

MainStreet Advisors Financial Market Update

April 21, 2011
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Economic Update

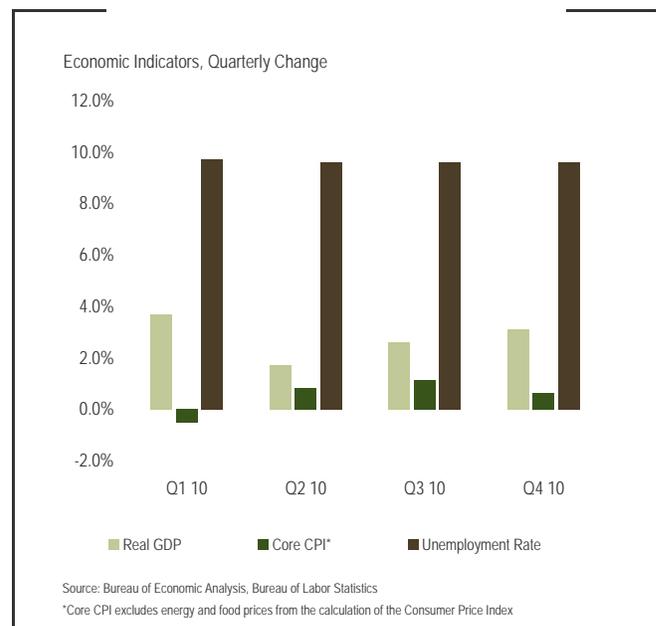
The outlook for the U.S. economy brightened as The Conference Board released data showing that the Leading Economic Index rose for the 9th straight month in March. The gauge was up 0.4% for the month after a 1.0% increase in February, and continues to be at an all-time historical high. Ken Goldstein, economist at The Conference Board, said "U.S. LEI continues to point to sustained economic growth through year end." He added, though "global disruptions including unrest in the Middle East, rising oil prices, and the Japan earthquake may have repercussions."

First-time filings for unemployment claims declined 13,000 in the most recent week to 403,000, according to the Labor Department. The drop was smaller than most economists expected, but it is still a step in the right direction and the employment picture seems to be in an extended period of gradual improvement. The 4-week moving average of initial claims edged up to 399,000 holding the line just below the key 400,000 threshold. In addition to the decline in initial claims, the number of Americans filing for ongoing claims for unemployment benefits dropped 7,000 to 3,695,000 in the week ended April 9th.

The Federal Housing Finance Agency reported that U.S. home prices fell 5.7% in February from a year earlier as distressed properties weighed down values. The share of homes sold in March that were distressed properties – foreclosures or short sales – edged up to 40% from 39% in February, according to the National Association of Realtors. The group also reported that the median U.S. price for a previously owned home rose in March to \$156,900, up from a nine-year low of \$156,100 in February. The March median price was down 5.9% from the previous year, the biggest year-over-year decline since October 2009.

U.S. crude oil supplies unexpectedly fell 2.32 million barrels to 357 million last week, according to the Energy Department's weekly report. This was the first drop since February and helped push crude prices above \$112 per barrel. The weakening U.S. currency also helped push commodities higher. The Dollar Index, which tracks the greenback versus a basket of the currencies of six major U.S. trading partners, dropped to an intraday low of 73.73, the lowest level since August 2008.

Source: Bureau of Economic Analysis, U.S. Department of Commerce, Federal Reserve Banks, U.S. Department of Labor, U.S. Department of Commerce, The Conference Board, the National Association of Realtors, the National Association of Home Builders, the European Central Bank.

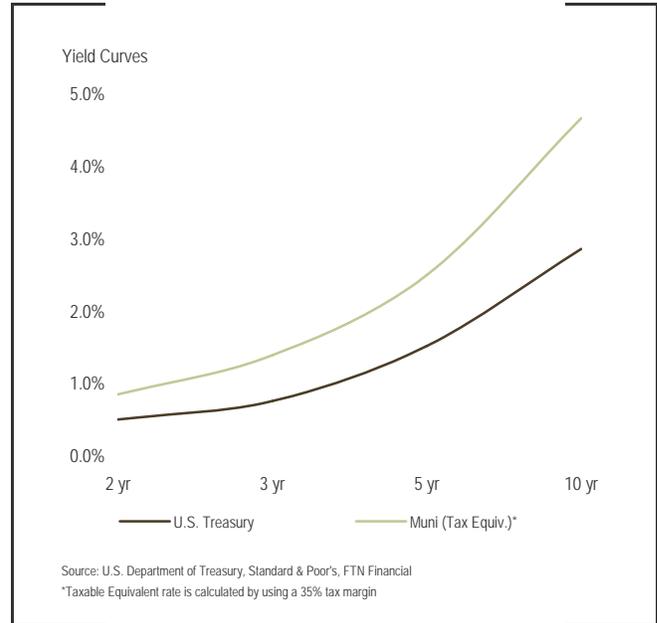


Apr. 18 th	Housing Market Index, April	16.0
Apr. 19 th	ICSC-Goldman Same Store Sales, Wkly. Chg.	0.3%
Apr. 19 th	Housing Starts, March	549,000
Apr. 20 th	MBA Purchase Applications Index, Wkly. Chg.	10.0%
Apr. 20 th	Existing Home Sales, March SAAR*	5.1M
Apr. 20 th	EIA Petroleum Status Report, Wkly. Chg.	-2.3M Barrels
Apr. 21 st	Initial Jobless Claims (Week ending 4/16)	403,000
Apr. 21 st	EIA Natural Gas Report, Wkly. Chg.	47 bcf

* Seasonally Adjusted Annual Rate

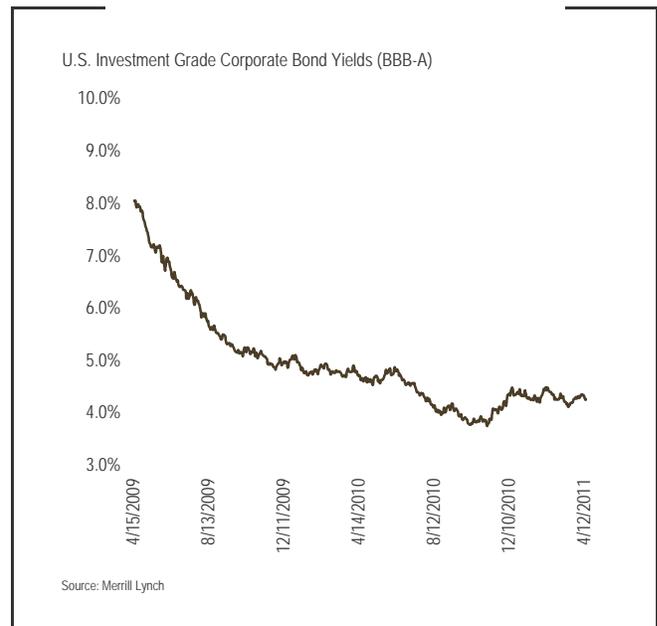
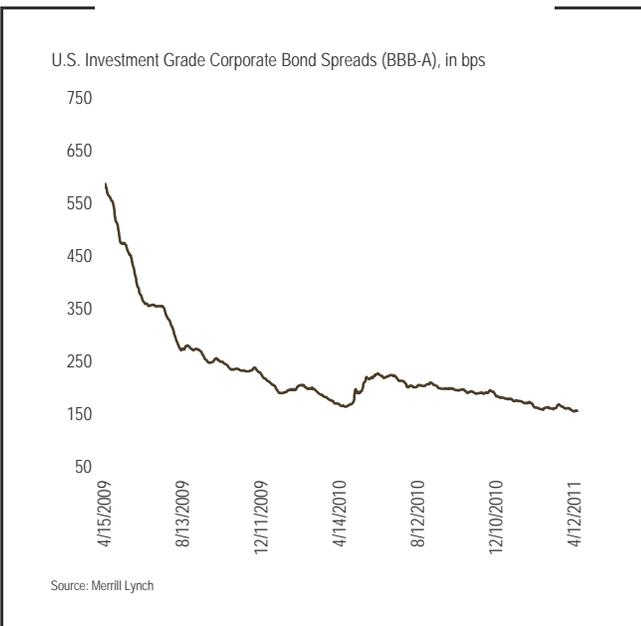
Bond Market Update

For the second straight week, U.S. Treasuries gained on speculation the U.S. economic recovery may lose momentum amid weaker than expected market reports. Demand for safe-haven U.S. government debt also strengthened on worries the euro zone sovereign debt crisis is deepening. The cost to hedge a default on Portugal's government debt hit a record high, with yields on government debt in Portugal and Greece continuing to rise. Friday's Treasury Inflation Protected Securities auction, the largest ever, drew a yield of negative 0.180%, as investors paid a premium to own protection against inflation. The auction's bid-to-cover ratio, which gauges demand, came in at 2.57, markedly lower than levels seen in the previous two auctions. Meanwhile, a warning Monday from Standard & Poor's about the U.S. government's mounting debt intensified political divisions in Washington about how to best tackle the growing budget deficit. The report questioned whether the White House and Republicans would be able to reach an agreement before the 2012 presidential elections on a plan to reduce the deficit. "The sign of political gridlock was a key determinant in our outlook change," said John Chambers, Chairman of the sovereign ratings committee at S&P. Although highly unlikely, a ratings cut will likely lead to higher borrowing costs and yields for government debt, which would then spill-over into increased credit costs in all areas of the economy.



Issue	4.14.11	4.21.11	Change
3 month T-Bill	0.07%	0.06%	-0.01%
2-Year Treasury	0.77%	0.69%	-0.08%
5-Year Treasury	2.23%	2.15%	-0.08%
10-Year Treasury	3.51%	3.43%	-0.08%
30-Year Treasury	4.53%	4.47%	-0.06%

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



Stock Market Update

Stocks rallied to end the week higher after selling off early in the week on news that S&P decreased the outlook on U.S. government debt from stable to negative. Investors reacted to the news sending stocks 1.10% lower. However, later in the week, strong earnings reports overcame disappointing economic reports to send stocks higher. The Dow Jones Industrial Average closed at 12,503.26, 161.43 points, or 1.31% higher this week while the broader S&P 500 gained 1.34% to end the week at 1,337.34. The technology-heavy NASDAQ Composite gained 2.01%.

Stocks were lifted mid-week by a strong earnings report from Apple Inc. (AAPL), which posted a 95% increase in second-quarter profit and record iPhone sales; however, sales of the newly launched iPad were weak, but mainly to supply constraints. Shares in Apple gained 7.09% this week.

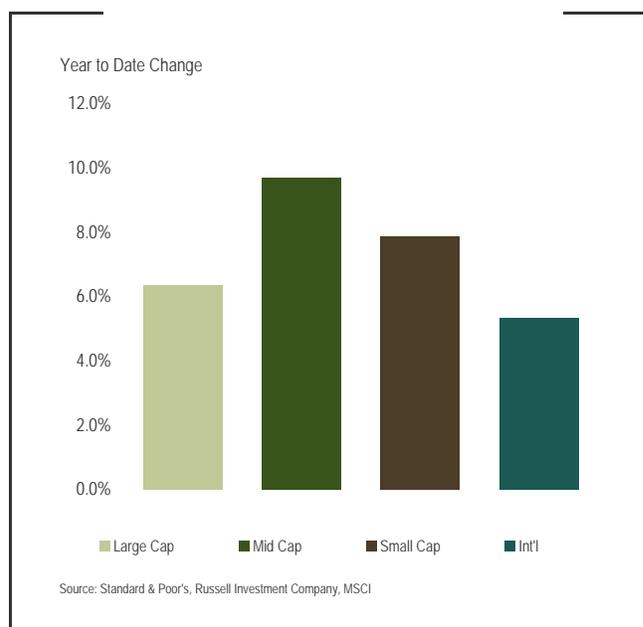
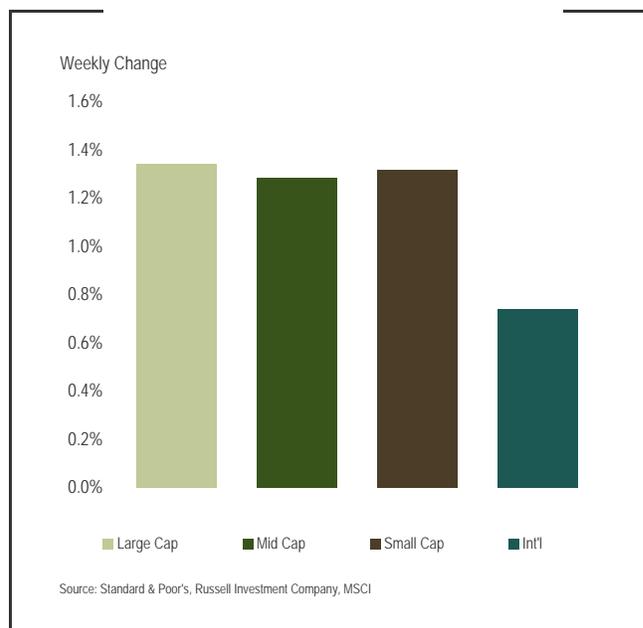
In a sign of continued improvement, a number of regional banks reported strong first-quarter earnings results, according to the Wall Street Journal. PNC Financial (PNC), Fifth Third Bancorp (FITB), BB&T Corp (BBT), and SunTrust Banks Inc. (STI) all reported quarterly earnings that exceeded Wall Street expectations. While pressure from weak mortgages and reduced fee income continued to weigh on results, each bank reported growth from commercial and industrial loans.

JPMorgan Chase & Co (JPM) and Bank of America (BAC) also announced earnings this week. JP Morgan announced EPS of \$1.28 a share, beating Wall Street expectations by \$0.12, while Bank of America disappointed Wall Street with EPS of \$0.17 a share - an \$0.11 shortfall.

On Wednesday, the first anniversary of the Deepwater Horizon disaster and subsequent oil spill in the Gulf of Mexico, BP PLC (BP) announced lawsuits against Halliburton Co. for "misconduct," Transocean Ltd. (RIG) the rig's owner and operator, and Cameron International (CAM) for failure of its blowout preventer. BP seeks to recover a substantial portion of the costs of the disaster from these three companies.

Issue	4.14.11	4.21.11	Change
Dow Jones	12,341.83	12,505.99	1.33%
S&P 500	1,319.68	1,337.38	1.34%
NASDAQ	2,764.65	2,820.16	2.01%
Russell 1000 Growth	604.57	617.07	2.07%
S&P MidCap 400	982.57	995.16	1.28%
Russell 2000	834.25	845.23	1.32%
MSCI EAFE	1,724.81	1,737.57	0.74%
MSCI EM	1,182.21	1,194.99	1.08%
MSCI Small Cap	175.74	177.13	0.79%

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

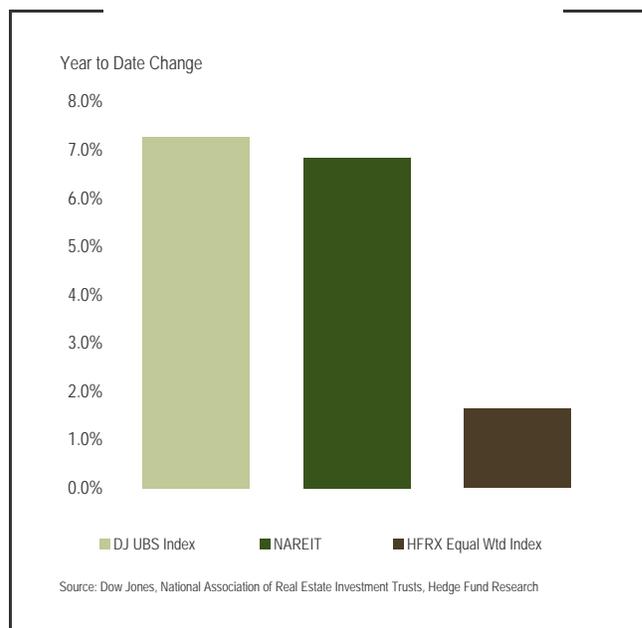
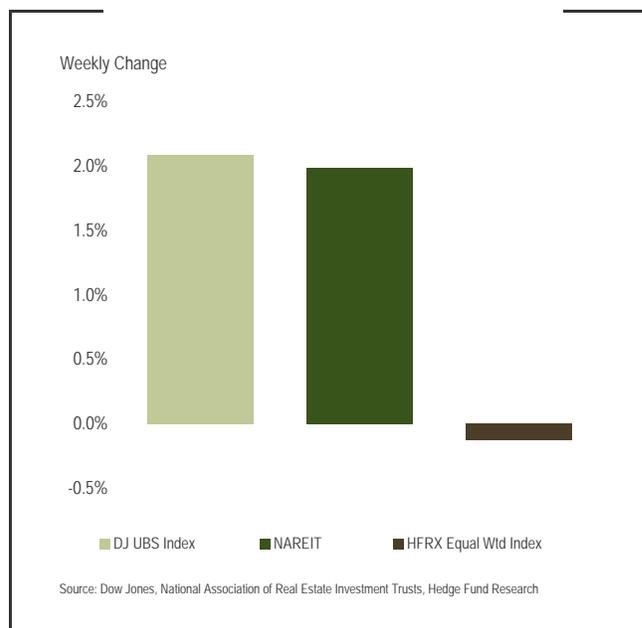
As the dollar continues to weaken and debt concerns increase demand for an alternative investment, gold rose to a record for the fifth straight session, settling above \$1,500 an ounce for the first time. This precious metal has been on a tear since last week and with the move by Standard & Poor's Ratings Services, which revised its outlook for U.S. debt to negative, and the dollar reaching its lowest level since August 2008, investors are turning to the metal as an alternative to currencies. Gold closed the week at \$1,505.90 an ounce, up \$16.40 or 1.31% this week. The weakening of the dollar also saw copper end the week at 440.20 a pound, up 3.18%.

Crude oil ended the week at \$112.22, up \$2.83 or 2.59%. Experts credit its gain to a combination of a strong euro and the Energy Information Administration reporting a surprise decline in U.S. inventories. U.S. crude oil supplies fell 2.32 million barrels to 357 million last week, the first drop since February, the Energy Department noted in a weekly report. Gasoline stockpiles dropped 1.58 million barrels to 208.1 million, the lowest level since November, the report showed. In related oil news, on Thursday President Barack Obama stated that an investigation would take place to explore whether oil and gasoline prices are being driven higher by illegal manipulation - including the role of traders and speculators.

In a recent survey of 313 hedge fund managers, more than half showed confidence that investment opportunities will improve in 2011 as the global economy recovers. A year ago the outlook was far less optimistic with almost 70% of the surveyed managers saying they were braced for a trying year. According to Reuters, these hedge funds see significant changes ahead, noting that one of the biggest will be the role that pensions funds, endowments and other institutional investors play in allocating money and forcing concessions from managers. The hedge fund industry currently manages \$2.02 trillion, according to data from Hedge Fund Research.

Issue	Previous Week	Current ¹	Change
Gold	1,486.50	1,505.90	1.31%
Crude Oil Futures	109.39	112.22	2.59%
Copper	426.65	440.20	3.18%
Sugar	22.97	23.80	3.61%
HFRX Equal Wtd. Strat. Index	1,187.95	1,186.41	-0.13%
HFRX Equity Hedge Index	1,191.36	1,179.61	-0.99%
HFRX Equity Market Neutral	1,029.02	1,034.63	0.55%
HFRX Event Driven	1,413.48	1,409.04	-0.31%
HFRX Merger Arbitrage	1,553.22	1,554.37	0.07%
Dow Jones UBS Commodity Index	170.67	174.22	2.08%
FTSE/NAREIT All REIT	140.79	143.59	1.99%

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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