

# MainStreet Advisors Financial Market Update

November 26, 2010  
[page 1]

## Economic Update

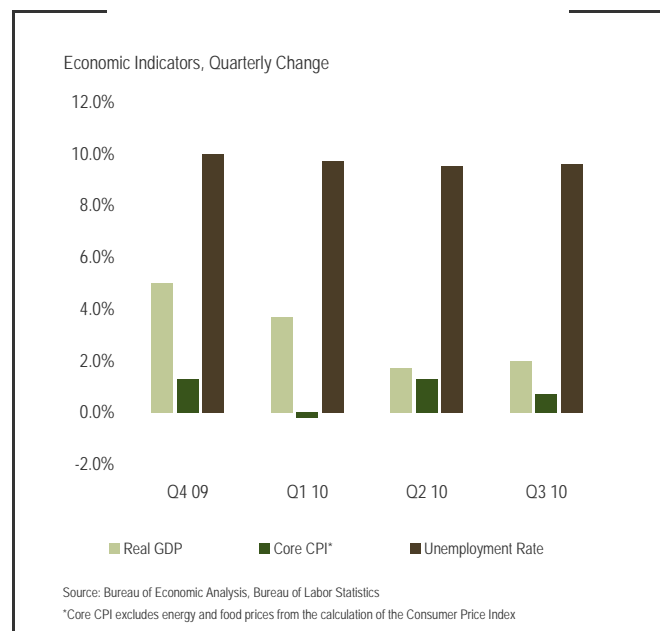
Data released this week by the U.S. Department of Commerce indicated that the economy expanded at a 2.5% annual rate in the third quarter, up from the initial estimate of 2.0%. The increase resulted primarily from a significant deceleration in imports, combined with accelerations in private inventory investment and personal consumption expenditures (PCE). Strengthened PCE continued in October, climbing 0.4% from the previous month, 0.3% when adjusted for inflation. Personal savings, as a percentage of disposable personal income, edged slightly higher to 5.7% — within the range of the past several months.

Consumer sentiment rallied by the end of the month, as shown by the Thomson Reuters/University of Michigan Surveys of Consumers. The final index of sentiment increased 6.2% to a reading of 71.6 as consumers responded to improved employment growth. Notably, the index has reached this level just three times since the cycle trough two years ago. Despite the encouraging increase in non-farm payrolls, the survey indicated that consumers expect the unemployment rate to linger at its current rate in the coming year. The survey also confirmed that consumers' personal financial prospects have not strengthened in the past two years.

On Wednesday, the Commerce Department reported that new orders for durable goods declined 3.3% in October, marking the second decrease in three months. Non-defense new orders for capital goods slipped 4.5%, or \$3.3 billion, while defense new orders for capital goods sank 21.3%, or \$2.2 billion.

Sales activity slowed in the housing market in October. The National Association of Realtors (NAR) announced that sales of existing homes slipped 2.2% to a seasonally adjusted annual rate of 4.43 million, a 25.9% decline from one year ago. NAR Chief Economist Lawrence Yun anticipates that recovery in the jobs market and affordable housing conditions will "steadily improve to healthier levels of above 5 million by spring of next year." New home sales declined as well. The Commerce Department reported that October sales posted a monthly decline of 8.1% to 308,000, marking a 28.5% decrease from October 2009.

Source: Bureau of Economic Analysis, U.S. Department of Commerce, Federal Reserve Banks, U.S. Department of Labor, U.S. Department of Commerce, the National Association of Realtors., Thomosn Reuters.

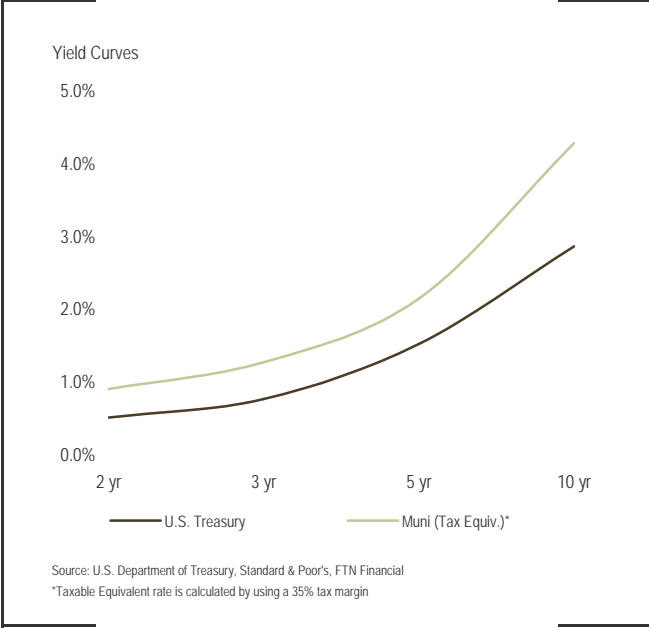


Nov. 23 <sup>rd</sup>	ICSC-Goldman Same Store Sales, Wkly. Chg.	-0.6%
Nov. 23 <sup>rd</sup>	GDP Price Index, Q3 Quarterly Change SAAR*	2.3%
Nov. 23 <sup>rd</sup>	Real GDP, Q3 Quarterly Change SAAR*	2.5%
Nov. 23 <sup>rd</sup>	After-tax Corporate Profits, Q3 Annual Change	28.2%
Nov. 23 <sup>rd</sup>	Existing Home Sales, October SAAR*	4.43M
Nov. 24 <sup>th</sup>	MBA Purchase Applications Index, Wkly. Chg.	14.4%
Nov. 24 <sup>th</sup>	Durable Goods New Orders, Oct. Monthly Chg.	-3.3%
Nov. 24 <sup>th</sup>	Personal Income, Oct. Monthly Chg.	0.5%
Nov. 24 <sup>th</sup>	Consumer Spending, Oct. Monthly Chg.	0.4%
Nov. 24 <sup>th</sup>	Core PCE Price Index, Oct. Monthly Chg.	0.0%
Nov. 24 <sup>th</sup>	Initial Jobless Claims ( Week ending 11/20)	407,000
Nov. 24 <sup>th</sup>	Consumer Sentiment Index, November	71.6
Nov. 24 <sup>th</sup>	New Home Sales, December	283,000
Nov. 24 <sup>th</sup>	EIA Petroleum Status Report, Wkly. Chg.	0.5M Barrels
Nov. 24 <sup>th</sup>	EIA Petroleum Status Report, Wkly. Chg.	1.0M Barrels
Nov. 24 <sup>th</sup>	EIA Natural Gas Report, Wkly. Chg.	-6 bcf

Bond Market Update

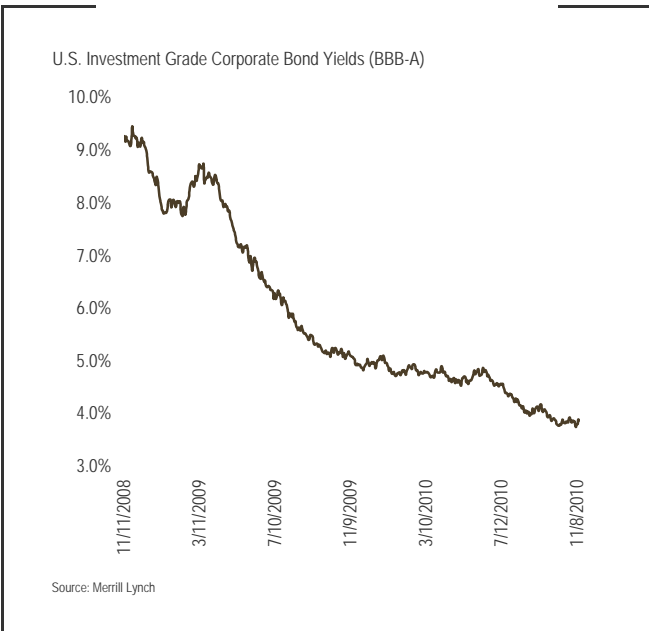
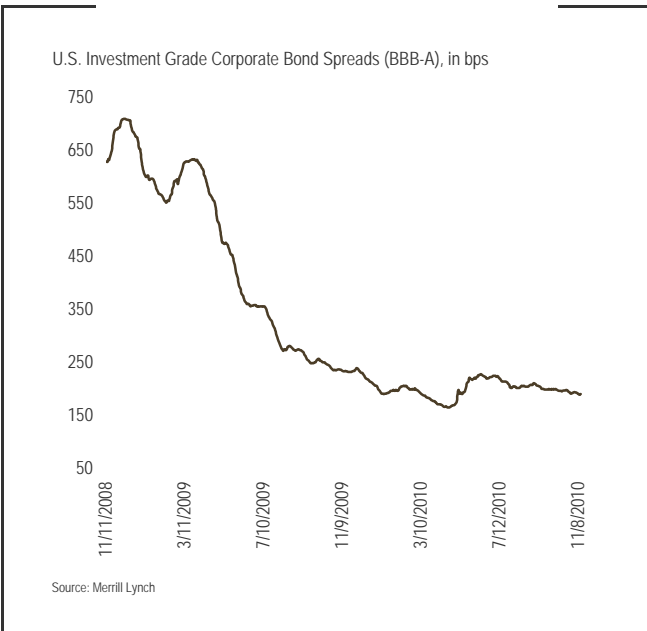
U.S. Treasury yields fell early in the week but rebounded midweek amid signs of economic strengthening. Demand for the safety of Treasuries faded, reducing demand at a \$29 billion seven-year Treasury note auction on Wednesday.

Encouraging signs of a bailout package for Ireland also helped curb investors' concerns about the sovereign debt crisis. Despite this, the cost of protecting against potential defaults on senior notes from European banks surged this week, according to Bloomberg. Credit default swaps, tracked by the Markit iTraxx Financial Index climbed, with some specific contracts for Portugal and Spain reaching five-month highs. Standard & Poor's downgraded Irish debt from AA- to A due to escalating costs associated with the European Union and the International Monetary Fund rescuing the country's banks. Meanwhile, Moody's placed a number of Irish banks under review for possible downgrades after a Monday announcement that the country's sovereign debt is likely to face a "multi-notch" downgrade from its current rating of Aa2.



Issue	11.19.10	11.26.10	Change
3 month T-Bill	0.14%	0.16%	0.02%
2-Year Treasury	0.52%	0.52%	0.00%
5-Year Treasury	1.54%	1.53%	-0.01%
10-Year Treasury	2.88%	2.87%	-0.01%
30-Year Treasury	4.25%	4.21%	-0.04%

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



Stock Market Update

Stocks ended a volatile Thanksgiving week slightly lower Friday on continued worry about European debt concerns. The Dow Jones Industrial Average (DJIA) ended at 11,092.00, down 1.00% or 111.55 points, while the broader S&P 500 lost 10.33 points, or 0.86%, to close Friday at 1,189.40 while the technology-heavy NASDAQ Composite Index ended higher for the week gaining 0.65%.

The S&P 500 lost 17.11 points, or 1.43%, on Tuesday as tensions on the Korean peninsula soared after North Korean artillery bombarded a small fishing village on the South Korean island of Yeonpyeong. The North Korean barrage was in response to South Korean military exercises held near the island earlier in the day.

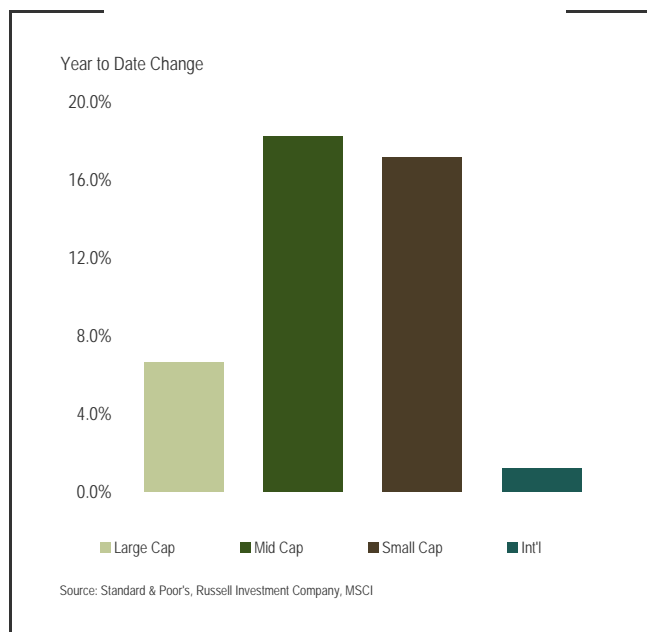
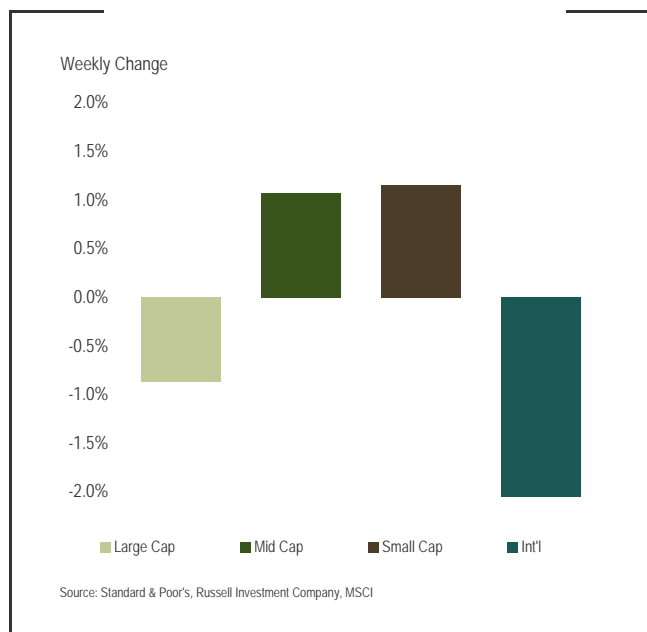
Wednesday saw an abrupt reversal from the Tuesday swoon with the S&P 500 gaining 17.62 points or 1.49% on news that incomes rose in October, consumer spending climbed for a fifth consecutive month, and initial unemployment claims were lower than economists expected.

On Friday investors shook off anecdotal evidence of a strong "Black Friday" shopper turnout over continue concern regarding the debt crisis in Ireland. The S&P 500 erased half of Wednesday's gain, shedding 8.95 points, or 0.75%.

Reacting to the Irish debt crisis, stocks in Europe plunged this week with the Euro Stoxx 50 Index dropping 3.82%. Stocks in Asia were mixed with Japan's Nikkei 225 Index gaining 0.17% and China's Shanghai SE Composite Index losing 0.28% for the week.

Issue	11.19.10	11.26.10	Change
Dow Jones	11,203.55	11,092.00	-1.00%
S&P 500	1,199.73	1,189.40	-0.86%
NASDAQ	2,518.12	2,534.56	0.65%
Russell 1000 Growth	550.29	550.72	0.08%
S&P MidCap 400	850.33	859.43	1.07%
Russell 2000	724.36	732.73	1.16%
MSCI EAFE	1,628.07	1,591.96	-2.22%
MSCI EM	1,110.98	1,099.06	-1.07%
MSCI Small Cap	158.57	157.17	-0.88%

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

Commodities finished mostly higher this week, breaking a two-week slide as the Dow Jones-UBS Commodity Index rose 0.86%. Crude oil futures were led higher by bolstered economic optimism stemming from a large drop in U.S. jobless claims and an increase in consumer spending. Oil surged over 3% on Wednesday following the Labor Department's announcement, receding slightly later in the day after the Energy Department reported a moderate increase in domestic inventories last week. Gold contracts experienced volatility as a flurry of flight-to-safety investment early in the week pared amid a strengthening euro and easing concerns regarding events in Korea. Gold has gained nearly 26% this year, reaching a record high of \$1,424.30 earlier this month; contracts ended the week priced at \$1,359.60. Supply concerns sent copper on its biggest two-day fall since June this week, as a strike at the world's fourth-largest mine sent investors in search of other metals. China's regulations to slow economic growth have also weighed on copper, invoking questions about the stability of demand for the metal. Contracts lost 2.20% by the end of trading Friday.

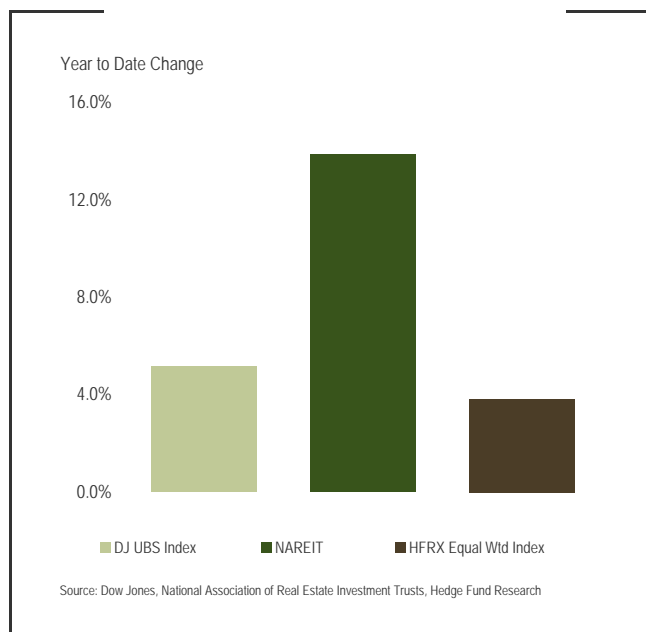
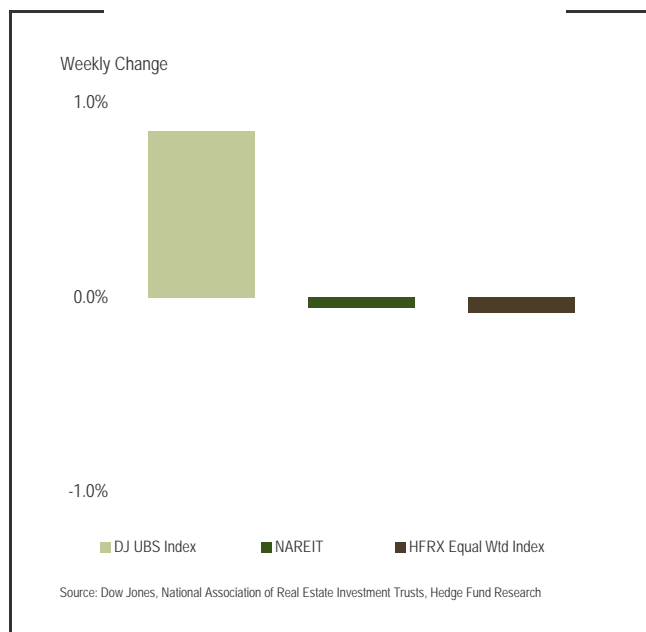
Some of the world's top hedge funds could soon face criminal or civil charges as a three-year-long investigation into a series of insider-trading cases hits the courtroom. Conducted by the Federal Bureau of Investigation, the Securities Exchange Commission, and the U.S. Attorney's office, the probe involves the targeted hedge funds potentially having advanced knowledge of mergers and the use of expert networks by the firms. Jana Partners and TPG-Axon Capital Management are among the dozens of hedge funds that have been subpoenaed. The case could conclude as the largest of its kind in U.S. history.

Commercial real estate prices, as measured by the Moody's/REAL All Property Type Aggregate Index, gained 4.3% in September, marking the first increase since May and the largest on record for the index. The surge was led by the apartment and retail sectors.

Issue	Previous Week	Current <sup>1</sup>	Change
Gold	1,353.40	1,359.60	0.46%
Crude Oil Futures	81.99	83.76	2.16%
Copper	383.75	375.30	-2.20%
Sugar	26.15	28.30	8.22%
HFRX Equal Wtd. Strat. Index	1,155.10	1,154.20	-0.08%
HFRX Equity Hedge Index	1,176.51	1,167.78	-0.74%
HFRX Equity Market Neutral	1,007.74	1,016.68	0.89%
HFRX Event Driven	1,367.80	1,363.32	-0.33%
HFRX Merger Arbitrage	1,505.41	1,506.34	0.06%
Dow Jones UBS Commodity Index	145.10	146.34	0.86%
FTSE/NAREIT All REIT	127.99	127.92	-0.05%

<sup>1</sup> 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.



MainStreet Advisors performance results reflect time-weighted rates of returns based upon MainStreet Advisors proprietary trading strategies. Performance results reflect the reinvestment of dividends and other earnings as well as the deduction of management and transaction fees. Performance does not reflect additional fees charged by institutions MainStreet Advisors provides investment services. In some cases, performance reflects the quarterly rebalancing of assets based upon MainStreet Advisors Tactical Asset Allocation Models.

Past performance may not be indicative of future results, and the performance of a specific individual account may vary substantially from performance presented herein. Therefore, no current or prospective client should assume that future performance will be profitable or equal the performance results reflected herein. In calculating account performance, MainStreet Advisors has relied upon information provided by various sources believed to be accurate and reliable but cannot be guaranteed. All past recommendations are available upon request. Investments in equities, fixed income, mutual funds, and exchange traded funds involve risk and may lose value.

Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will be profitable. MainStreet Advisors investment strategies may involve portfolio turnover, which could negatively impact the next after-tax gain experienced by an individual client.

MainStreet Advisors displays its performance results in addition to the market index that it believes represents a similar strategy in terms of asset allocation (stocks, bonds), generally accepted investment objectives (growth, income, or balanced), style benchmarks (growth, value, or core), geographic allocations (US, Foreign, or Global), sector allocation potential, and cap size objective (small cap, mid cap, or large cap). The index is shown in order for clients to make a comparison of performance for the designated time period. However, the indices shown above may not completely reflect the risk or volatility of the overall market or of the risk taken by the MainStreet Advisors program. The indices shown are not intended to be an absolute benchmark for the MainStreet Advisors program due to the fact that clients may not be able to duplicate exact holdings in the indices shown. MainStreet Advisors programs may reallocate some or all assets in the program to cash in response to market conditions, and MainStreet Advisors programs utilize a flexible management strategy with regard to equity selection, cap size, style, and asset allocation. It should be noted that market indices are always fully invested and holdings are limited to the index charter. The market index used for comparison is an unmanaged index and is a common measure of performance of the relevant stock markets. They are not available for direct investment.

Any investments purchased or sold are not deposit accounts and are not endorsed by or insured by the Federal Deposit Insurance Corporation (FDIC), are not obligations of the Bank, are not guaranteed by the Bank or any other entity, and involve investment risk, including possible loss of principal. MainStreet Advisors and Bank are independently owned and operated. MainStreet Advisors is an SEC registered investment advisor. Form ADV Part II is available upon request.



MAINSTREET ADVISORS™

120 North LaSalle Street Suite 3750  
Chicago, Illinois 60602  
312.223.0270 direct  
312.223.0276 fax  
[www.mainstreetadv.com](http://www.mainstreetadv.com)