MainStreet Advisors
Financial Market Update

November 6, 2009
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Economic Update

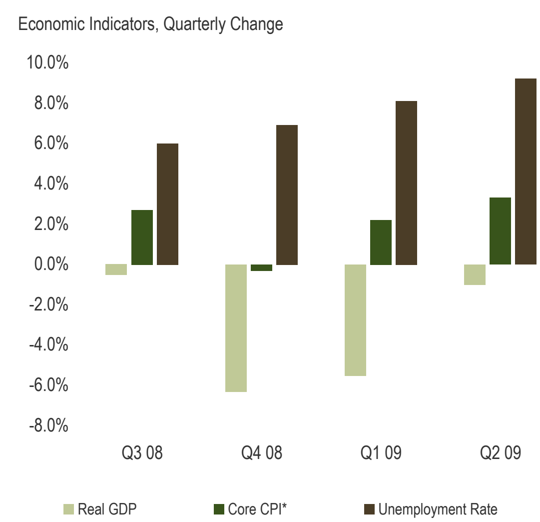
Employment data released early Friday showed a larger-than-expected increase in the unemployment rate. The forecast for the rate, as predicted by economists, was an increase to 9.9% for the month of October. However, it jumped by 0.4 percentage points from 9.8% in September to a 26-year high of 10.2%. Payrolls likewise posted worse than predicted results for month of October. The actual drop of 190,000 jobs exceeded the 175,000 decline anticipated by economists. Though this loss in payroll employment is significant, it is a large improvement from the monthly job cuts in January 2009, when it peaked at 741,000. The one bright spot in the payroll survey was a 34,000 gain in temporary help services, which is often seen as a leading indicator for hiring intentions by businesses. This is the third month in a row that this component has risen.

Cuts in labor costs due to the recession are allowing businesses to see substantial gains in productivity. The third quarter productivity leap of an annual 9.5% rate resulted from both greater output and fewer hours worked. Output increased at an annual 4.0% rate in the quarter and hours worked decreased at an annual 5.0% rate. Large gains in productivity often occur at the end of recessions and the beginning of recoveries. According to the Wall Street Journal, typically productivity grows first, then employment rises, and finally wages increase.

On Wednesday the Federal Open Market Committee (FOMC) reported that economic activity has picked up according to new information they received since they last met in September. Although the FOMC's report seemed a bit more positive about the market than their September announcement, they also reported that economic activity is likely to remain weak for a time, which suggests that the recovery will be very gradual.

The Institute for Supply Management (ISM) Purchasing manager Index (PMI) continued to accelerate in October, as it increased more than 3 percentage points to 55.7%. Readings above 50% indicate expansion in the factory sector and the index has been over 50% for the past three months.

Source: Bureau of Economic Analysis, U.S. Department of Commerce, Federal Reserve Banks, U.S. Department of Labor, The Wall Street Journal, The Conference Board, Reuters, Standard & Poor's.



Source: Bureau of Economic Analysis, Bureau of Labor Statistics
*Core CPI excludes energy and food prices from the calculation of the Consumer Price Index

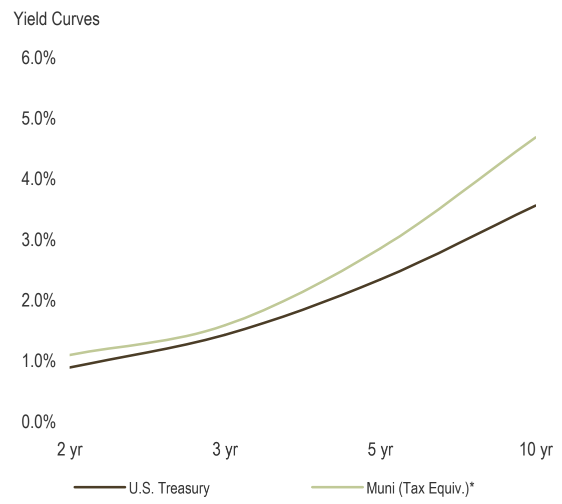
Nov. 2nd	ISM Mfg. Index - Level, October	55.7
Nov. 2nd	Construction Spending, September Monthly Chg.	0.8%
Nov. 2nd	Pending Home Sales, September Monthly Chg.	6.1%
Nov. 3rd	Domestic Motor Vehicle Sales, October	7.9M
Nov. 3rd	ICSC-Goldman Same Store Sales, Wkly. Chg.	0.1%
Nov. 3rd	Factory Orders, September Monthly Chg.	0.9%
Nov. 4th	MBA Purchase Applications Index, Wkly. Chg.	-1.8%
Nov. 4th	Announced Layoffs, October	55,679
Nov. 4th	EIA Petroleum Status Report, Wkly. Chg.	-4.0M Barrels
Nov. 4th	ISM Non-Mfg. Index, October	50.6
Nov. 5th	Initial Jobless Claims (Week ending 10/31)	512,000
Nov. 5th	EIA Natural Gas Report, Wkly. Chg.	29 bcf
Nov. 6th	Non-farm Payrolls, October Monthly Chg.	-190,000
Nov. 6th	Unemployment Rate, October	10.2%
Nov. 6th	Wholesale Inventories, September Monthly Chg.	-0.9%
Nov. 6th	Consumer Credit, September Monthly Change	-14.8B

Bond Market Update

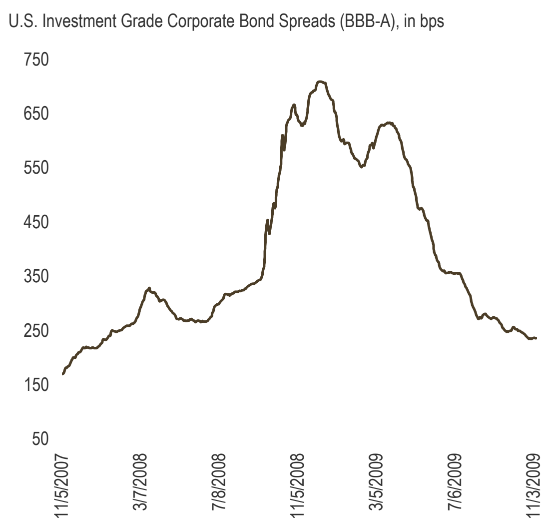
U.S. Treasuries finished the week lower, with a rally in the fixed income markets wilting on Friday as investors began to focus on next week's $81 billion in government bond auctions. The government is scheduled to sell $40 billion of three-year notes, $25 billion of 10-year debt and $16 billion of 30-year bonds next week—all record amounts, according to Bloomberg. Bond prices rallied earlier after a weaker-than-expected jobs report showed the unemployment rate rose above 10% for the first time in 26 years triggering investors to seek the safety of low-risk government debt. The spread, or difference in yields, between 2- and ten-year notes steepened to 263 basis points, the most since July. Many analysts feel the yield curve may widen even further in what's known as a "bear steepener" wherein long-term yields increase at a faster rate than short-term government debt. A steepening yield curve often indicates that market participants expect positive economic growth and accelerating inflation expectations. Meanwhile, the Fed signaled that a return to economic growth alone will not warrant higher interest rates, and will focus more on the labor market and expected inflation conditions. The comments prompted traders to reduce odds for an increase in borrowing costs with futures on the Chicago Board of Trade indicating a small chance that policy makers will increase the target lending rate by their January meeting.

Issue	10.30.09	11.6.09	Change
3 month T-Bill	0.05%	0.04%	-0.01%
2-Year Treasury	0.90%	0.90%	0.00%
5-Year Treasury	2.31%	2.35%	0.04%
10-Year Treasury	3.41%	3.57%	0.16%
30-Year Treasury	4.19%	4.41%	0.22%

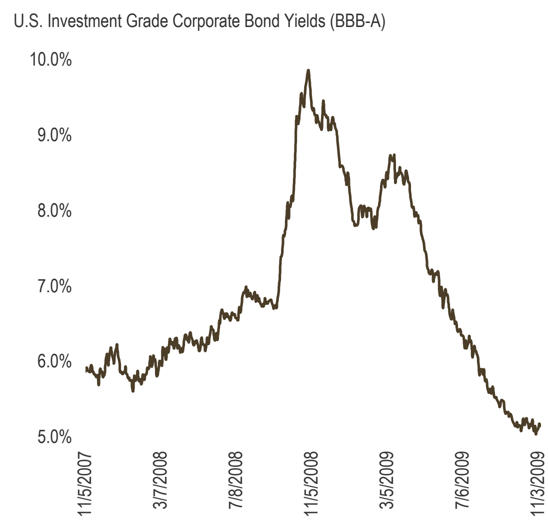
Source: Bloomberg, FTN Financial, The Wall Street Journal, U.S. Department of Treasury.



Source: U.S. Department of Treasury, Standard & Poor's, FTN Financial
*Taxable Equivalent rate is calculated by using a 35% tax margin



Source: Merrill Lynch



Source: Merrill Lynch

Stock Market Update

The Dow Jones Industrial Average (DJIA) jumped back above the 10,000 mark on Thursday when it rallied 203.8 points or 2.1% and finished the day at 10,006. This was the largest rise in daily points since July 15. Cisco Systems, Inc. (CSCO) was a large contributor to the point jump when it reported stronger-than-forecasted fiscal first-quarter profit late Wednesday. The DJIA remained above the 10,000 point threshold for the remainder of the week closing at 10,023. It gained 310.69 points or 3.2% on the week.

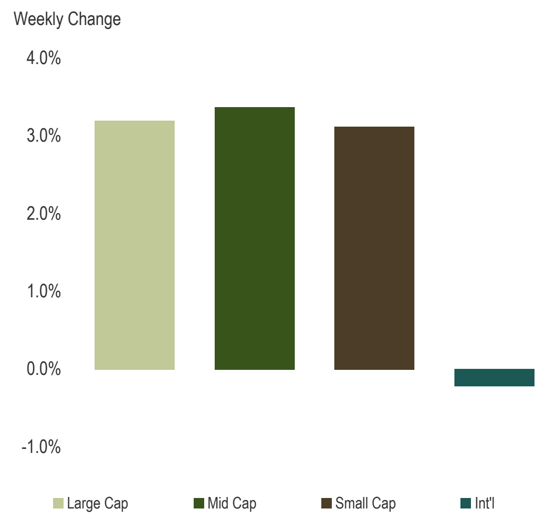
The S&P 500 was also in the green this week posting gains on 4 of the 5 days. Opening the week at 1,036 and closing at 1,069, it gained 33.2 points or 3.2% on the week. All sectors of the S&P 500 were positive for the week led by industrials with a 6.29% increase, followed by the consumer discretionary sector with a 4.77% increase and the materials sector with a 4.6% increase.

The stock market, although hurt by economic data in the employment field, still posted slight increases on Friday. It was helped along largely by General Electric Co. (GE) which increased 6.24% on Friday after being upgraded by analysts at both Sanford C. Bernstein and Oppenheimer to an "outperform" rating.

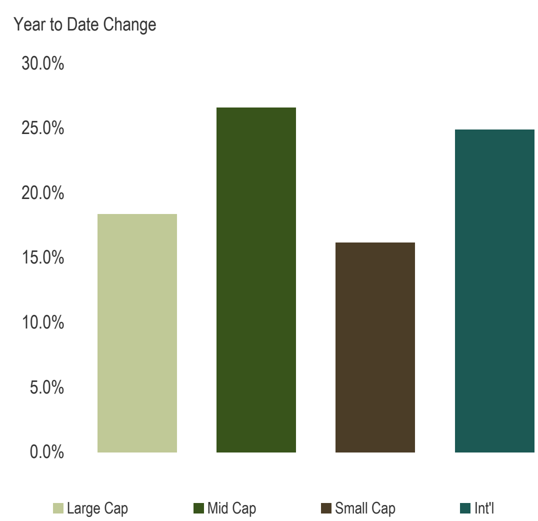
In Warren Buffett's largest acquisition, Berkshire Hathaway said early Tuesday that it would spend $44 billion to purchase the stock of railroad operator Burlington Northern Santa Fe (BNI) that it did not already own. This purchase is a sign that Chairman Warren Buffet believes the U.S. economy is on the road to recovery.

Issue	10.30.09	11.6.09	Change
Dow Jones	9,712.73	10,023.19	3.20%
S&P 500	1,036.18	1,069.30	3.20%
NASDAQ	1,037.39	2,112.44	103.63%
Russell 1000 Growth	458.73	474.96	3.54%
S&P MidCap 400	659.15	681.35	3.37%
Russell 2000	562.77	580.33	3.12%
MSCI EAFE	1,548.82	1,545.48	-0.22%
MSCI EM	921.35	930.09	0.95%
MSCI Small Cap	141.83	142.79	0.68%

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.



Source: Standard & Poor's, Russell Investment Company, MSCI



Source: Standard & Poor's, Russell Investment Company, MSCI

Alternative Investments Market Update

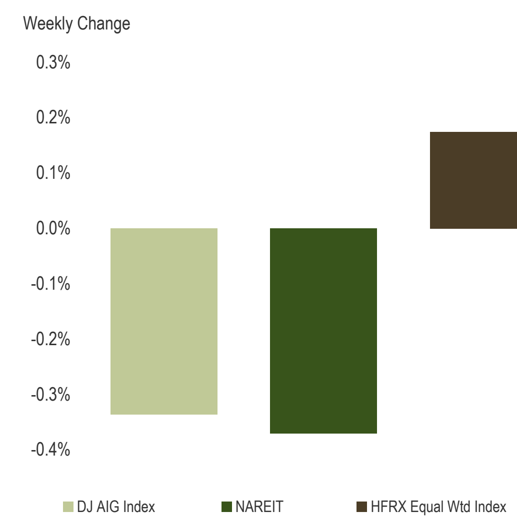
Gold remains the focus for commodities this week, while oil is little changed. Early in the week, gold, as represented by the most active front month futures contract, December, had several sharp intraday moves of $15-$25. Early in the week, gold rallied to the highest level since early October on concern that the dollar might hit new lows against other currencies. The announcement that the US Federal Reserve would be keeping short term rates historically low, and potentially risking higher inflation down the road is an apparent reason for gold's rise. Contradicting these announcements was Friday's US unemployment at a higher than expected 10.2%, with more people out of work the threat for near term inflation is not considered likely. On Friday, both the November and December gold futures contracts traded over $1,100 for a time, and the December contract closed at $1,095.70.

The big news in oil this week was the announcement by the International Energy Association's World Energy Outlook, to be released next week, is expected to indicate a significant world wide demand for oil. Exact details will be available next week, but according to a report in the Wall St. Journal, a source at the IEA has indicate the upcoming report will include the second yearly downward revision to world oil demand in a row.

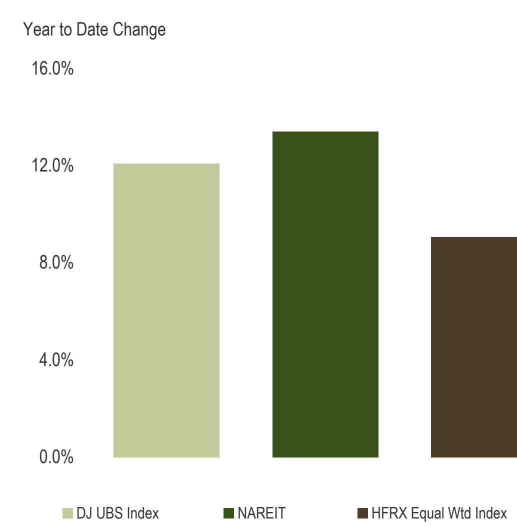
In a sign of improvement in credit conditions for the real estate market, it was announced that the REIT mall operator Developers Diversified Realty (DDR) had obtained a loan for $400 million from Goldman Sachs and was intending to securitize this loan into a Commercial Backed Mortgage Security, CMBS, and sell much of it to the Federal Reserve under the Term Asset Lending Facility. Though the Fed has not officially approved the transaction, news of such a large single issuer CMBS offering was cheered by commercial real estate investors.

Issue	Previous Week	Current[1]	Change
Gold	1,045.80	1,096.30	4.83%
Crude Oil Futures	76.93	77.62	0.90%
Copper	295.60	295.30	-0.10%
Sugar	22.81	22.43	-1.67%
HFRX Equal Wtd. Strat. Index	1,092.58	1,094.48	0.17%
HFRX Equity Hedge Index	1,100.97	1,118.67	1.61%
HFRX Equity Market Neutral	987.21	984.55	-0.27%
HFRX Event Driven	1,320.35	1,322.61	0.17%
HFRX Merger Arbitrage	1,419.98	1,420.76	0.05%
Dow Jones UBS Commodity Index	131.86	131.42	-0.34%
FTSE/NAREIT All REIT	100.11	99.74	-0.37%

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.



Source: Dow Jones, National Association of Real Estate Investment Trusts, Hedge Fund Research



Source: Dow Jones, National Association of Real Estate Investment Trusts, Hedge Fund Research

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