



Weekly Interest Rate & Economic Update

September 4, 2012

**11150 Santa Monica Boulevard
Suite 350
Los Angeles, California 90025
310.268.2625**

**5650 El Camino Real
Suite 155
Carlsbad, California 92008
760.804.3814**

The information provided in this publication is for illustrative purposes only. Interest rates, prices, yields and ratings are subject to change without notice. Bond prices generally move inversely to the direction of interest rates in the overall market and may react to changes in economic conditions. All sources utilized are believed to be reliable by GSG Capital Advisors.

Rate Update

September 4, 2012

Safe Sector Income:

	Average Maturity	Yield-to-Worst
CA Municipal	1.00 years	0.466%
CA Municipal	2.02 years	0.502%
CA Municipal	3.02 years	0.811%
CA Municipal	5.01 years	1.005%
CA Municipal	7.03 years	1.384%
CA Municipal	10.04 years	1.611%
National Municipal	2.01 years	0.655%
National Municipal	5.03 years	1.107%
National Municipal	10.04 years	1.997%

Corporate Bond Income:

Corporate Income	5.00 years	1.401%
High-Yield Income	3.54 years	4.883%
High-Yield Income	8.00 years	6.375%

Equity Income:	3.800%
MLP Income:	6.150%

US Treasury Rates (09/04/12):

3 Month Treasury Bill:	0.09%	3 Year Treasury Note:	0.29%
6 Month Treasury Bill:	0.13%	5 Year Treasury Note:	0.61%
12 Month Treasury Note:	0.16%	7 Year Treasury Note:	1.02%
2 Year Treasury Note:	0.22%	10 Year Treasury Bond:	1.55%

Weekly Economic Update

September 4, 2012

News

- In July, Spaniards withdrew a record 75 billion euros (\$94 billion) from personal bank accounts. It is believed the majority of this cash is either being held or invested outside of Spain with Great Britain reporting a swell in new deposit accounts being opened by Spanish nationals. July's figures represent a 30% increase over that of July 2011.
- In August, Apple Inc. (AAPL) became the world's most valuable company ever. With a stock price valuation of approximately \$624 billion, it is worth more than ALL the listed companies in Portugal, Ireland, Greece and Spain together.
- The California premium wine market (bottles which sell for \$20 and above) totaled \$410 million in the twelve months ending July 21, 2012, up 14% year-over-year. Sales of premium wine properties in the state are expected to reach \$800 million by year end, the most since the 2007 market peak.
- Visa released its annual Tooth Fairy Survey and the news is good for kids with loose teeth. The average tooth is worth \$3.00, up more than 15% over last year. Visa is expected to launch an app for iPhones and iPads this week to help parents calculate the most current rates for teeth. The app will consider the parent's gender, education, location, age and income. The app will also provide a comparison of what the Tooth Fairy paid on average when the parent was 8 years old.

STATISTICS

National Unemployment Rate	8.3%	July 2012	
California Unemployment Rate	10.7%	July 2012	
Consumer Price Index (CPI)	0.0%	July 2012	Seasonally Unadjusted
Producer Price Index (PPI)	0.3%	July 2012	Seasonally Unadjusted
Gross Domestic Product (GDP)	1.5%	2 nd Quarter 2012	Annually Adjusted
Prime Rate	3.25%	09/04/12	
Gold (Spot)	\$1,693.78	09/04/12	
Silver (Spot)	\$32.22	09/04/12	
Crude Oil (NYMEX Crude Futures)	\$95.47	09/04/12	

	10/27/10	01/03/11	09/06/11	01/03/12	08/13/12	08/20/12	09/04/12
MUNICIPAL BONDS							
CA - 1 Year	0.509%	1.079%	0.380%	0.556%	0.478%	0.481%	0.466%
CA - 2 Years	0.947%	1.550%	0.670%	0.810%	0.535%	0.522%	0.502%
CA - 3 Years	1.317%	2.053%	0.777%	1.164%	0.804%	0.809%	0.811%
CA - 5 Years	1.889%	2.436%	1.463%	1.501%	1.061%	1.105%	1.005%
CA - 7 Years	2.465%	2.998%	2.189%	1.671%	1.355%	1.414%	1.384%
CA - 10 Years		3.842%	2.788%	2.396%	1.877%	1.727%	1.611%
NAT - 2 Years	1.102%	2.340%	0.508%	0.588%	0.662%	0.674%	0.655%
NAT - 5 Years		3.009%	1.266%	1.305%	1.141%	1.199%	1.107%
NAT - 10 years		3.783%	2.501%	2.315%	1.974%	2.046%	1.997%
CORP. BONDS							
INV. GRADE - 5 Years	1.459%	2.693%	1.559%	1.599%	1.466%	1.487%	1.401%
HI-YIELD - 3.5 YEARS		5.220%	4.886%	5.199%	4.998%	4.921%	4.883%
HI-YIELD - 8 YEARS	7.503%	6.735%	6.719%	6.275%	6.374%	6.445%	6.375%
EQUITY INCOME MODEL							
	4.110%	4.070%	4.122%	3.740%	3.710%	3.730%	3.800%
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,020,562.25	\$ 1,132,073.80	\$ 1,170,703.48	\$ 1,169,175.40	\$ 1,158,896.22
MLP INCOME MODEL							
	6.220%	5.880%	7.245%	6.480%	6.250%	6.170%	6.150%
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 962,356.55	\$ 1,170,773.07	\$ 1,163,460.58	\$ 1,181,518.76	\$ 1,183,369.43
US TREASURY							
3 - MONTH	0.120%	0.120%	0.020%	0.010%	0.100%	0.090%	0.090%
6 - MONTH	0.160%	0.180%	0.060%	0.060%	0.140%	0.140%	0.130%
12 - MONTH	0.210%	0.270%	0.110%	0.110%	0.170%	0.180%	0.160%
2 - YEAR	0.380%	0.600%	0.200%	0.250%	0.260%	0.280%	0.220%
3 - YEAR	0.570%	1.010%	0.320%	0.380%	0.370%	0.410%	0.290%
5 - YEAR	1.230%	2.020%	0.870%	0.880%	0.700%	0.790%	0.610%
7 - YEAR	1.930%	2.740%	1.370%	1.410%	1.100%	1.240%	1.020%
10 - YEAR	2.620%	3.340%	1.980%	1.950%	1.640%	1.800%	1.550%
BLENDED MODELS (45% Tax Bracket)							
ULTRA INCOME STRATEGY	1.880%	3.220%	1.580%	1.790%	1.210%	1.210%	1.140%
BLENDED INCOME STRATEGY	2.970%	4.010%	2.870%	2.870%	2.370%	2.370%	2.300%
BALANCED INCOME STRATEGY	4.190%	4.860%	4.170%	3.970%	3.570%	3.580%	3.520%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	6.130%	5.660%	5.360%	5.360%	5.330%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	6.980%	6.390%	6.220%	6.210%	6.190%

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
Ultra Income Strategy				
Municipal Income - Short-Term	75%	\$ 3,765.00	\$ 5,792.31	\$ 6,845.45
Municipal Income - Mid-Term	25%	\$ 2,512.50	\$ 3,865.38	\$ 4,568.18
MLP Income	0%	\$ -	\$ -	\$ -
Equity Income	0%	\$ -	\$ -	\$ -
Corporate Income	0%	\$ -	\$ -	\$ -
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 6,277.50	\$ 9,657.69	\$ 11,413.64
		0.63%	0.97%	1.14%
Blended Income Strategy				
Municipal Income - Short-Term	50%	\$ 2,510.00	\$ 3,861.54	\$ 4,563.64
Municipal Income - Mid-Term	25%	\$ 2,512.50	\$ 3,865.38	\$ 4,568.18
MLP Income	10%	\$ 6,150.00	\$ 8,042.31	\$ 9,504.55
Equity Income	5%	\$ 1,900.00	\$ 2,484.62	\$ 2,936.36
Corporate Income	10%	\$ 1,401.00	\$ 1,401.00	\$ 1,401.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 14,473.50	\$ 19,654.85	\$ 22,973.73
		1.45%	1.97%	2.30%
Balanced Income Strategy				
Municipal Income - Short-Term	25%	\$ 1,255.00	\$ 1,930.77	\$ 2,281.82
Municipal Income - Mid-Term	25%	\$ 2,512.50	\$ 3,865.38	\$ 4,568.18
MLP Income	15%	\$ 9,225.00	\$ 12,063.46	\$ 14,256.82
Equity Income	15%	\$ 5,700.00	\$ 7,453.85	\$ 8,809.09
Corporate Income	15%	\$ 2,101.50	\$ 2,101.50	\$ 2,101.50
High-Yield Income	5%	\$ 3,187.50	\$ 3,187.50	\$ 3,187.50
	100%	\$ 23,981.50	\$ 30,602.46	\$ 35,204.91
		2.40%	3.06%	3.52%
Diversified Income Strategy				
Municipal Income - Short-Term	10%	\$ 502.00	\$ 772.31	\$ 912.73
Municipal Income - Mid-Term	20%	\$ 2,010.00	\$ 3,092.31	\$ 3,654.55
MLP Income	25%	\$ 15,375.00	\$ 20,105.77	\$ 23,761.36
Equity Income	25%	\$ 9,500.00	\$ 12,423.08	\$ 14,681.82
Corporate Income	5%	\$ 700.50	\$ 700.50	\$ 700.50
High-Yield Income	15%	\$ 9,562.50	\$ 9,562.50	\$ 9,562.50
	100%	\$ 37,650.00	\$ 46,656.46	\$ 53,273.45
		3.77%	4.67%	5.33%
Dynamic Income Strategy				
Municipal Income - Short-Term	5%	\$ 251.00	\$ 386.15	\$ 456.36
Municipal Income - Mid-Term	5%	\$ 502.50	\$ 773.08	\$ 913.64
MLP Income	30%	\$ 18,450.00	\$ 24,126.92	\$ 28,513.64
Equity Income	25%	\$ 9,500.00	\$ 12,423.08	\$ 14,681.82
Corporate Income	10%	\$ 1,401.00	\$ 1,401.00	\$ 1,401.00
High-Yield Income	25%	\$ 15,937.50	\$ 15,937.50	\$ 15,937.50
	100%	\$ 46,042.00	\$ 55,047.73	\$ 61,903.95
		4.60%	5.50%	6.19%

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	0.5020%	Tax Free (California Residents)	2.02/years
Municipal Income - Mid-Term	1.0050%	Tax Free (California Residents)	5.01/years
MLP Income	6.1500%	85% Tax Efficient	
Equity Income	3.8000%	Assume 15% Qualified Tax Rate	
Corporate Income	1.4010%	Fully Taxable	5.00/years
High-Yield Income	6.3750%	Fully Taxable	8.00/years