



Weekly Interest Rate & Economic Update

August 7, 2012

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Rate Update

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Safe Sector Income:

	Average Maturity	Yield-to-Worst
CA Municipal	1.00 years	0.488%
CA Municipal	2.00 years	0.519%
CA Municipal	3.02 years	0.820%
CA Municipal	5.00 years	1.020%
CA Municipal	7.04 years	1.321%
CA Municipal	10.02 years	1.844%
National Municipal	2.00 years	0.699%
National Municipal	5.03 years	1.111%
National Municipal	10.00 years	1.998%

Corporate Bond Income:

Corporate Income	5.00 years	1.432%
High-Yield Income	3.52 years	4.902%
High-Yield Income	8.01 years	6.355%

Equity Income:		3.580%
MLP Income:		6.200%

US Treasury Rates (08/07/12):

3 Month Treasury Bill:	0.10%	3 Year Treasury Note:	0.38%
6 Month Treasury Bill:	0.14%	5 Year Treasury Note:	0.71%
12 Month Treasury Note:	0.17%	7 Year Treasury Note:	1.13%
2 Year Treasury Note:	0.27%	10 Year Treasury Bond:	1.63%

Weekly Economic Update

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News

- New York State banking regulators charged UK based Standard Chartered Bank with hiding approximately 60,000 transactions worth more than \$250 billion with Iran over the past ten years. US law forbids any domestic financial institution from conducting business with Iran. Regulators also said the bank was “apparently aided” by Deloitte & Touche. The Federal Reserve Bank of New York is currently investigating the accounting and consulting firm for compliance failures involving the Bank Secrecy Act.
- Greece is expected to complete a package of budget cuts and cost controls by early September. The financial restructuring is required in order to continue receiving international rescue funds and to maintain their participation in the euro zone.
- U.S. auto sales are on pace for the best year since 2007. Light vehicle deliveries rose 8.9% in July to 1.15 million units and sales in the first half of 2012 were up 15%, on pace for more than 14 million vehicles this year.

STATISTICS

National Unemployment Rate	8.3%	July 2012	
California Unemployment Rate	10.7%	June 2012	
Consumer Price Index (CPI)	0.0%	June 2012	Seasonally Unadjusted
Producer Price Index (PPI)	0.7%	June 2012	Seasonally Unadjusted
Gross Domestic Product (GDP)	1.5%	2 nd Quarter 2012	Annually Adjusted
Prime Rate	3.25%	08/07/12	
Gold (Spot)	\$1,611.80	08/07/12	
Silver (Spot)	\$27.93	08/07/12	
Crude Oil (NYMEX Crude Futures)	\$92.01	08/07/12	

	10/27/10	01/03/11	08/01/11	01/03/12	07/23/12	07/30/12	08/07/12
MUNICIPAL BONDS							
CA - 1 Year	0.509%	1.079%	0.459%	0.556%	0.449%	0.474%	0.488%
CA - 2 Years	0.947%	1.550%	0.647%	0.810%	0.498%	0.538%	0.519%
CA - 3 Years	1.317%	2.053%	0.978%	1.164%	0.809%	0.822%	0.820%
CA - 5 Years	1.889%	2.436%	1.494%	1.501%	0.998%	1.000%	1.020%
CA - 7 Years	2.465%	2.998%	2.546%	1.671%	1.305%	1.301%	1.321%
CA - 10 Years		3.842%	3.081%	2.396%	2.162%	1.808%	1.844%
NAT - 2 Years	1.102%	2.340%	0.629%	0.588%	0.610%	0.643%	0.699%
NAT - 5 Years		3.009%	1.283%	1.305%	1.000%	1.081%	1.111%
NAT - 10 years		3.783%	2.697%	2.315%	1.904%	1.971%	1.998%
CORP. BONDS							
INV. GRADE - 5 Years	1.459%	2.693%	1.790%	1.599%	1.377%	1.477%	1.432%
HI-YIELD - 3.5 YEARS		5.220%	4.182%	5.199%	4.610%	4.721%	4.902%
HI-YIELD - 8 YEARS	7.503%	6.735%	6.040%	6.275%	6.242%	6.299%	6.355%
EQUITY INCOME MODEL							
	4.110%	4.070%	4.020%	3.740%	3.660%	3.580%	3.580%
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,041,290.61	\$ 1,132,073.80	\$ 1,181,892.07	\$ 1,211,117.97	\$ 1,207,039.12
MLP INCOME MODEL							
	6.220%	5.880%	6.870%	6.480%	6.250%	6.200%	6.270%
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 1,004,235.94	\$ 1,170,773.07	\$ 1,157,500.95	\$ 1,164,664.30	\$ 1,158,637.27
US TREASURY							
3 - MONTH	0.120%	0.120%	0.080%	0.010%	0.090%	0.100%	0.100%
6 - MONTH	0.160%	0.180%	0.140%	0.060%	0.130%	0.140%	0.140%
12 - MONTH	0.210%	0.270%	0.200%	0.110%	0.150%	0.170%	0.170%
2 - YEAR	0.380%	0.600%	0.350%	0.250%	0.210%	0.230%	0.270%
3 - YEAR	0.570%	1.010%	0.510%	0.380%	0.280%	0.320%	0.380%
5 - YEAR	1.230%	2.020%	1.290%	0.880%	0.560%	0.640%	0.710%
7 - YEAR	1.930%	2.740%	2.040%	1.410%	0.910%	1.030%	1.130%
10 - YEAR	2.620%	3.340%	2.740%	1.950%	1.420%	1.530%	1.630%
BLENDED MODELS (45% Tax Bracket)							
ULTRA INCOME STRATEGY	1.880%	3.220%	1.560%	1.790%	1.130%	1.190%	1.170%
BLENDED INCOME STRATEGY	2.970%	4.010%	2.820%	2.870%	2.290%	2.330%	2.320%
BALANCED INCOME STRATEGY	4.190%	4.860%	4.070%	3.970%	3.500%	3.500%	3.520%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	5.860%	5.660%	5.290%	5.260%	5.300%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	6.620%	6.390%	6.150%	6.120%	6.160%

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
Ultra Income Strategy				
Municipal Income - Short-Term	75%	\$ 3,892.50	\$ 5,988.46	\$ 7,077.27
Municipal Income - Mid-Term	25%	\$ 2,550.00	\$ 3,923.08	\$ 4,636.36
MLP Income	0%	\$ -	\$ -	\$ -
Equity Income	0%	\$ -	\$ -	\$ -
Corporate Income	0%	\$ -	\$ -	\$ -
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 6,442.50	\$ 9,911.54	\$ 11,713.64
		0.64%	0.99%	1.17%
Blended Income Strategy				
Municipal Income - Short-Term	50%	\$ 2,595.00	\$ 3,992.31	\$ 4,718.18
Municipal Income - Mid-Term	25%	\$ 2,550.00	\$ 3,923.08	\$ 4,636.36
MLP Income	10%	\$ 6,270.00	\$ 8,199.23	\$ 9,690.00
Equity Income	5%	\$ 1,790.00	\$ 2,340.77	\$ 2,766.36
Corporate Income	10%	\$ 1,432.00	\$ 1,432.00	\$ 1,432.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 14,637.00	\$ 19,887.38	\$ 23,242.91
		1.46%	1.99%	2.32%
Balanced Income Strategy				
Municipal Income - Short-Term	25%	\$ 1,297.50	\$ 1,996.15	\$ 2,359.09
Municipal Income - Mid-Term	25%	\$ 2,550.00	\$ 3,923.08	\$ 4,636.36
MLP Income	15%	\$ 9,405.00	\$ 12,298.85	\$ 14,535.00
Equity Income	15%	\$ 5,370.00	\$ 7,022.31	\$ 8,299.09
Corporate Income	15%	\$ 2,148.00	\$ 2,148.00	\$ 2,148.00
High-Yield Income	5%	\$ 3,177.50	\$ 3,177.50	\$ 3,177.50
	100%	\$ 23,948.00	\$ 30,565.88	\$ 35,155.05
		2.39%	3.06%	3.52%
Diversified Income Strategy				
Municipal Income - Short-Term	10%	\$ 519.00	\$ 798.46	\$ 943.64
Municipal Income - Mid-Term	20%	\$ 2,040.00	\$ 3,138.46	\$ 3,709.09
MLP Income	25%	\$ 15,675.00	\$ 20,498.08	\$ 24,225.00
Equity Income	25%	\$ 8,950.00	\$ 11,703.85	\$ 13,831.82
Corporate Income	5%	\$ 716.00	\$ 716.00	\$ 716.00
High-Yield Income	15%	\$ 9,532.50	\$ 9,532.50	\$ 9,532.50
	100%	\$ 37,432.50	\$ 46,387.35	\$ 52,958.05
		3.74%	4.64%	5.30%
Dynamic Income Strategy				
Municipal Income - Short-Term	5%	\$ 259.50	\$ 399.23	\$ 471.82
Municipal Income - Mid-Term	5%	\$ 510.00	\$ 784.62	\$ 927.27
MLP Income	30%	\$ 18,810.00	\$ 24,597.69	\$ 29,070.00
Equity Income	25%	\$ 8,950.00	\$ 11,703.85	\$ 13,831.82
Corporate Income	10%	\$ 1,432.00	\$ 1,432.00	\$ 1,432.00
High-Yield Income	25%	\$ 15,887.50	\$ 15,887.50	\$ 15,887.50
	100%	\$ 45,849.00	\$ 54,804.88	\$ 61,620.41
		4.58%	5.48%	6.16%

Rates are subject to change and may be significantly different than those used in these models.

Assumptions:

Invested Amount: \$ **1,000,000.00**

Yields:	Yield	Notes:	Ave. Mat:
Municipal Income - Short-Term	0.5190%	Tax Free (California Residents)	2.00/years
Municipal Income - Mid-Term	1.0200%	Tax Free (California Residents)	5.00/years
MLP Income	6.2700%	85% Tax Efficient	
Equity Income	3.5800%	Assume 15% Qualified Tax Rate	
Corporate Income	1.4320%	Fully Taxable	5.00/years
High-Yield Income	6.3550%	Fully Taxable	8.01/years