P MidCap 400	550.32	558.87	1.55%
Russell 2000	478.74	486.98	1.72%
MSCI EAFE	1,137.08	1,185.84	4.29%
MSCI EM	639.75	662.73	3.59%
MSCI Small Cap	99.52	102.63	3.13%

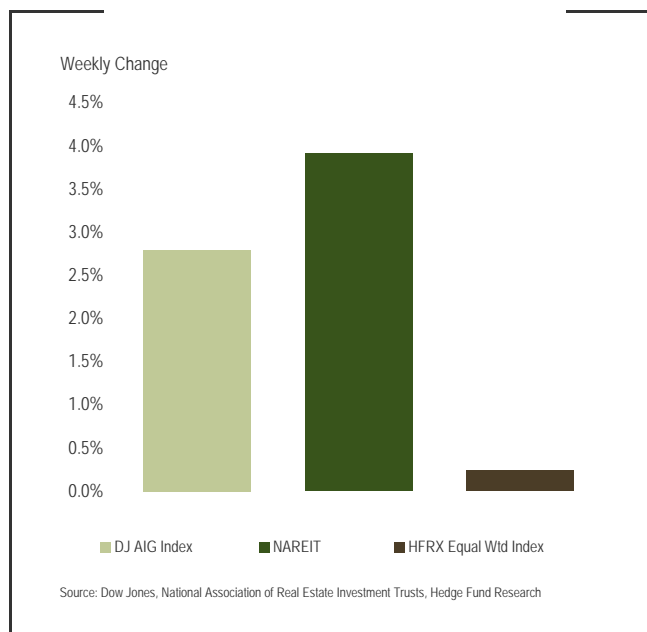
Prices reflect most recent data available at the time of publication
Source: Bloomberg, Russell Investment Company, Standard & Poor's, Morgan Stanley Capital International, The Wall Street Journal, MarketWatch.



Alternative Investments Market Update

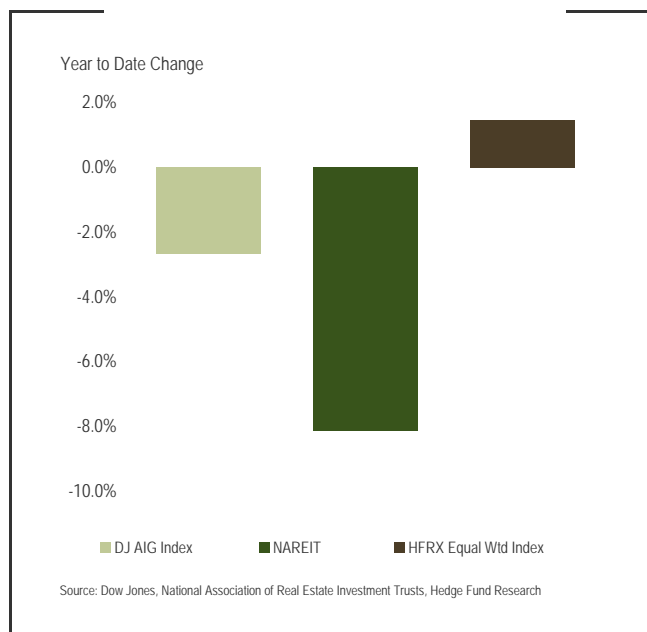
Wheat prices jumped 6.2% on Friday, the largest move in five months, due to speculation involving crop damaging dry weather in Russia and Ukraine only a month before harvest. Bloomberg reported that wheat futures contracts remain down 6.7% for the year due to declining US grain demand. Crude oil rose to a five week high after reports of improving US consumer confidence and less discouraging manufacturing numbers. Crude prices finished the day at \$53.20/barrel, up 2.3% for the week, and 19% for the year.

The Wall Street Journal reported that Chicago hedge fund, Citadel Investment Group Inc., is preparing to enter the investment banking market. The expansion decision follows last year's massive losses in its biggest hedge funds, the Kensington and Wellington, which declined approximately 55%. In 2009, they are estimated to be up about 11%. An announcement is expected in the near future regarding the hiring of five investment bankers.



Issue	Previous Week	Current ¹	Change
Gold	914.10	888.20	-2.83%
Crude Oil Futures	48.85	52.74	7.96%
Copper	2.05	2.10	2.44%
Sugar	21.50	21.72	1.02%
HFRX Equal Wtd. Strat. Index	1,015.71	1,018.12	0.24%
HFRX Equity Hedge Index	1,022.71	1,026.73	0.39%
HFRX Equity Market Neutral	1,009.76	1,003.06	-0.66%
HFRX Event Driven	1,195.44	1,203.77	0.70%
HFRX Merger Arbitrage	1,349.88	1,353.67	0.28%
Dow Jones AIG Commodity Index	111.03	114.13	2.79%
FTSE/NAREIT All REIT	77.75	80.79	3.91%

¹ 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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