



Weekly Interest Rate & Economic Update

August 13, 2012

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Rate Update

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Safe Sector Income:

	Average Maturity	Yield-to-Worst
CA Municipal	1.00 years	0.478%
CA Municipal	2.02 years	0.535%
CA Municipal	3.00 years	0.804%
CA Municipal	5.01 years	1.061%
CA Municipal	7.00 years	1.355%
CA Municipal	10.00 years	1.877%
National Municipal	2.01 years	0.662%
National Municipal	5.01 years	1.141%
National Municipal	10.02 years	1.974%

Corporate Bond Income:

Corporate Income	5.00 years	1.466%
High-Yield Income	3.50 years	4.998%
High-Yield Income	8.00 years	6.374%

Equity Income:	3.710%
MLP Income:	6.250%

US Treasury Rates (08/13/12):

3 Month Treasury Bill:	0.10%	3 Year Treasury Note:	0.37%
6 Month Treasury Bill:	0.14%	5 Year Treasury Note:	0.70%
12 Month Treasury Note:	0.17%	7 Year Treasury Note:	1.10%
2 Year Treasury Note:	0.26%	10 Year Treasury Bond:	1.64%

Weekly Economic Update

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News

- \$12.7 billion was withdrawn from U.S. stock mutual funds in July, the largest monthly draw down in 2012. According to mutual fund industry consultant Strategic Insight, nearly \$28 billion has been pulled out of equity funds this year. Bond funds have attracted a net gain of approximately \$179 billion this year, a gain of 50% over the same time period in 2011.
- The national average for a gallon of gasoline at the pump rose 34 cents to \$3.67 in July.
- China reported its export growth dropped to 1% in July from the previous month's rate of 11.3%. Imports also dropped to 4.7% from 6.3% in June.
- The U.S. Treasury reported the national deficit for the first 10 months of fiscal 2012 totaled \$974 billion, 11.5% less than the same period for 2011. Personal income tax receipts have increased 6% and corporate income tax receipts have increased almost 30% compared to a year ago.

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%	08/13/12	
Gold (Spot)	\$1,617.75	08/13/12	
Silver (Spot)	\$27.93	08/13/12	
Crude Oil (NYMEX Crude Futures)	\$92.28	08/13/12	

	10/27/10	01/03/11	08/31/11	01/03/12	07/30/12	08/07/12	08/13/12
MUNICIPAL BONDS							
CA - 1 Year	0.509%	1.079%	0.410%	0.556%	0.474%	0.488%	0.478%
CA - 2 Years	0.947%	1.550%	0.612%	0.810%	0.538%	0.519%	0.535%
CA - 3 Years	1.317%	2.053%	0.782%	1.164%	0.822%	0.820%	0.804%
CA - 5 Years	1.889%	2.436%	1.377%	1.501%	1.000%	1.020%	1.061%
CA - 7 Years	2.465%	2.998%	2.223%	1.671%	1.301%	1.321%	1.355%
CA - 10 Years		3.842%	2.749%	2.396%	1.808%	1.844%	1.877%
NAT - 2 Years	1.102%	2.340%	0.529%	0.588%	0.643%	0.699%	0.662%
NAT - 5 Years		3.009%	1.291%	1.305%	1.081%	1.111%	1.141%
NAT - 10 years		3.783%	2.581%	2.315%	1.971%	1.998%	1.974%
CORP. BONDS							
INV. GRADE - 5 Years	1.459%	2.693%	1.489%	1.599%	1.477%	1.432%	1.466%
HI-YIELD - 3.5 YEARS		5.220%	5.308%	5.199%	4.721%	4.902%	4.998%
HI-YIELD - 8 YEARS	7.503%	6.735%	5.815%	6.275%	6.299%	6.355%	6.374%
EQUITY INCOME MODEL							
	4.110%	4.070%	4.050%	3.740%	3.580%	3.580%	3.710%
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,041,991.91	\$ 1,132,073.80	\$ 1,211,117.97	\$ 1,207,039.12	\$ 1,170,703.48
MLP INCOME MODEL							
	6.220%	5.880%	7.160%	6.480%	6.200%	6.270%	6.250%
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 970,205.61	\$ 1,170,773.07	\$ 1,164,664.30	\$ 1,158,637.27	\$ 1,163,460.58
US TREASURY							
3 - MONTH	0.120%	0.120%	0.010%	0.010%	0.100%	0.100%	0.100%
6 - MONTH	0.160%	0.180%	0.050%	0.060%	0.140%	0.140%	0.140%
12 - MONTH	0.210%	0.270%	0.090%	0.110%	0.170%	0.170%	0.170%
2 - YEAR	0.380%	0.600%	0.190%	0.250%	0.230%	0.270%	0.260%
3 - YEAR	0.570%	1.010%	0.310%	0.380%	0.320%	0.380%	0.370%
5 - YEAR	1.230%	2.020%	0.930%	0.880%	0.640%	0.710%	0.700%
7 - YEAR	1.930%	2.740%	1.510%	1.410%	1.030%	1.130%	1.100%
10 - YEAR	2.620%	3.340%	2.170%	1.950%	1.530%	1.630%	1.640%
BLENDED MODELS (45% Tax Bracket)							
ULTRA INCOME STRATEGY	1.880%	3.220%	1.460%	1.790%	1.190%	1.170%	1.210%
BLENDED INCOME STRATEGY	2.970%	4.010%	2.750%	2.870%	2.330%	2.320%	2.370%
BALANCED INCOME STRATEGY	4.190%	4.860%	4.020%	3.970%	3.500%	3.520%	3.570%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	5.890%	5.660%	5.260%	5.300%	5.360%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	6.670%	6.390%	6.120%	6.160%	6.220%

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
Ultra Income Strategy				
Municipal Income - Short-Term	75%	\$ 4,012.50	\$ 6,173.08	\$ 7,295.45
Municipal Income - Mid-Term	25%	\$ 2,652.50	\$ 4,080.77	\$ 4,822.73
MLP Income	0%	\$ -	\$ -	\$ -
Equity Income	0%	\$ -	\$ -	\$ -
Corporate Income	0%	\$ -	\$ -	\$ -
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 6,665.00	\$ 10,253.85	\$ 12,118.18
		0.67%	1.03%	1.21%
Blended Income Strategy				
Municipal Income - Short-Term	50%	\$ 2,675.00	\$ 4,115.38	\$ 4,863.64
Municipal Income - Mid-Term	25%	\$ 2,652.50	\$ 4,080.77	\$ 4,822.73
MLP Income	10%	\$ 6,250.00	\$ 8,173.08	\$ 9,659.09
Equity Income	5%	\$ 1,855.00	\$ 2,425.77	\$ 2,866.82
Corporate Income	10%	\$ 1,466.00	\$ 1,466.00	\$ 1,466.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 14,898.50	\$ 20,261.00	\$ 23,678.27
		1.49%	2.03%	2.37%
Balanced Income Strategy				
Municipal Income - Short-Term	25%	\$ 1,337.50	\$ 2,057.69	\$ 2,431.82
Municipal Income - Mid-Term	25%	\$ 2,652.50	\$ 4,080.77	\$ 4,822.73
MLP Income	15%	\$ 9,375.00	\$ 12,259.62	\$ 14,488.64
Equity Income	15%	\$ 5,565.00	\$ 7,277.31	\$ 8,600.45
Corporate Income	15%	\$ 2,199.00	\$ 2,199.00	\$ 2,199.00
High-Yield Income	5%	\$ 3,187.00	\$ 3,187.00	\$ 3,187.00
	100%	\$ 24,316.00	\$ 31,061.38	\$ 35,729.64
		2.43%	3.11%	3.57%
Diversified Income Strategy				
Municipal Income - Short-Term	10%	\$ 535.00	\$ 823.08	\$ 972.73
Municipal Income - Mid-Term	20%	\$ 2,122.00	\$ 3,264.62	\$ 3,858.18
MLP Income	25%	\$ 15,625.00	\$ 20,432.69	\$ 24,147.73
Equity Income	25%	\$ 9,275.00	\$ 12,128.85	\$ 14,334.09
Corporate Income	5%	\$ 733.00	\$ 733.00	\$ 733.00
High-Yield Income	15%	\$ 9,561.00	\$ 9,561.00	\$ 9,561.00
	100%	\$ 37,851.00	\$ 46,943.23	\$ 53,606.73
		3.79%	4.69%	5.36%
Dynamic Income Strategy				
Municipal Income - Short-Term	5%	\$ 267.50	\$ 411.54	\$ 486.36
Municipal Income - Mid-Term	5%	\$ 530.50	\$ 816.15	\$ 964.55
MLP Income	30%	\$ 18,750.00	\$ 24,519.23	\$ 28,977.27
Equity Income	25%	\$ 9,275.00	\$ 12,128.85	\$ 14,334.09
Corporate Income	10%	\$ 1,466.00	\$ 1,466.00	\$ 1,466.00
High-Yield Income	25%	\$ 15,935.00	\$ 15,935.00	\$ 15,935.00
	100%	\$ 46,224.00	\$ 55,276.77	\$ 62,163.27
		4.62%	5.53%	6.22%

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	0.5350%	Tax Free (California Residents)	2.02/years
Municipal Income - Mid-Term	1.0610%	Tax Free (California Residents)	5.01/years
MLP Income	6.2500%	85% Tax Efficient	
Equity Income	3.7100%	Assume 15% Qualified Tax Rate	
Corporate Income	1.4660%	Fully Taxable	5.00/years
High-Yield Income	6.3740%	Fully Taxable	8.00/years