

MainStreet Advisors Financial Market Update

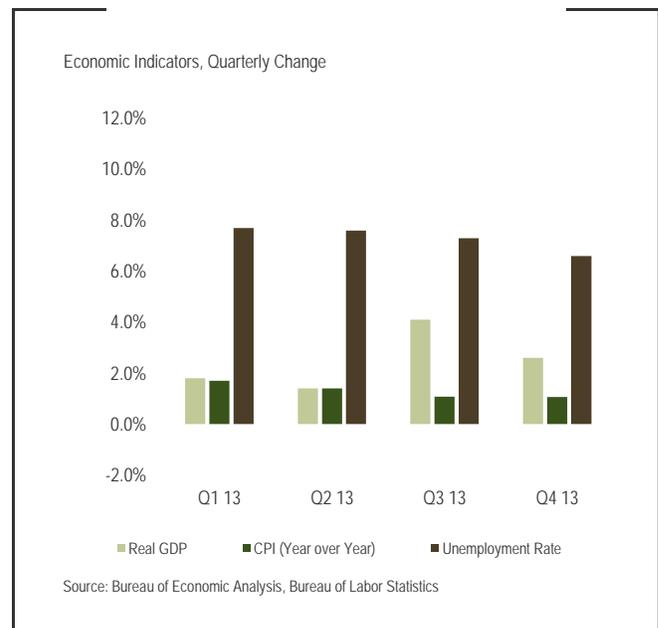
April 11, 2014
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Economic Update

Consumer confidence in the U.S. jumped to the highest level since last July as a stronger jobs market and higher incomes/spending contributed to a more positive outlook. The Thomson Reuters University of Michigan Consumer Sentiment index hit 82.6 this month, with a solid payrolls report from last week and optimistic expectations for wage growth. A pickup in wages led by increased employment opportunities would be a major boost to consumer spending, which is the largest contributor in the U.S. economy.

Prices rose in the U.S. from the producer side in March but in the service sector only, which has only been an element of the index for a few months. Overall, the PPI index notched a 0.5% increase from last month, including a 0.7% gain from the service sector while goods prices were flat. The first quarter of 2014 has been especially strong for this inflation indicator despite the flat month for goods. PPI for goods is up 1.2% since this time last year, but up 3.2% as an annual rate in the past three months. This trend could be an indication of a sooner-than-expected pickup in inflation, at least from the production side, and could have effects on Fed policy if these trends begin to show in headline inflation figures.

The IMF released a forecast this week stating Chinese growth will remain around 7.5% this year, pulling down overall emerging market growth to just under 5%. If this holds true, it will be the lowest Chinese GDP figure since 1990. The IMF maintains that the U.S. is still the primary engine of global growth, but it will not contribute as much as it once did to the world economy, and neither will emerging nations that were growing at staggering paces throughout the 1990s and 2000s. According to the report, the U.S. is set to grow at an estimated 2.8% in 2014, and based on its size should contribute 0.52% to the overall 3.9% of world economic growth. Despite the contribution making up nearly 1/8 of global growth, this is significantly less than the average 0.80% that it added throughout the 1980s and 1990s.



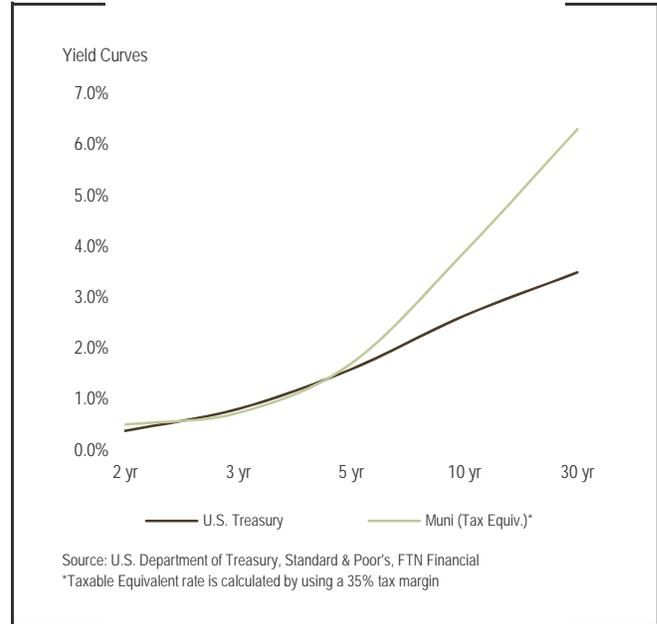
Mar 31st	Chicago PMI, Business Baro, Mar	55.9
Apr 1st	ISM Mfg. Index - Level, Mar	53.7
Apr 3rd	International Trade Balance, Feb	-42.3 B
Apr 3rd	Initial Jobless Claims, wk 3/29	326,000
Apr 4th	Non-farm Payrolls, Mar. Monthly Chg.	192,000
Apr 4th	Unemployment Rate, March	6.7%
Apr 10h	Initial Jobless Claims, wk 4/5	300,000
Apr 11h	Producer Price Index, March M/M Chg.	0.5%
Apr 11h	Consumer Sentiment Index, March	82.6

SEE IMPORTANT DISCLOSURES ON BACK PAGE.

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.

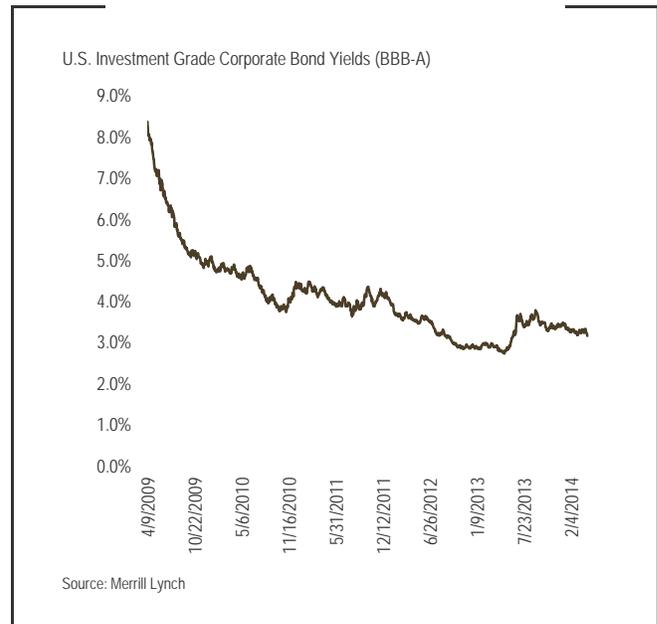
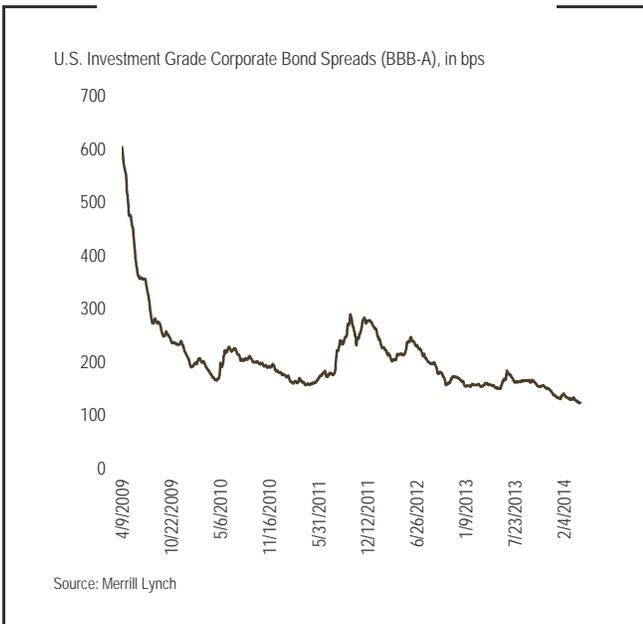
Bond Market Update

After weeks of mostly flat returns, U.S. Treasuries finished the week higher amid speculation the Federal Reserve is not prepared to accelerate the timing of interest rate increases as previously thought. Data on inflation and employment remain to be factors influencing the central bank's policy outlook. Many indicators have been suggesting inflation stays below the Fed's 2% target rate in the near-term, and many strategists feel they will err on the side of caution in determining an optimal time to increase rates. As fears mount about emerging market economic growth, U.S. mutual funds with significant exposure to corporate bonds in this area of the market might be at risk, according to a recent International Monetary Fund report. Bonds issued by companies in developing markets including Brazil, China, Russia, and Turkey experienced significant growth as central banks committed to bond purchase programs to stimulate economic growth. At the same time, given low yields on most debt in developed countries, investors flocked to these bonds given their high interest rates. Noting a potential for economic growth to slow, the IMF report estimates "problematic" corporate loans could increase by as much as \$750 billion, which would likely trigger an upturn in defaults. Asset management companies like Fidelity and PIMCO, who bought these securities in more favorable conditions, may have difficulties selling them if interest rates begin to rise.



Issue	4.4.14	4.11.14	Change
3 month T-Bill	0.03%	0.04%	0.01%
2-Year Treasury	0.43%	0.37%	-0.06%
5-Year Treasury	1.71%	1.58%	-0.13%
10-Year Treasury	2.74%	2.63%	-0.11%
30-Year Treasury	3.59%	3.48%	-0.11%

SEE IMPORTANT DISCLOSURES ON BACK PAGE. Source: Bloomberg, FTN Financial, The Wall Street Journal, U.S. Department of Treasury.



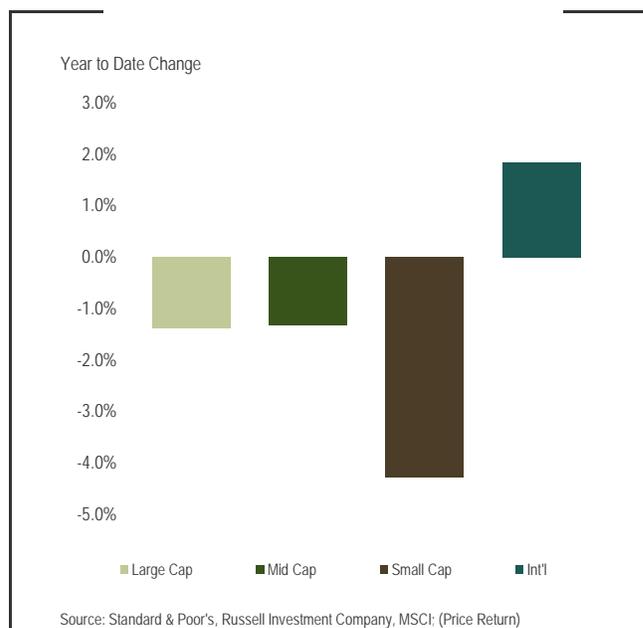
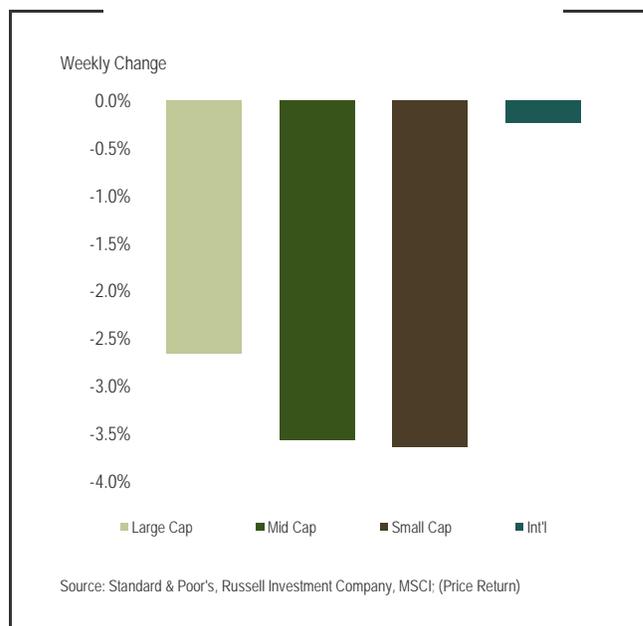
Stock Market Update

It was a volatile week for equities across the globe as investors digested mixed economic data, Federal Reserve meeting minutes, and profit taking in biotech and other high beta stocks. Stocks rallied on Wednesday as minutes from the most recent Fed meeting indicated it may stay more accommodative than recent projections indicated, but then fell sharply on Thursday and Friday. For the week, the Dow was down 2.4% to close out at 16,026.75. The broader S&P 500 Index declined 2.7% to end the week at 1,815.69. On Thursday the NASDAQ Composite Index suffered its worst day since 2011, falling 129.79 points, or 3.1%. For the week the NASDAQ closed 3.1% lower at 3999.73.

International stocks were mixed this week. European equities as measured by the STOXX 600 Index fell 3.1%, in line with the U.S. market. After Thursday's big sell-off at home, the Nikkei Index fell to its lowest level since October, as the yen rallied and foreign investors dumped Japanese stocks. For the week the index was down 7.3%. Stocks in China, on the other hand, saw large gains this week. The Shanghai Composite Index finished 3.5% higher for the week, despite data that showed Chinese exports fell 6.6% compared to expectations for a 4.2% gain. Investors in Chinese stocks cheered news of plans to allow increased access by overseas investors via Hong Kong.

First quarter earnings season, which began this week, included reports from Alcoa, JP Morgan and Wells Fargo. While Alcoa's revenue for the first quarter was below estimates, EPS surprised to the upside and management reiterated its forecast for 7% growth in global aluminum demand this year. The stock rallied 3.8% on the news. Wells Fargo reported earnings ahead of expectations despite a 3% revenue decline on slowing mortgage originations. Credit conditions continued to improve as the company released reserves of \$500 million compared to \$200 million last year. JP Morgan's earnings fell 18.5% as the bank suffered not only from weaker mortgage lending, but also sluggish trading revenue.

Name	Previous Week	Current ¹	Change
S&P 500	1,865.09	1,815.69	-2.65%
S&P Mid Cap 400	1,367.11	1,318.50	-3.56%
Russell 2000	1,153.38	1,111.44	-3.64%
MSCI EAFE	1,924.32	1,919.80	-0.23%
MSCI EM	1,000.17	1,021.74	2.16%
DJ Industrial Average	16,412.71	16,026.75	-2.35%
NASDAQ	4,127.73	3,999.73	-3.10%



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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, Cornerstone, Morningstar

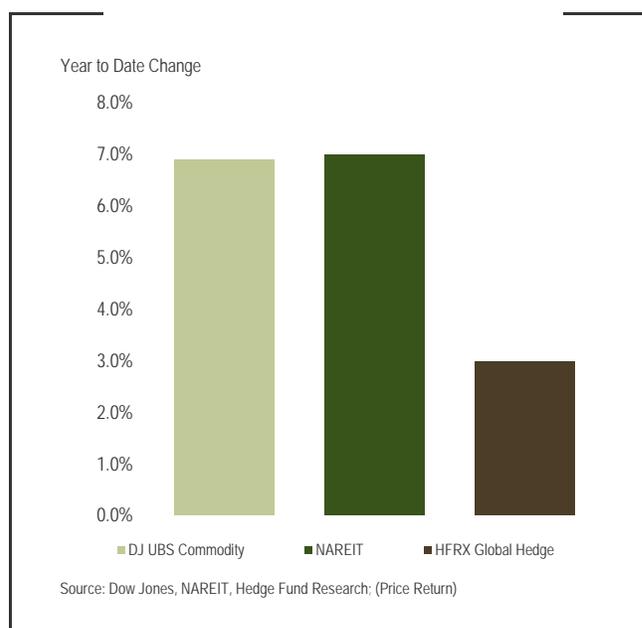
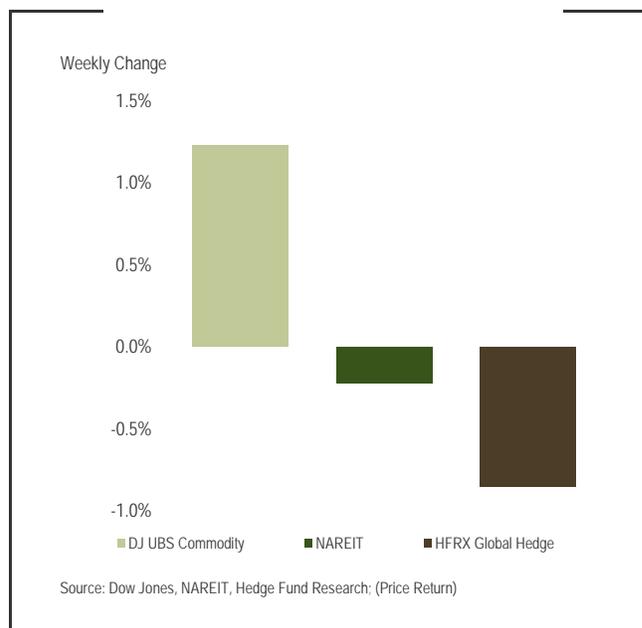
Alternative Investments Market Update

West Texas Intermediate (WTI) crude climbed to five-week highs this week as U.S. consumer confidence rose in April and gasoline demand strengthened. Crude slipped to \$103.38 a barrel on Friday, as recent signs of sputtering economic growth in China suggested demand for crude could weaken. Other factors influencing crude supplies include the U.S. Energy Department stating the country's crude oil reserves rose for a fourth straight year to their highest level since 1976 as hydraulic fracturing methods have helped drillers unlock oil trapped in rock formations. Also, traders kept a close eye on the reopening of four Libyan export terminals, which have been delayed as the central government and militias who had occupied the facilities failed to reach a definite agreement. Crude's close on Friday marks the biggest weekly gain so far this year.

Gold recorded its best week in over a month on sagging risk appetite and increasing hopes that the U.S. Federal Reserve would hold off on raising interest rates as early as next year. Earlier this week, Bullion reached its highest level since March 24th, hitting \$1,324.40 an ounce, bolstered by the Fed's March meeting minutes which showed officials were not fond of increasing interest rates shortly after unwinding bond purchases, as markets had feared. The precious metal had come under pressure, falling to a seven-week low earlier this month on signs that strong economic data in the U.S. would prompt further dollar strengthening; coupled with Fed Chair Janet Yellen hinting last month of the chance of hiking interest rates in the first half of 2015. However, bullion gains were capped by continuing outflows from gold funds and weak physical demand in Asia.

Coffee bean prices hit their highest level in more than two years amid fears that droughts in Brazil could lead to a global shortage of coffee. The price of arabica beans, the most popular variety, rose by 20% this week and hit \$2.07 a pound, the highest price since February 2012. So far this year, the price of arabica beans, favored by Starbucks, Costa Coffee and Caffè Nero, has risen by 70%. The price was driven higher on Thursday by further dry weather forecasts for Brazil, the world's biggest producer, which has already experienced its worst droughts in decades.

Name	Previous Week	Current ¹	Change
DJ UBS Commodity Index	134.75	136.40	1.23%
FTSE/NAREIT All REIT Index	168.40	168.03	-0.22%
HFRX Global Hedge Index	1,241.95	1,231.40	-0.85%
Gold	1,304.14	1,318.43	1.10%
Crude Oil Futures	101.14	103.38	2.21%



SEE IMPORTANT DISCLOSURES ON BACK PAGE.

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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