

MainStreet Advisors Financial Market Update

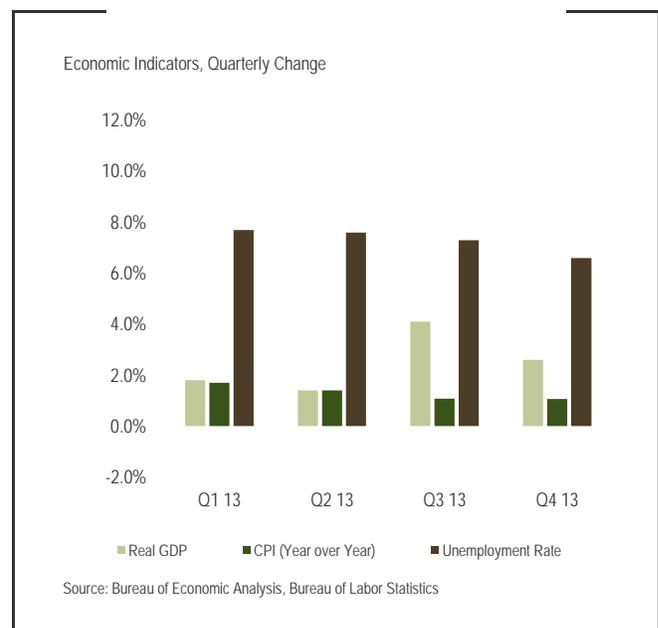
April 25, 2014
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Economic Update

The housing market in the U.S. saw declines in March as new single-family home sales showed a decline of 14.5% during the month and 13.3% year-over-year. This is unsettling data for what was supposed to be a recovering housing market, and a tumultuous winter can no longer be blamed for these figures. The increase in home prices may have had some impact on these numbers as we saw a record 11.2% spike during March, which may have caused some buyers to re-evaluate their options and hold off on a purchase. Also, higher mortgage rates may be a short-term headwind as buyers adjust to the change, but this factor should dissipate as consumers acclimate to the current rate environment.

On a positive note, new orders for durable goods in the U.S. jumped 2.6% in March after a 2.2% rise in February. All major categories saw gains during the month, and transportation, specifically civilian aircraft, led the way along with electronics and computer equipment. Last month, the transportation sector dominated the rise in orders, but the March report showed a more widespread gain across different areas, which is a good indicator of overall strength. These gains coincide with record profit levels and historically high levels of cash on corporate balance sheets, which could lead to significant gains in business investment and continued positive orders data. Furthermore, the consumer is gaining purchasing power, and personal debt levels are lower than they have been in past years, giving buyers the ability to make larger purchases.

Overseas, the German Finance Ministry said the nation will experience slightly slower economic progress in the second quarter after a surprisingly strong Q1. A very mild winter benefitted construction and industrial production in the first months of the year, and the ministry claims that this higher-than-expected performance in Q1 will slightly dampen the numbers in Q2. The government expects overall GDP growth of 1.8% on the year after a 0.6% rise in Q1 and an expected 0.4% in Q2.



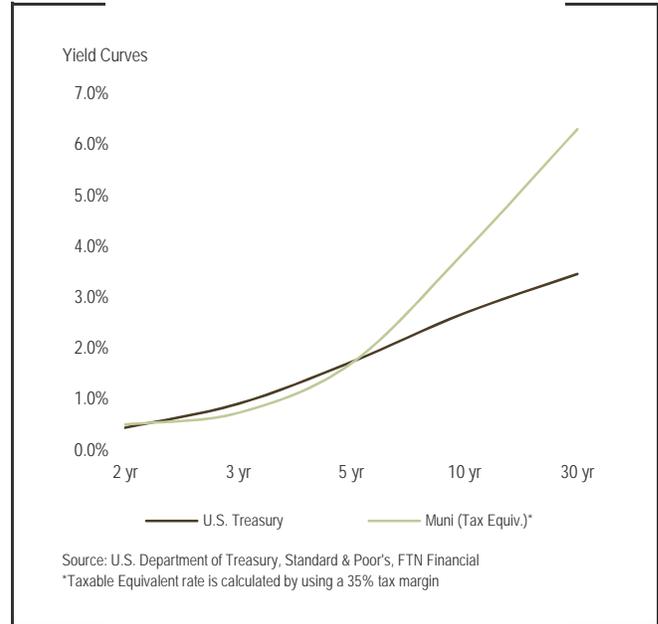
Apr 10th	Initial Jobless Claims, wk 4/5	300,000
Apr 14th	Retail Sales, Mar. Monthly Chg.	1.1%
Apr 15th	CPI, March Monthly Chg.	0.2%
Apr 16th	Housing Starts, March	946,000
Apr 16th	Industrial Production, Mar. Monthly Chg.	0.7%
Apr 17th	Initial Jobless Claims, wk 4/12	304,000
Apr 17th	Philadelphia Fed Survey, April	16.6
Apr 22nd	Existing Home Sales	4.59 M
Apr 23rd	New Home Sales	384 K
Apr 24th	New Durables Orders	2.6%
Apr 25th	Consumer Sentiment	84.1

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.

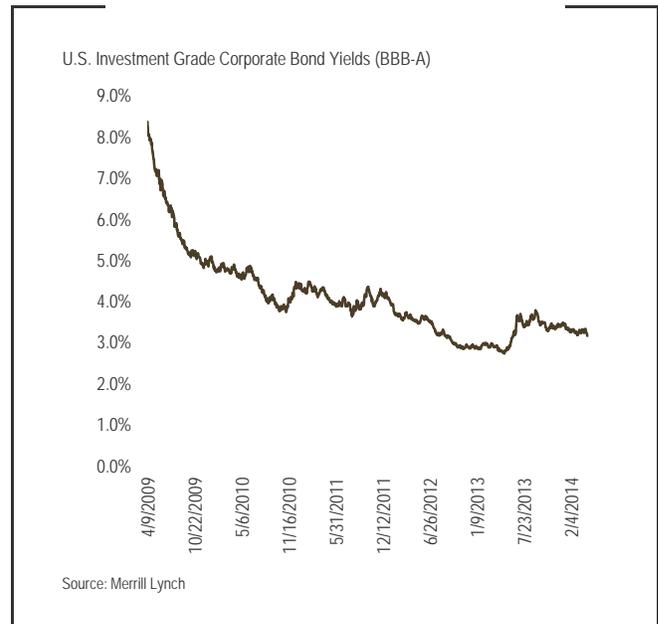
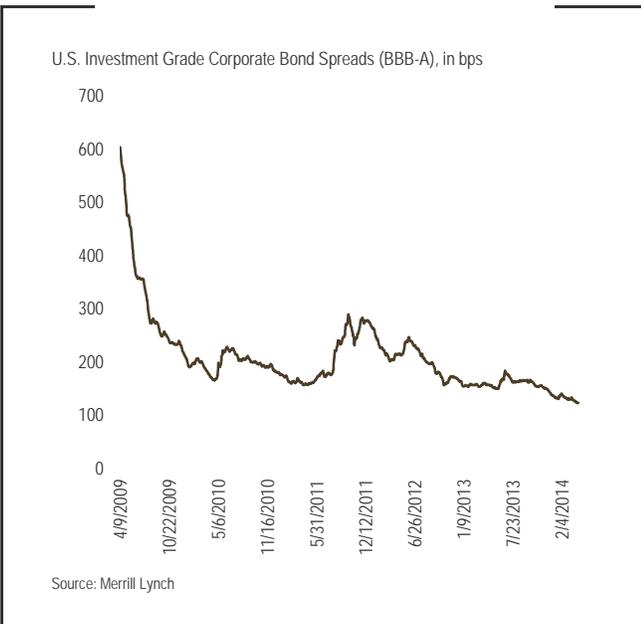
Bond Market Update

Sparked by the flight-to-quality trade, U.S. Treasuries finished the week higher amid continuing tensions between Russia and Ukraine. Although the Russian central bank increased short-term interest rates in an effort to stem capital outflows and provide support for currency, economic and financial costs from the conflict remain a concern. The S&P downgraded the country's credit rating this week to BBB-, one notch above junk status. Separately, the yield on the 10-year U.S. Treasury note continues to trade within a narrow range established in early March, as investors debate when the Federal Reserve will make its first interest rate increase. Meanwhile, despite a five-year rally in corporate bonds, some strategists feel the outlook for this sector remains robust. The combination of slow and steady U.S. economic growth, and changing expectations for short-term interest rates have allayed worries that a sudden rise in yields will erode bond values. Robust demand for fixed income products, along with stable company fundamentals, also suggests the rally is sustainable. Finally, strategists are having a difficult time finding a tangible catalyst for a significant sell-off in 2014, suggesting credit market downturn likely remains farther into the future than previously expected. However, lingering discomfort among investors about the compensation they are receiving to bear credit risk coupled with lower liquidity warrants a heightened scrutiny of market conditions.



Issue	4.18.14	4.25.14	Change
3 month T-Bill	0.03%	0.03%	0.00%
2-Year Treasury	0.43%	0.43%	0.00%
5-Year Treasury	1.75%	1.72%	-0.03%
10-Year Treasury	2.73%	2.68%	-0.05%
30-Year Treasury	3.52%	3.45%	-0.07%

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



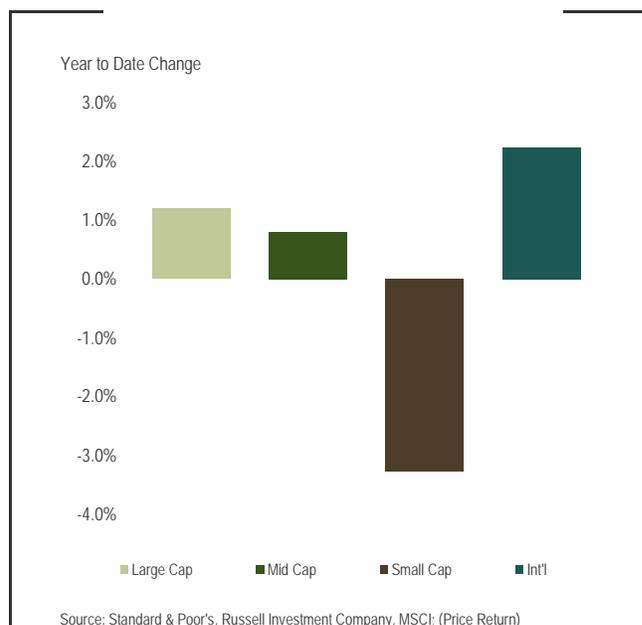
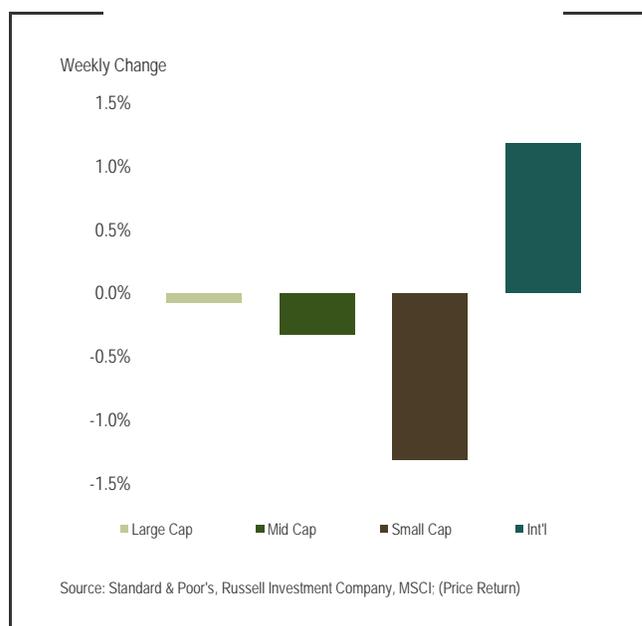
Stock Market Update

Equity markets were volatile this week as a six-day positive streak for the NASDAQ and the S&P 500, the longest since September, came to an end on Wednesday. Positive earnings reports from several big name tech stocks were not enough to offset disappointing housing and manufacturing data. Heightened tensions between Russia and Ukraine weighed heavily on stocks Friday, sending the Dow Jones Industrial Average down 140 points. For the week, the Dow fell 0.6% to close out at 16,361.46. The broader S&P 500 Index was flat to end the week at 1,863.40, while the NASDAQ Composite Index declined 0.5% to 4075.56.

International stocks were mixed this week. European equities as measured by the STOXX 600 Index still managed to post a 0.4% increase despite the negative impact on markets from the situation in Ukraine and Russia. Germany's stock market was especially hard hit on Friday, falling 1.7% as it has a major trading relationship with Russia. Stocks declined in Asia with the Nikkei index falling 0.6% and the Shanghai Composite Index closing 2.9% lower for the week as negative economic data from China weighed on markets. A preliminary report from HSBC on China's manufacturing sector in April came out at 48.3, showing another month of contraction.

Through Thursday, 204 S&P 500 members had reported first quarter results. Total earnings for these companies increased 2.9% from the same period last year on 3.6% higher revenues, with about 68% beating EPS estimates and 44% reporting revenue growth surprises. Of note this week, results were reported by Apple, Boeing, McDonald's and Amazon. Healthcare M&A activity also was in the news, including a report that Pfizer had approached European drug maker Astra Zeneca about a possible merger. Novartis announced its plans to buy Glaxo SmithKline's oncology unit at the same time it would sell its vaccines division to Glaxo. Here in the U.S., Zimmer agreed to buy privately held Biomet, making it the second largest manufacturer of orthopedic products behind Johnson & Johnson.

Name	Previous Week	Current ¹	Change
S&P 500	1,864.85	1,863.40	-0.08%
S&P Mid Cap 400	1,351.42	1,347.00	-0.33%
Russell 2000	1,137.90	1,123.00	-1.31%
MSCI EAFE	1,904.98	1,927.38	1.18%
MSCI EM	1,002.50	1,004.46	0.20%
DJ Industrial Average	16,408.54	16,361.46	-0.29%
NASDAQ	4,095.52	4,075.56	-0.49%



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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

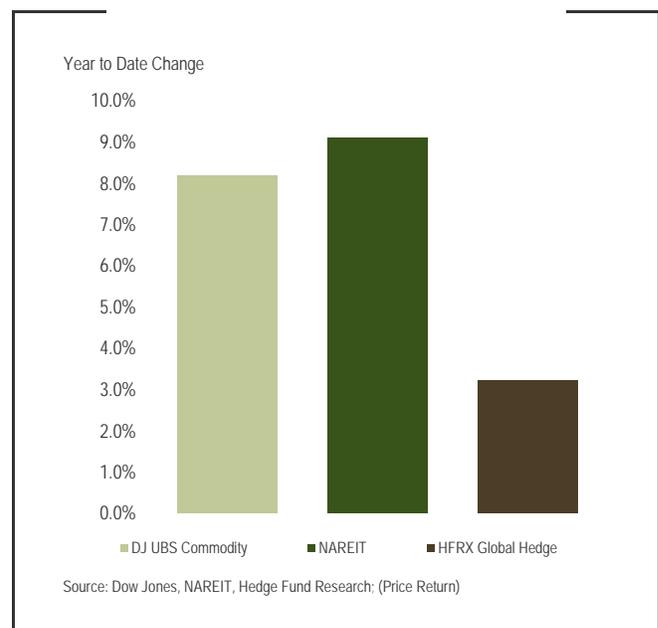
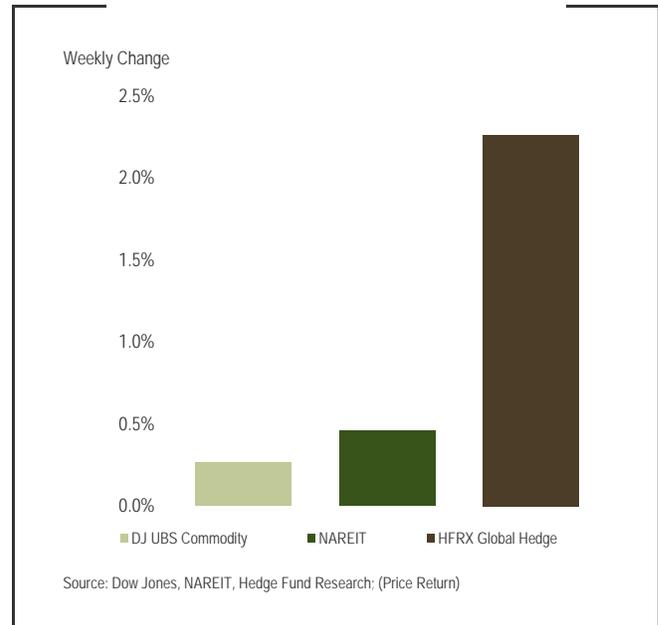
Alternative Investments Market Update

Supply data and geopolitical tensions drove fluctuations in commodity prices this week. In energy, government data on Wednesday showed commercial crude oil supplies of 398 million barrels, the largest weekly total in at least 30 years. The surplus is due in part to increased supply along the Gulf Coast, as oil supplies have begun to move at the southern leg of the Keystone XL pipeline from Oklahoma to the Gulf of Mexico. West Texas Intermediate futures were down 2.8% this week, which is the biggest decline in more than a month. Crude oil for June delivery fell to \$100.91 on the New York Mercantile Exchange.

Tensions over actions in the Ukraine are providing price support to the energy complex, as Russia is the second largest oil exporter in the world and supplies a considerable amount of gas to Europe. Much of that oil and gas reaches Europe through pipelines in Ukraine. Concerns about disruptions have increased since the current peace deal formally ended on Wednesday, with Ukraine's government vowing to eliminate pro-Russian armed groups in the eastern part of the country. The conflict appeared to be threatening to escalate into military action as of today.

The Ukrainian situation is also stoking demand for gold, traditionally a safe haven during times of tumult. Continuing a six week rally, gold futures for June delivery rose 0.9% to \$1,301.70. The precious metal has risen 8.3% this year. Grain futures are also being buoyed by worries about possible supply disruptions from Eastern Europe, as well as dry weather in North America. Russian and Ukraine are the world's fifth and sixth largest wheat exporters, respectively. Wheat for July delivery rose about 1% on the week, to \$7.09 per bushel. Soybean and corn futures have risen approximately 14% and 20% year-to-date.

Name	Previous Week	Current ¹	Change
DJ UBS Commodity Index	137.68	138.05	0.27%
FTSE/NAREIT All REIT Index	170.54	171.32	0.46%
HFRX Global Hedge Index	1,207.08	1,234.35	2.26%
Gold	1,295.10	1,302.70	0.59%
Crude Oil Futures	104.54	100.63	-3.74%



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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