MAINSTREET ADVISORS

FINANCIAL MARKET UPDATE 4/24/15

THE WEEK IN REVIEW

Domestic stock markets continued higher this week, which helped push year-to-date gains further into positive territory. Grabbing the headlines was the NASDAQ Composite Index, which finished above its previous high set more than 15 years ago. It's worth noting that P/E multiples were far more lofty 15 years ago than today's levels. International stocks continue their ascent higher, despite some indigestion coming from Greece and weak economic data out of China. Emerging market stocks are the best performing equities year to date, with Chinese stocks up very strongly.

Sales of existing homes surged 6.1% in March to an annual rate of 5.190 million. Last month was the largest increase since December 2010. Purchases of new homes slumped 11.4% last month. Demand for new homes has benefited from limited supply of previously owned homes in recent months. This trend reversed in March as supply of existing homes grew 5.3% which helped sales. The National Association of Realtors reported that 40% of existing homes purchased last month had been on the market for less than a month.

March durable goods orders gained 4.0% after falling 1.4% in February. The rise was solely due to the 13.5% spike in transportation. Excluding the volatile transportation sector, orders were down 0.2%. Outside of transportation, orders have fallen six consecutive months, showing that spending on large purchases continues to decline.

Other economic data this week included weekly jobless claims and the Markit Flash US Manufacturing PMI. Jobless claims were 295,000 versus estimates of 287,000. With the report, the four-week moving average remains below 300,000, suggesting labor market conditions are strong. Markit PMI remains in expansion territory even though it missed expectations with a print of 54.2 versus estimates of 55.7.

Through Friday morning, 202 companies in the S&P 500 have reported first quarter earnings. According to Zacks Investment Research, earnings for these companies are up 8.7% with flat revenue growth at 0.7%. Positive earnings growth is a result of strong growth in the finance sector. Excluding the finance sector, first quarter earnings are down 4.5% and revenue is down 5.6%. Based on the 202 reported earnings combined with estimates for the remaining 298 companies in the S&P 500 that have not yet reported, earnings are expected to decline 0.4% with revenue down 5.1%.

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	18,080.14	1.42%	1.44%	9.57%
NASDAQ	5,092.09	3.25%	7.52%	22.75%
S&P 500 LargeCap	2,117.69	1.75%	2.86%	12.73%
S&P 400 MidCap	1,533.84	1.19%	5.60%	12.51%
S&P 600 SmallCap	725.08	1.47%	4.51%	10.09%
MSCI EAFE	1,916.35	1.07%	7.97%	-0.57%
MSCI Emerging Markets	1,053.91	1.08%	10.21%	4.92%
Barclays Aggregate US		-0.37%	1.71%	5.20%
Bloomberg Non-US Govt Bond		0.28%	2.30%	8.22%
Bloomberg US Treasury Index		-0.55%	1.61%	5.63%
Bloomberg High Yield Index		0.21%	4.31%	2.37%
FTSE/NAREIT All REIT Index		0.88%	1.56%	13.02%
Bloomberg Commodity Index		-0.22%	-2.62%	-26.47%

KEY BOND RATES	WEEK	1 MO AGO	1 YR AGO
3-Month T-Bill	0.02%	0.02%	0.01%
2-Year Treasury	0.50%	0.56%	0.44%
5-Year Treasury	1.32%	1.36%	1.74%
10-Year Treasury	1.91%	1.87%	2.68%
30-Year Treasury	2.61%	2.47%	3.45%
Municipal Bond Yields (10 Yr)	2.09%	1.98%	2.34%

Price return as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

UPCOMING WEEK

Next Wednesday will be an important day, with the release of first quarter U.S. GDP and statements from the Federal Reserve's FOMC meeting. Economists are projecting GDP at 1.3%. Statements from the FOMC meeting will be closely watched for any indications of timing of an interest rate hike. Releases next week will also have consumer data including personal income, consumer spending, consumer price inflation, and consumer confidence.