

MainStreet Advisors Financial Market Update

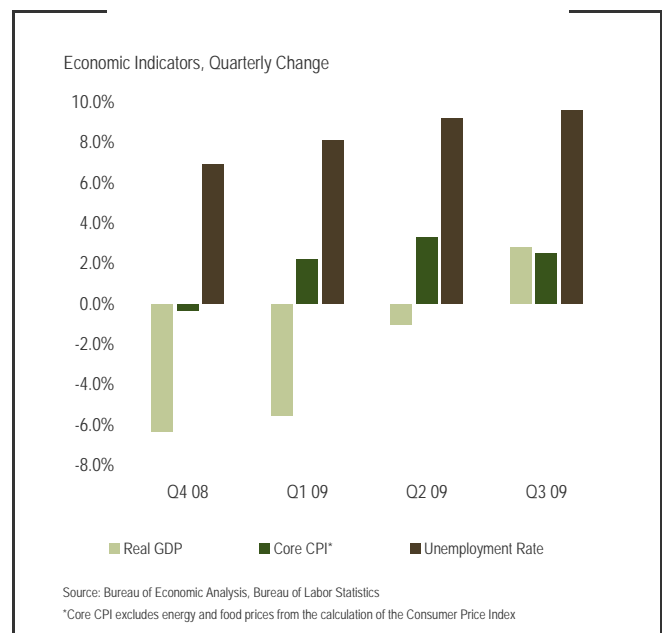
December 18, 2009
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Economic Update

Initial claims for unemployment benefits unexpectedly increased for the week ending December 12, according to the Labor Department. Claims increased by 7,000 to 480,000, signaling ongoing challenges in the labor market despite recent reports of improvements. On Friday, the Labor Department reported that unemployment declined in 36 states last month. Still, 14 states have unemployment rates above 10%.

The Conference Board Leading Economic Index increased for the eighth consecutive month in November. The Conference Board attributed the continued uptrend to better financial conditions, an improved outlook for the jobs market, and encouraging increases in housing permits. Despite this, the Conference Board acknowledged that the six-month growth rate has decelerated in the past few months but noted that "looking ahead, we can expect a slowly improving economy in 2010."

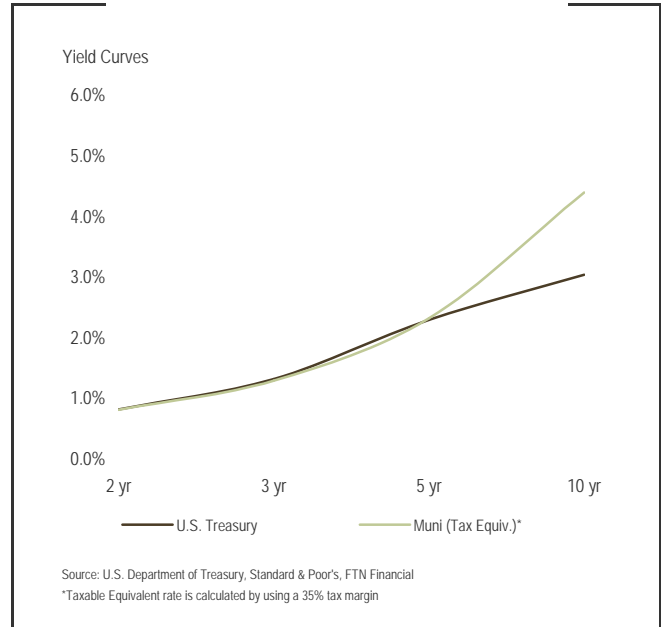
The U.S. Department of Labor reported that the Consumer Price Index advanced 0.4% in November, up 1.8% in the last year. Notably, this marks the first positive 12-month change since February 2009. Excluding food and energy, consumer prices were flat for the month. Energy prices during November rose 4.1% and have increased 7.4% in the past 12 months. Separately, the Labor Department announced that the Producer Price Index (PPI) climbed 1.8% in November. Core PPI, which excludes food and energy, remained unchanged from the previous month.



Dec. 15 th	ICSC-Goldman Same Store Sales, Wkly. Chg.	0.4%
Dec. 15 th	Producer Price Index, November Monthly Chg.	1.8%
Dec. 15 th	Empire State Mfg Survey, December	2.6
Dec. 15 th	Frgn Dmnd for LT US Securities, October	20.7B
Dec. 15 th	Industrial Production, November Monthly Chg.	0.8%
Dec. 15 th	Housing Market Index, December	16.0
Dec. 16 th	MBA Purchase Applications Index, Wkly. Chg.	-0.1%
Dec. 16 th	Consumer Price Index, November Monthly Chg.	0.4%
Dec. 16 th	Housing Starts, November	574,000
Dec. 16 th	EIA Petroleum Status Report, Wkly. Chg.	-3.7M Barrels
Dec. 17 th	Initial Jobless Claims (Week ending 12/12)	480,000
Dec. 17 th	Leading Indicators, November Monthly Chg.	0.9%
Dec. 17 th	Philidelphia Fed Survey, December	20.4
Dec. 17 th	EIA Natural Gas Report, Wkly. Chg.	-207 bcf

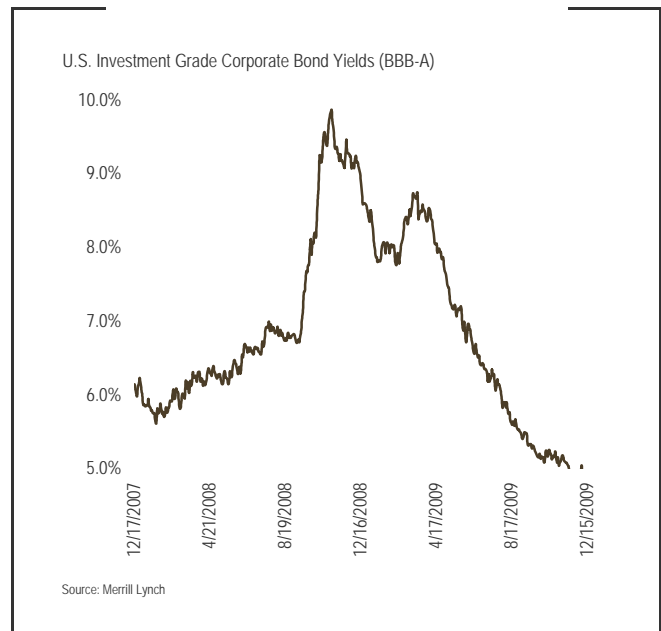
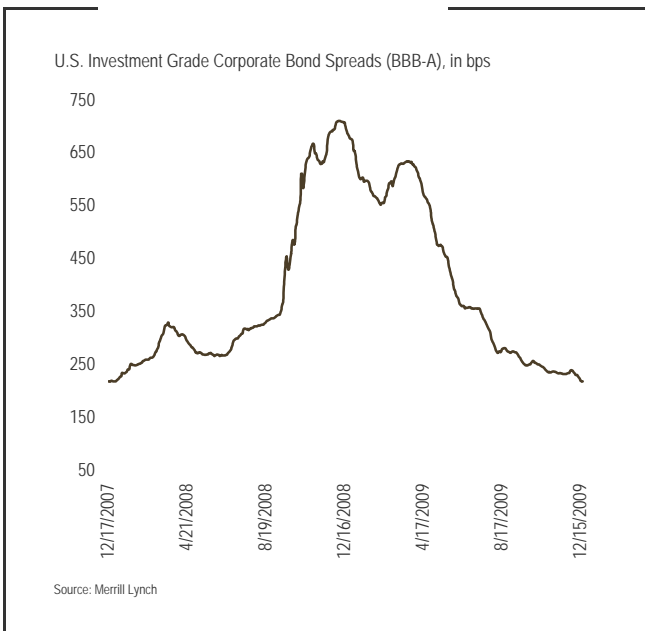
Bond Market Update

U.S. Treasuries finished the week mostly unchanged after being higher earlier, amid mixed economic data. In terms of factors that moved Treasuries lower late in the week, unemployment claims were reported higher than expected and crude oil futures increased to levels not seen in several months. Factors that moved bonds higher earlier in the week included S&P downgrading Greece's credit rating and weakness in global equity markets, which triggered another flight to safety trade. Investors hinted that inflation may be poised to head higher as the yield on the ten-year note touched its highest level since August after a report showed a 1.8% increase in prices paid to factories, farmers and other producers. This increase in PPI was more than twice as large as anticipated. Meanwhile, Fed officials said the U.S. economy has yet to improve enough for them to raise interest rates from a record low and that rates would remain exceptionally low for an extended period. In a sign that longer-term Treasury yields may be headed higher, Bill Gross of Pimco reduced holdings of government debt and increased cash to the highest level since the Lehman Brothers collapse in September 2008. The world's largest bond fund now holds a cash position of 7%, up from a derivatives generated level of -7%, while government related securities fell to 51% from an earlier position of 63% in October.



Issue	12.11.09	12.18.09	Change
3 month T-Bill	0.03%	0.05%	-0.02%
2-Year Treasury	0.83%	0.82%	-0.01%
5-Year Treasury	2.26%	2.30%	0.04%
10-Year Treasury	3.55%	3.04%	-0.51%
30-Year Treasury	4.49%	4.46%	-0.03%

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



Stock Market Update

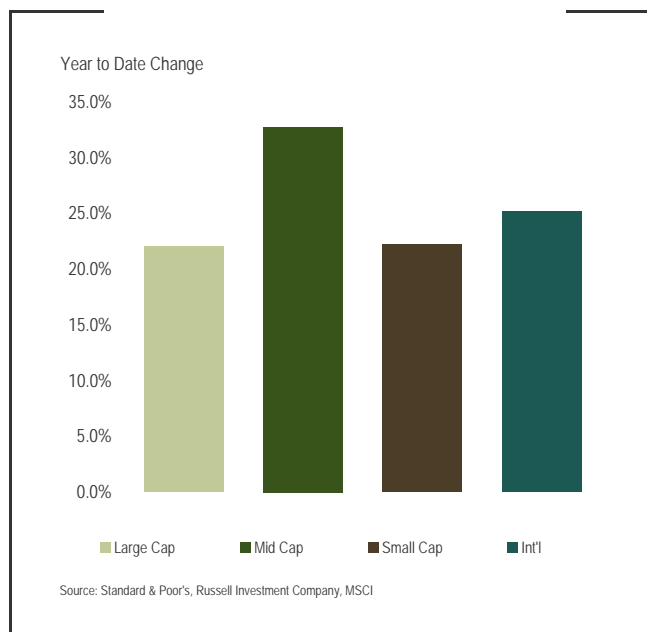
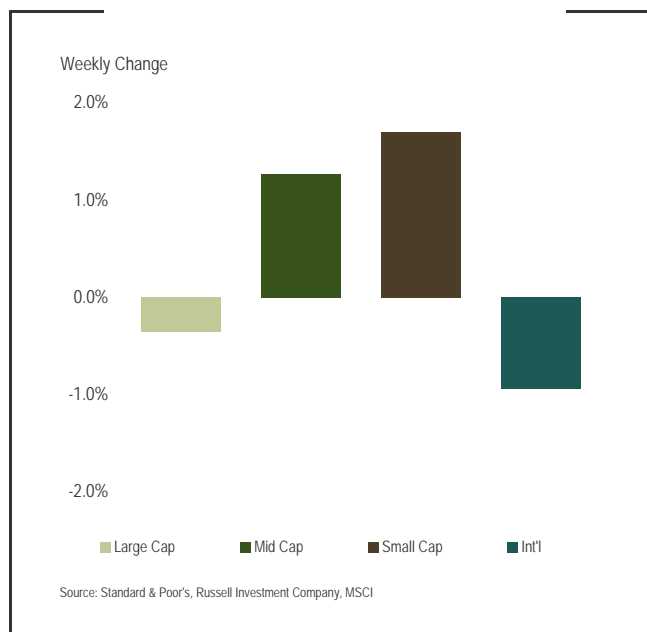
Stocks dropped this week due primarily to a Thursday sell-off sparked by an unexpected rise in initial unemployment claims. The Dow Jones Industrial Average (DJIA) lost 142.61 points or 1.36% to end Friday at 10,328.89. The broader S&P 500 dropped 3.94 points or 0.36% to end at 1,102.47; however, the technology-heavy NASDAQ Composite Index rallied on Friday to gain 0.98% this week.

A Friday rally in technology shares was sparked by positive news from Blackberry maker Research in Motion Ltd. (RIM) and software developer Oracle Corp. (ORCL). In other technology news, the U.S. Federal Trade Commission (FTC) announced that it was suing chipmaker Intel Corp. (INTC) for allegedly using its market dominance to stifle competition, according to the Wall Street Journal. On Thursday, the day the news was announced, Intel shares sold off 1.41% while competitors Nvidia Corp. (NVDA) and Advanced Micro Devices Inc. (AMD) gained 6.07% and 6.12%, respectively.

In its largest deal since the purchase of Mobil in 1999, Exxon Mobil Corp. (XOM) announced Monday that it agreed to purchase the largest publicly-traded natural gas company XTO Energy Inc. (XTO), according to the Wall Street Journal. Exxon will pay XTO shareholders \$31 billion in stock, including the assumption of \$10 billion of debt. The price tag represents a 25% premium over XTO's previous close, prompting speculation that Exxon is paying too much for the company, according to the Wall Street Journal. The move would boost Exxon's participation in the natural gas market, whose demand is expected to grow far faster than the demand for oil.

Bank of America (BAC) announced that Brian T. Moynihan would be promoted to president and chief executive officer to replace its outgoing chief executive, Kenneth Lewis. Moynihan, a longtime insider, ran the bank's retail and small-business operations.

Issue	12.11.09	12.18.09	Change
Dow Jones	10,471.50	10,328.89	-1.36%
S&P 500	1,106.41	1,102.47	-0.36%
NASDAQ	2,190.31	2,211.69	0.98%
Russell 1000 Growth	492.62	492.57	-0.01%
S&P MidCap 400	705.94	714.89	1.27%
Russell 2000	600.37	610.57	1.70%
MSCI EAFE	1,563.64	1,548.97	-0.94%
MSCI EM	965.26	954.93	-1.07%
MSCI Small Cap	141.49	140.27	-0.86%



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.

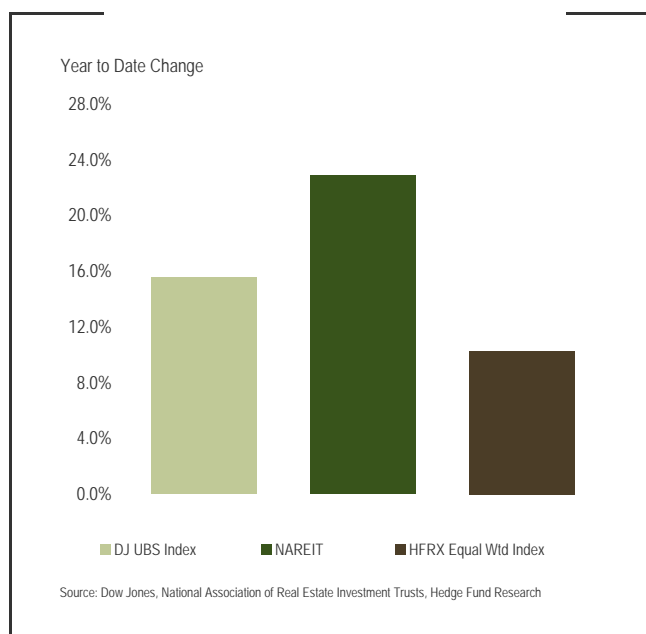
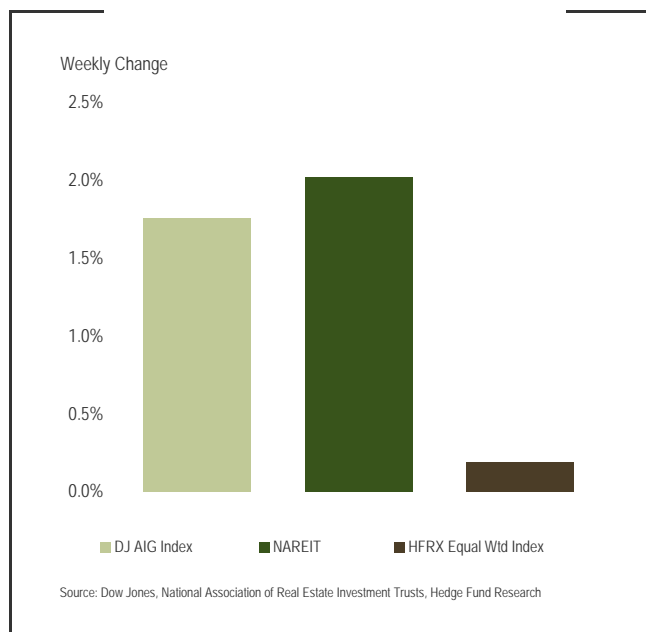
Alternative Investments Market Update

In a reversal this week, oil broke a nine session losing streak and rallied on political and economic news, while gold fell. Oil staged a rally of nearly 7% this week after trading below \$70 for parts of Tuesday and Wednesday. Iran, the holder of the third largest oil reserves, gave energy markets a scare when it announced the test firing of a medium range missile capable of striking Israel and some U.S. military bases in South Eastern Europe. It was also announced that U.S. crude oil stockpiles declined by 3.689 million barrels, according to the U.S. Energy Institute Administration, twice the consensus forecast. Also, on Friday a late developing story indicated Iran's military had seized an oil rig in the Al-Fakkah oil field, located in an oft disputed area of the Iraqi - Iranian border.

Gold's large drop last week looked set to reverse as prices rose modestly for the first few days of the week. On expectations that the U.S. Federal Reserve would continue with the zero interest rate policy, gold rose. Despite rises in both PPI and the CPI, gold prices began to fall on by Wednesday, focusing more on U.S. growth outlook and a credit downgrade of Greece and a modest improvement in jobless claims. The flight to quality in U.S. currency buying pushed gold down \$40 on Thursday to lows not seen since early November, and gold even traded below \$1,100 for a time. According to a report by EurekaHedge, there have been \$164 billion in net redemptions of hedge funds world wide, leaving total assets at about \$440 billion, down from May 2008's peak of \$823 billion.

Issue	Previous Week	Current ¹	Change
Gold	1,116.20	1,112.70	-0.31%
Crude Oil Futures	69.81	73.18	4.83%
Copper	314.20	314.40	0.06%
Sugar	24.00	26.34	9.75%
HFRX Equal Wtd. Strat. Index	1,104.49	1,106.57	0.19%
HFRX Equity Hedge Index	1,135.48	1,138.43	0.26%
HFRX Equity Market Neutral	989.64	992.41	0.28%
HFRX Event Driven	1,338.50	1,335.48	-0.23%
HFRX Merger Arbitrage	1,435.27	1,428.22	-0.49%
Dow Jones UBS Commodity Index	133.15	135.49	1.75%
FTSE/NAREIT All REIT	105.95	108.09	2.02%

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