

MainStreet Advisors Financial Market Update

May 14, 2010
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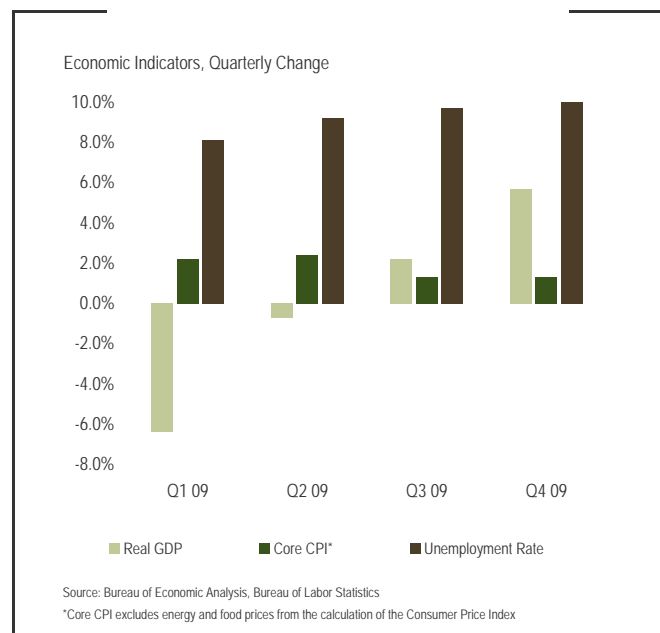
Economic Update

Economic data released this week signaled further strengthening of the consumer and the manufacturing sector. The U.S. Department of Commerce reported Friday that retail sales advanced 0.4% in April to \$366.4 billion, an 8.8% increase from one year ago. Industrial production increased as well in April, climbing 0.8%, according to data released by the Federal Reserve on Friday. Manufacturing output increased 1.0% for the month and exceeded April 2009 by 6.0%.

The Commerce Department announced that business inventories increased 0.4% in March to their highest level in eight months, according to Reuters. Business sales surged 2.3%, causing the inventories to sales ratio, or the rate it would take to sell current inventories, to decline to 1.24 from 1.46 in March 2009.

Consumer sentiment increased modestly in May, as shown by the Thomson Reuters/University of Michigan Surveys of Consumers. The survey conveyed consumers' expectations for inflation to increase over the next year. The sentiment reading remained essentially unchanged from the previous month, maintaining the approximate level since last September. Director of the surveys, Richard Curtin, noted that while consumers have not responded well to less discounting, buying attitudes are significantly above May 2009.

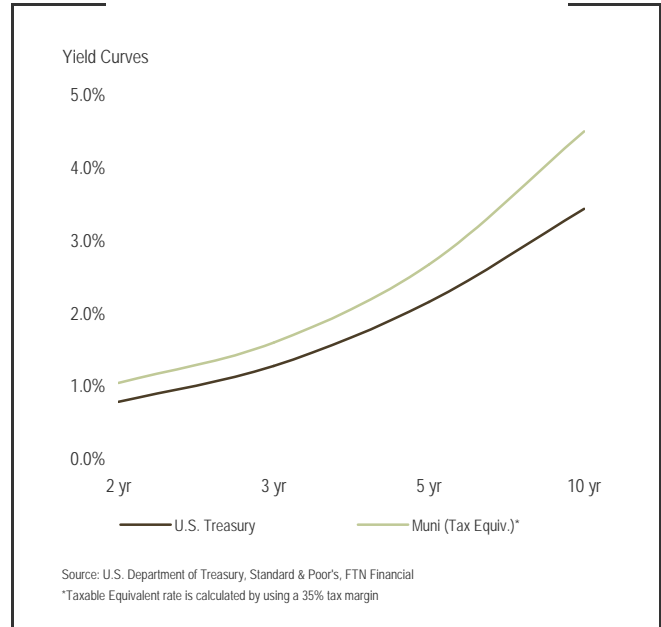
Recovery in the world economy contributed to the widening of the U.S. trade deficit in March, according to the U.S. Department of Commerce. Exports increased \$4.6 billion from February, while imports rose \$5.6 billion, creating a goods and services deficit of \$40.4 billion—the greatest deficit since December 2008. Increased trade activity is a positive indication of economic improvements. U.S. Import and Export Price Indexes, released by the Labor Department, reflected a continued uptrend. Import prices increased 0.9% in April amid a 55% rise in fuel prices and advanced 11.1% over the last year. Higher non-agricultural prices resulted in a 1.2% increase in export prices following a 0.7% increase in March, marking the most significant increase since July 2008.



May 11 th	ICSC-Goldman Same Store Sales, Wkly. Chg.	0.1%
May 11 th	Wholesale Inventories, March Monthly Chg.	0.4%
May 12 th	MBA Purchase Applications Index, Wkly. Chg.	-9.5%
May 12 th	International Trade Balance Level, March	-40.4B
May 12 th	EIA Petroleum Status Report, Wkly. Chg.	1.9M Barrels
May 13 th	Initial Jobless Claims (Week ending 5/8)	444,000
May 13 th	Import Prices, April Monthly Chg.	0.9%
May 13 th	Export Prices, April Monthly Chg.	1.2%
May 13 th	EIA Natural Gas Report, Wkly. Chg.	94 bcf
May 14 th	Retail Sales, April Monthly Chg.	0.4%
May 14 th	Industrial Production, April Monthly Chg.	0.8%
May 14 th	Consumer Sentiment Index, May	73.3
May 14 th	Business Inventories, March Monthly Chg.	-0.7%

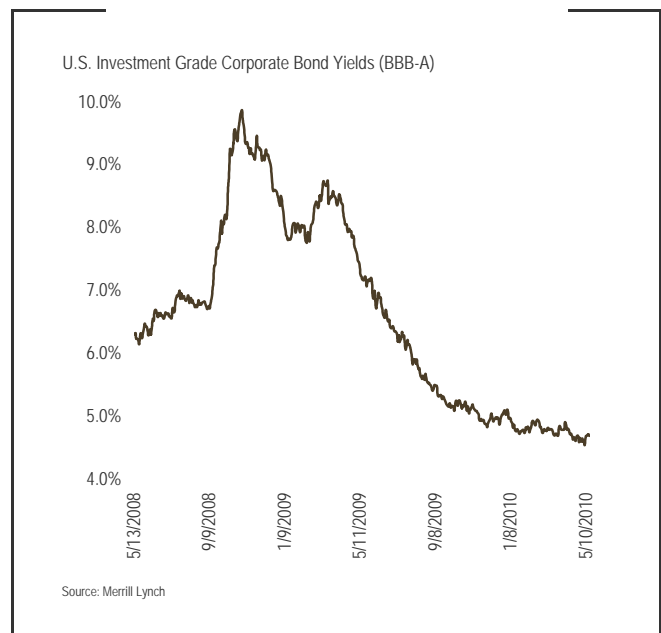
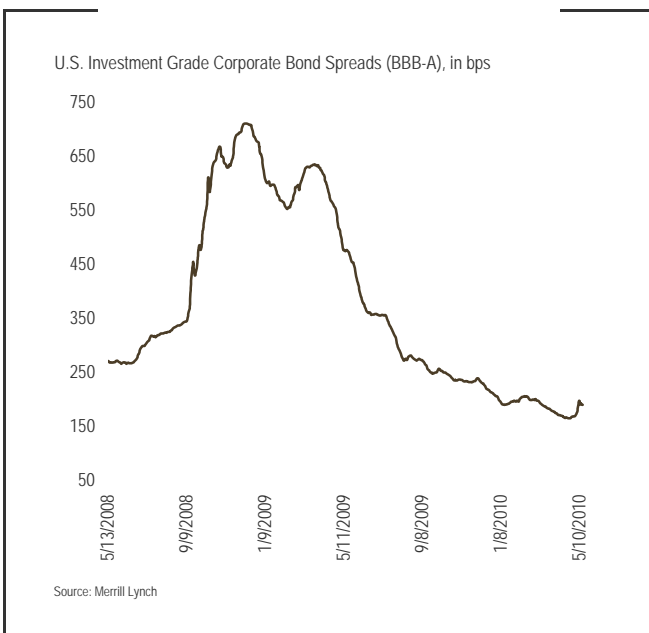
Bond Market Update

After falling sharply earlier, U.S. Treasuries finished the week mostly unchanged following a dramatic rally on Friday. Once again, the backdrop driving the market on Friday was centered on persistent worries over the euro zone's debt crisis, resulting in another flight-to-quality trade. Bond investors overlooked improving fundamentals in the U.S. economy, instead focusing on a slumping euro, which dropped to an 18-month low against the dollar as German Chancellor Angela Merkel said Europe is in a "very, very serious situation." German bunds, another safe haven sector of the market, also rose considerably on Friday. A strategist from Deutsche Bank said Greece may struggle to repay its debt and a Spanish newspaper reported that France threatened to leave the euro during talks that led to Europe's \$1 trillion bailout of troubled sovereign countries. Adding to concerns about the euro were comments from former Fed Chairman Paul Volcker. "You have the great problem of a potential disintegration of the euro," Volcker said in a speech in London on Thursday. "The essential element of discipline in economic and fiscal policy that was hoped for has so far not been rewarded in some countries." Against this backdrop, apprehension about continued weakness from Europe remains a legitimate concern.



Issue	5.7.10	5.14.10	Change
3 month T-Bill	0.13%	0.16%	0.03%
2-Year Treasury	0.83%	0.79%	-0.04%
5-Year Treasury	2.17%	2.16%	-0.01%
10-Year Treasury	3.45%	3.44%	-0.01%
30-Year Treasury	4.28%	4.32%	0.04%

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



Stock Market Update

Investors cheered news of a Greek bailout, sending the Dow Jones Industrial Average (DJIA) higher by 404.71 points on Monday, but a Friday sell off left the index at 10,620.16, a gain of 239.73 points or 2.31% for the week. The broader S&P rose 2.23%, or 24.8 points, this week to close at 1,135.68. The technology-heavy Nasdaq Composite gained 3.58% this week to close at 2,346.85.

Verizon Wireless, a joint venture of Verizon Communications (VZ) and Vodafone Plc, and Google (GOOG) announced a collaborative effort to develop a rival to Apple's (AAPL) newly released iPad tablet, according to the Wall Street Journal. No details or timeframe for a new device were given, but the move is further evidence of Google's efforts to promote the adoption of its mobile software.

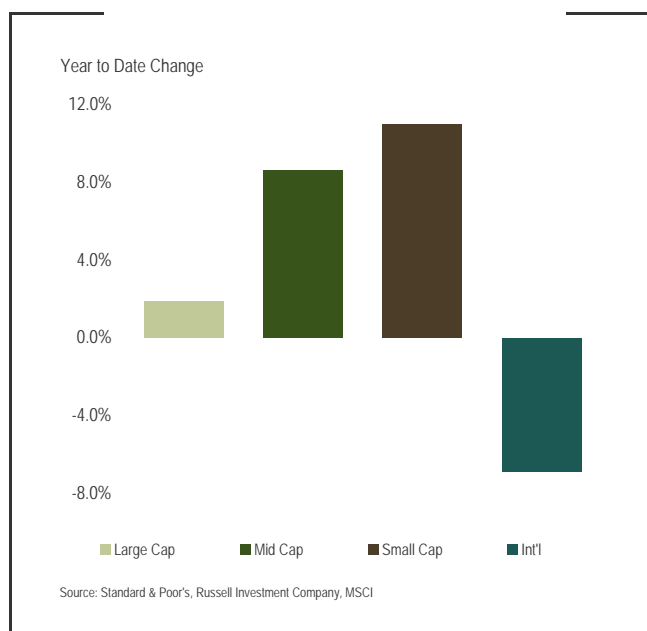
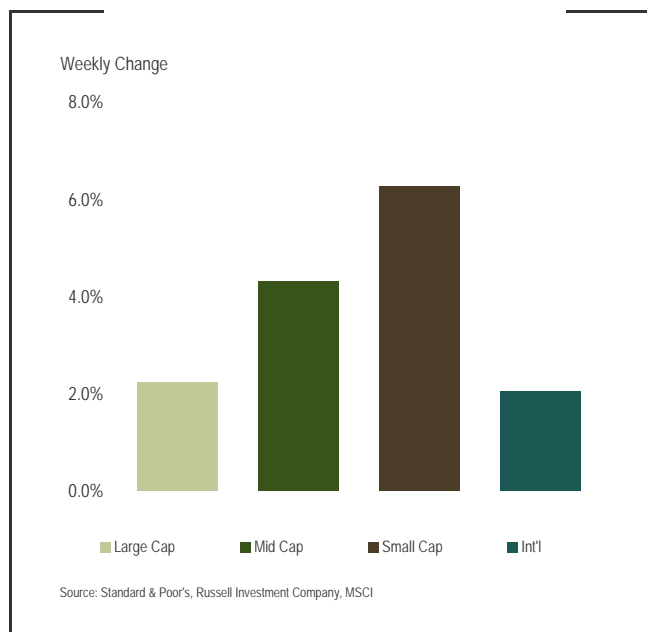
Starbucks (SBUX) announced new distribution channels for Seattle's Best coffee, a competitor the coffee giant purchased in 2003. Starting in the fall of 2010, the Seattle's Best coffee will be sold in fast-food outlets, supermarkets and coffee houses and would eventually be available in convenience stores, drive-drive through kiosks, vending machines, coffee carts and movie theaters, according to the Wall Street Journal. The coffee will compete with lower-priced rivals such as McDonald's (MCD) and Dunkin' Donuts, which have taken share from Starbucks during the recession.

Stocks in China dipped early in the week, but rallied to end the week slightly higher after four straight weekly declines. The benchmark Shanghai Composite Index gained 0.30% and is now down 17.71% in 2010. Stocks in Europe gained this week on news of the Greek bailout, with the FTSE 100 gaining 2.73%.

Issue	5.7.10	5.14.10	Change
Dow Jones	10,380.43	10,620.16	2.31%
S&P 500	1,110.88	1,135.68	2.23%
NASDAQ	2,265.64	2,346.85	3.58%
Russell 1000 Growth	493.05	505.55	2.54%
S&P MidCap 400	756.64	789.31	4.32%
Russell 2000	653	693.98	6.28%
MSCI EAFE	1,435.69	1,465.13	2.05%
MSCI EM	948.35	975.56	2.87%
MSCI Small Cap	140.31	142.60	1.63%

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.



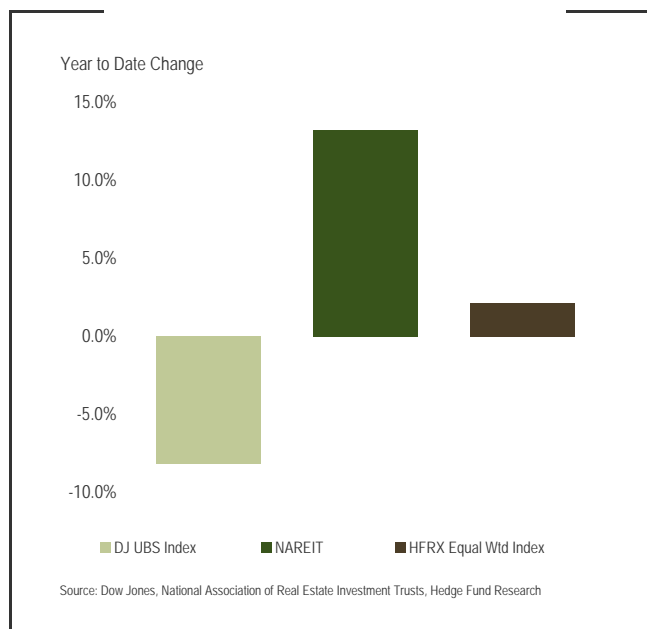
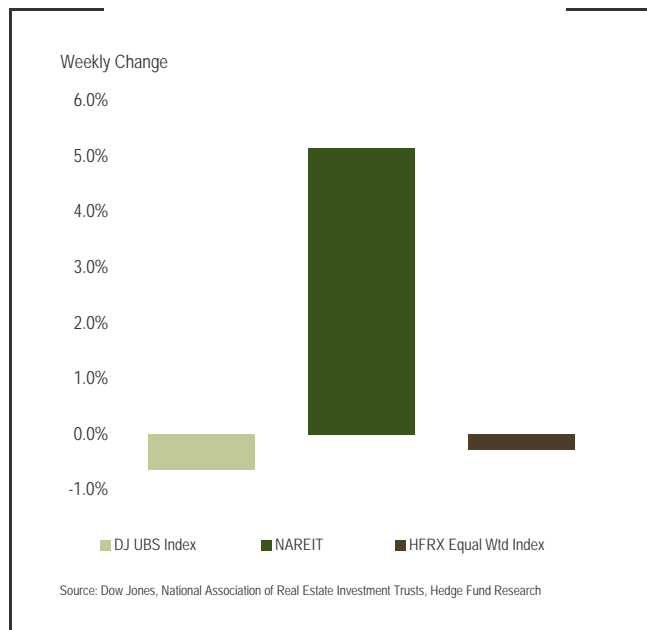
Alternative Investments Market Update

An upward spike in the Euro on Monday reversed into a slow decline, which may have sparked the latest rally in gold. At the beginning of the week, June gold futures held the \$1,200 per ounce mark, but on Tuesday and Wednesday the metal made jumps of more than 1% at the onset of trading and added to that as the sessions continued. Gold reached a record high of \$1,232.50 during after hours on Tuesday. On Thursday, gold remained flat for the day. While gold rose nearly 1% at the opening of markets on Friday, reaching another record high of \$1,249.70, profit taking and worry over the European debt bailout caused the precious metal to close at \$1,227. For the week, gold rose 1.5%. Crude oil retreated sharply this week on news that a U.S. storage facility was near capacity, concerns over European debt, and a recent poll of Americans which indicated comfort with offshore drilling despite the leaking rig. Oil has declined 19% from an 18-month high reached in early May. In addition, the commodity has declined in eight of the last nine trading sessions.

In private equity news this week, HCA Inc. filed for its third initial public offering for approximately 20% of the company, raising \$4.6 billion. In 2006, the health care operator was taken private in a leveraged buyout but has since become profitable. If completed this year, the IPO will enable HCA to return all of the cash to its owners, Kohlberg Kravis Roberts and Bain Capital, while leaving them with 80% ownership.

Issue	Previous Week	Current ¹	Change
Gold	1,208.60	1,230.50	1.81%
Crude Oil Futures	75.32	71.89	-4.55%
Copper	315.05	312.45	-0.83%
Sugar	13.75	14.13	2.76%
HFRX Equal Wtd. Strat. Index	1,138.71	1,135.71	-0.26%
HFRX Equity Hedge Index	1,136.56	1,142.98	0.56%
HFRX Equity Market Neutral	995.33	1,004.34	0.91%
HFRX Event Driven	1,382.33	1,373.24	-0.66%
HFRX Merger Arbitrage	1,470.79	1,465.21	-0.38%
Dow Jones UBS Commodity Index	128.66	127.84	-0.64%
FTSE/NAREIT All REIT	120.99	127.22	5.15%

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, The International Monetary Fund.



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