

Economic Update

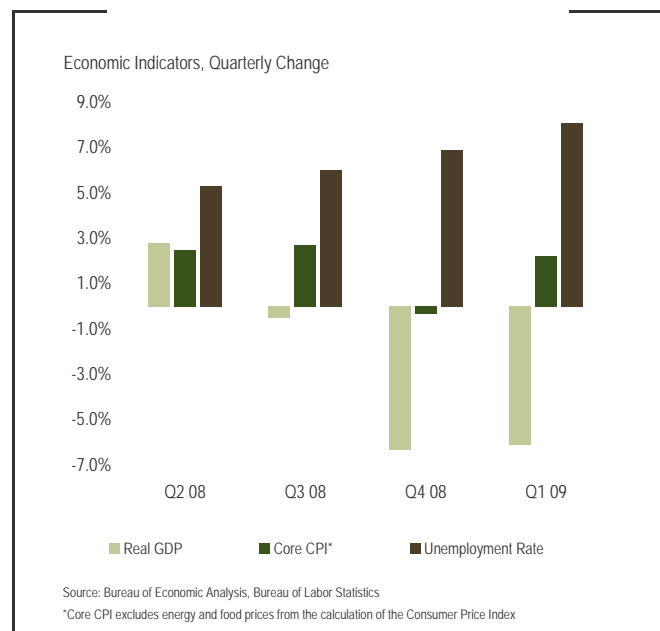
Minutes from the April Federal Open Market Committee (FOMC) released this week, reflected growing sentiment that the pace of contraction in some of the components of final demand has started to slow. Despite further softening in the labor market, the Committee noted that the rate of declines in the housing market appear to be moderating. Projections for 2009 real gross domestic product (GDP) were revised downward from January to a range of -2.0% to -1.3% as a result of weaker-than-expected declines in employment and output in the first quarter. The FOMC projected that GDP would range from 2.0% to 3.0% in 2010 and from 3.5% to 4.8% in 2011. Most of the Committee members believed that continued economic slack will hamper inflationary pressures. However, the Federal Reserve Bank of Philadelphia cautioned against complacency of inflation and warned of the growing inflation risks despite continued challenges in the economy.

Initial claims for unemployment benefits fell again last week, yet workers continuing to collect benefits swelled to a record high of 6,662,000 amid continued challenges in the jobs market. The U.S. Department of Labor announced on Friday that state unemployment rates remain elevated. However, the number of mass layoffs decreased from March to April, suggesting that the rate of job losses may begin to moderate.

The Conference Board Leading Economic Index advanced 1.0% in April, marking the first increase in seven months. More importantly, the Conference Board noted that "strength among its components exceeded the weaknesses for the first time in one and a half years" as stock prices, the interest rate spread, consumer expectations, initial unemployment claims, the average workweek, and supplier deliveries all showed improvement.

Builders' spirits improved for the second consecutive month according to the National Association of Home Builders/ Wells Fargo Housing Market Index (HMI). Lower mortgage rates, extensive inventories, attractive prices, and first-time buyers' incentives are all contributing to an improvement in the housing market.

Source: Bureau of Economic Analysis, U.S. Department of Commerce, Federal Reserve Banks, U.S. Department of Labor, The Wall Street Journal, Bloomberg, National Association of Home Builders.



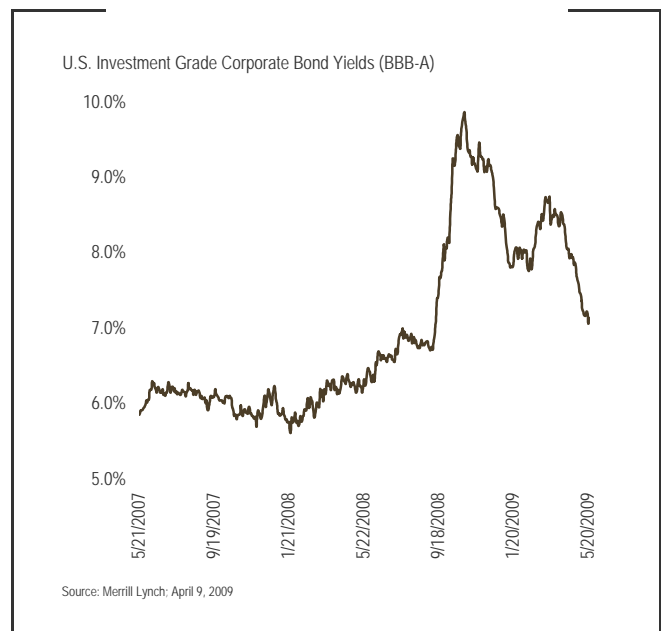
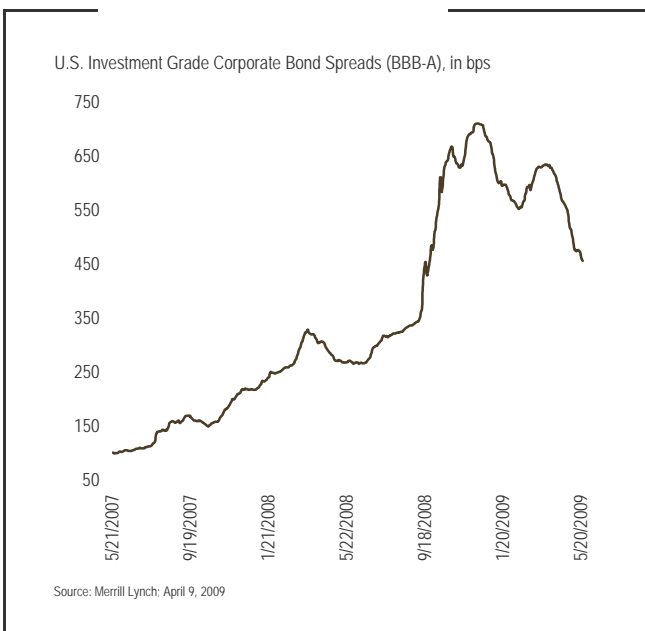
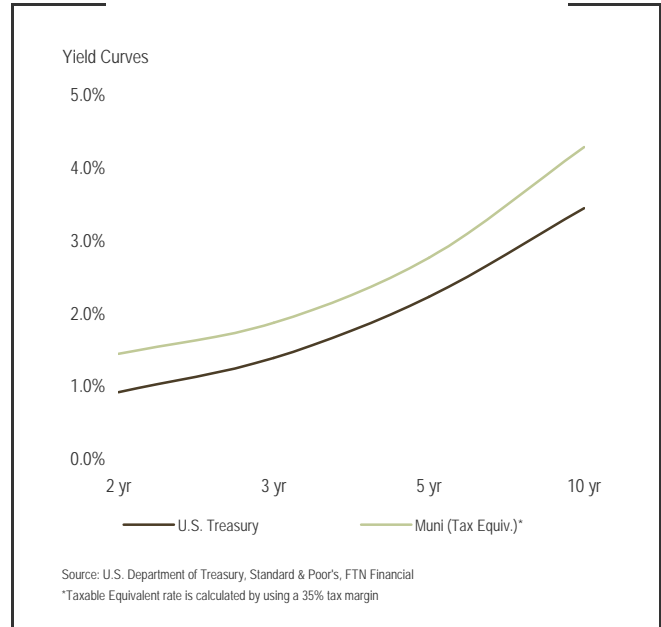
May 18 th	Housing Market Index, May	16.0
May 19 th	ICSC-Goldman Same Store Sales, Wkly. Chg.	-1.2%
May 19 th	Housing Starts, April	458,000
May 19 th	MBA Purchase Applications	254
May 19 th	EIA Petroleum Status Report, Wkly. Chg.	-2.1M Barrels
May 21 th	Initial Jobless Claims (Week ending 5/16)	631,000
May 21 th	Leading Indicators, April Mthly. Chg.	1.0%
May 21 th	Philadelphia Fed Survey, May	-22.6
May 21 th	EIA Natural Gas Report, Wkly. Chg.	-103 bcf

Bond Market Update

U.S. Treasuries fell for the week, pushing 10-year notes to their biggest weekly loss since June 2008, with yields jumping to a fresh high for the year at 3.45%. Treasuries fell amid lingering fears about sovereign debt after Standard & Poor's lowered its outlook on the U.K. and as market participants prepared for the U.S. government to resume debt sales after a two week pause. The 30-year hit a new high as well, closing at 4.38%. Ten-year yields have increased by 92 basis points since March 18, when the Fed announced it would buy up to \$300 billion in U.S. debt over six months in an effort to lower consumer borrowing costs. Longer-maturity securities lead the decline for the week, resulting in a steeper yield curve as the spread, or difference in yield, between two-year and 10-year notes. To help support fixed income markets, the Fed may have to announce a change in quantitative easing policy. Thomas Tucci, head of U.S. government bond trading at RBC Capital Markets notes "The Fed will have to have an alternative or expansion to the current quantitative easing policy to help support the market." Quantitative easing refers to a government monetary policy occasionally used to increase the money supply by buying government securities or other securities from the market. Meanwhile, the U.K. became the first large economy to be warned by Standard & Poor's of losing its AAA credit rating, a move that raised fears of possible downgrades for other large developed markets.

Issue	5.15.09	5.22.09	Change
3 month T-Bill	0.17%	0.18%	0.01%
2-Year Treasury	0.88%	0.92%	0.04%
5-Year Treasury	2.01%	2.23%	0.22%
10-Year Treasury	3.14%	3.45%	0.31%
30-Year Treasury	4.09%	4.38%	0.29%

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



Stock Market Update

Stocks held on to gains this week as mixed economic data weighed on investor optimism. The Dow Jones Industrial Average gained 8.68 points, or 0.10% to finish the week at 8,277.32. The broader S&P 500 closed Friday at 887.00, gaining 0.47%, or 4.12 points for the week. The technology-heavy NASDAQ Composite gained 11.87 points to finish the week at 1,692.01.

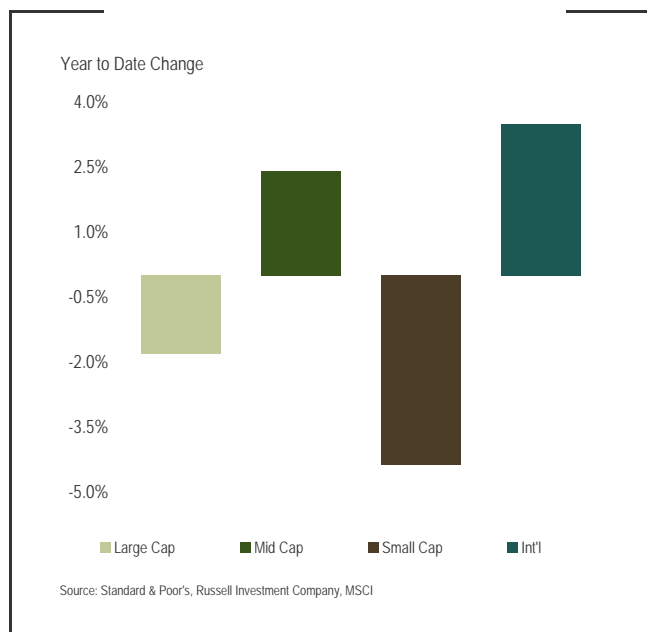
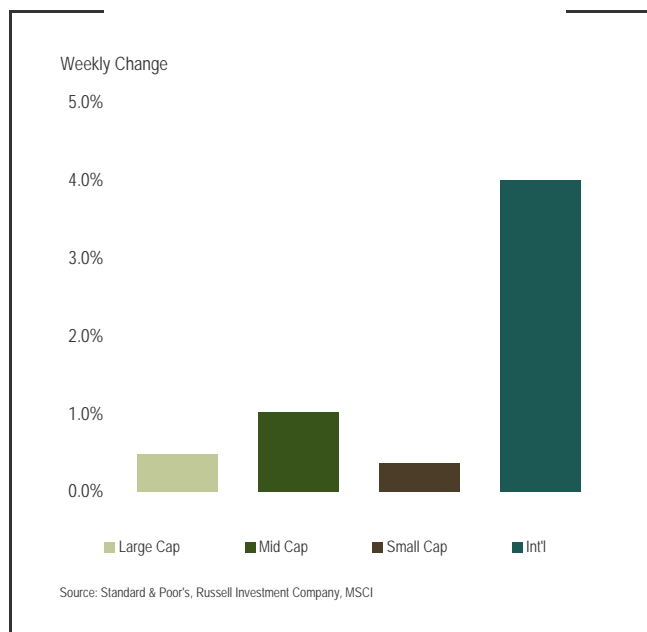
Stocks surged Monday on news that Lowe's (LOW) announced earnings and second quarter guidance that exceeded analysts' expectations. The surprising news added evidence to support those who feel the housing market has finally reached a bottom. On Tuesday, Home Depot (HD), Lowe's larger rival, reported earnings that exceeded analyst expectations; however, the stock dropped when management warned that increased foreclosures would likely have a negative impact on the company's revenues.

The U.S. Treasury Department announced on Friday that it would inject \$7.5 billion into GMAC, the auto loan arm of General Motors (GM). GMAC, according to Bloomberg, \$4 billion would be used to expand its lending at Chrysler and the remaining \$3.5 billion would be used to meet the capital needs uncovered by the government stress tests.

In the year's largest bank failure, the Wall Street Journal reported that regulators seized BankUnited of Florida. The failure is reported to cost the FDIC as much as \$4.9 billion. Federal regulators arranged the sale of BankUnited to a private equity group that agreed to pump \$900 million dollars of new capital into the bank.

Issue	5.15.09	5.22.09	Change
Dow Jones	8,268.64	8,277.40	0.11%
S&P 500	882.88	887.04	0.47%
NASDAQ	1,680.14	1,692.01	0.71%
Russell 1000 Growth	387.37	390.66	0.85%
S&P MidCap 400	545.72	551.28	1.02%
Russell 2000	475.84	477.58	0.37%
MSCI EAFE	1,231.43	1,280.63	4.00%
MSCI EM	699.39	740.96	5.94%
MSCI Small Cap	107.93	113.96	5.59%

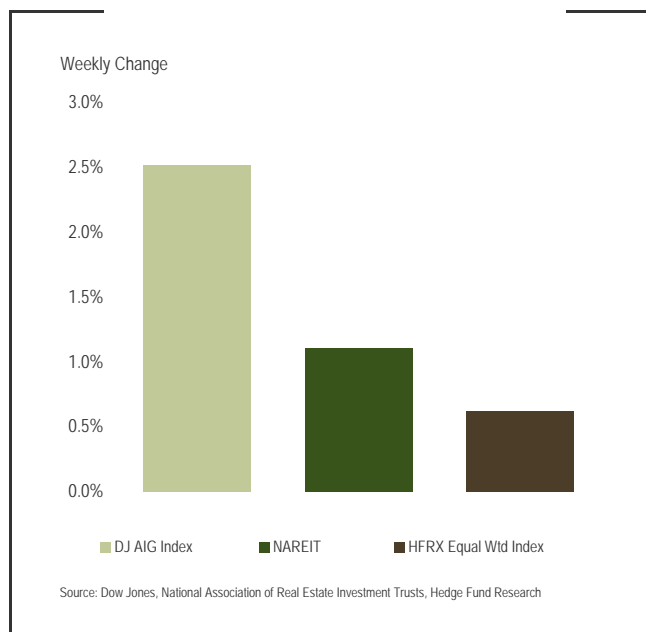
Prices reflect most recent data available at the time of publication
Source: Bloomberg, Russell Investment Company, Standard & Poor's, Morgan Stanley Capital International, The Wall Street Journal, MarketWatch.



Alternative Investments Market Update

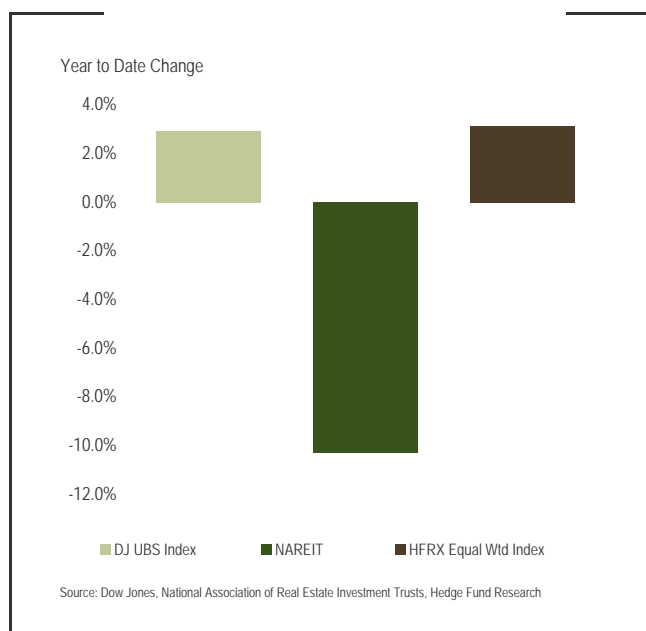
Dow Jones' Private Equity Analyst department released their annual Sources of Capital survey in May which breaks private equity investors down into type and geographic location during 2008. The results were fairly intuitive, with banks and other financial institutions decreasing their portion of private equity investing from 19.3% of the overall pie in 2007 to 16% in 2008. Family and wealthy individual investors also decreased their share, from 9% to 8.4%. These investors are typically seen as the most sensitive to severe downturns in valuations and are often the first to withdraw funds. One surprising change was that foundations and endowment investing into the asset class actually increased their contribution from 9.4% to 10.3%. Public pension funds remain the largest investor with a change from 27.3% to 26.6% a year ago.

Earlier this year, bank regulators declared that BankUnited was critically undercapitalized and ordered it to find a buyer or raise new capital. The recently approved deal involving a consortium of private equity firms could signal a shift in the government's attitude toward private equity bank involvement. Due to the past government reluctance, private equity firms were excluded from bidding on Bear Stearns Cos. and Lehman Brothers Holdings Inc. last year.



Issue	Previous Week	Current ¹	Change
Gold	931.30	958.90	2.96%
Crude Oil Futures	56.51	61.67	9.13%
Copper	2.02	2.10	3.96%
Sugar	22.25	22.28	0.13%
HFRX Equal Wtd. Strat. Index	1,028.48	1,034.84	0.62%
HFRX Equity Hedge Index	1,052.75	1,063.68	1.04%
HFRX Equity Market Neutral	1,007.58	1,019.69	1.20%
HFRX Event Driven	1,213.46	1,224.93	0.95%
HFRX Merger Arbitrage	1,355.77	1,360.45	0.35%
Dow Jones UBS Commodity Index	117.70	120.65	2.51%
FTSE/NAREIT All REIT	78.03	78.89	1.10%

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.



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MAINSTREET ADVISORS™

120 North LaSalle Street Suite 3750
Chicago, Illinois 60602
312.223.0270 direct
312.223.0276 fax
www.mainstreetadv.com