



Weekly Interest Rate & Economic Update

September 18, 2012

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Rate Update

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Safe Sector Income:

	Average Maturity	Yield-to-Worst
CA Municipal	1.01 years	0.451%
CA Municipal	2.00 years	0.522%
CA Municipal	3.03 years	0.842%
CA Municipal	5.02 years	1.094%
CA Municipal	7.00 years	1.398%
CA Municipal	10.00 years	1.699%
National Municipal	2.00 years	0.675%
National Municipal	5.02 years	1.166%
National Municipal	10.01 years	2.041%

Corporate Bond Income:

Corporate Income	5.00 years	1.444%
High-Yield Income	3.51 years	4.901%
High-Yield Income	8.00 years	6.391%

Equity Income:		3.740%
MLP Income:		6.190%

US Treasury Rates (09/18/12):

3 Month Treasury Bill:	0.10%	3 Year Treasury Note:	0.34%
6 Month Treasury Bill:	0.13%	5 Year Treasury Note:	0.68%
12 Month Treasury Note:	0.16%	7 Year Treasury Note:	1.16%
2 Year Treasury Note:	0.25%	10 Year Treasury Bond:	1.79%

Weekly Economic Update

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News

- Spanish 10-year sovereign bonds fell below 6.00% after the country sold 4.6 billion euros of bonds. This was the first auction since the European Central Bank (ECB) proposed buying Spanish government debt and was widely well received. The 10-year rate closed at 5.90%.
- New Jersey surpassed Nevada with the second highest number of home mortgages considered seriously delinquent - - those 90 days late - - or in foreclosure. The rate in New Jersey rose to 12.7% of all mortgages in July. Florida leads all states with 17.5% of all mortgages either delinquent or in foreclosure. This data is collected and published by the Mortgage Bankers Association.
- The U.S. Commodity Futures Trading Commission is investigating a plunge in oil prices Monday afternoon. Brent crude prices fell more than \$3.00 in a matter of minutes on a relatively quiet trading day, due to the Jewish holiday of Rosh Hashanah. The initial report indicated a problem with a high-speed computer trading program may have triggered the trades.
- The web-site Internet Archive launched a catalog of television news archives dating back to 2009. The web site claims every television news report and story from 20 different channels is in the archive. Outlets include CNN, Fox News, NBC News, PBS, 60 Minutes and many local television outlets. The address is: <http://archive.org/details/tv>

STATISTICS

National Unemployment Rate	8.1%	August 2012	
California Unemployment Rate	10.7%	July 2012	
Consumer Price Index (CPI)	1.7%	August 2012	Seasonally Unadjusted
Producer Price Index (PPI)	2.0%	August 2012	Seasonally Unadjusted
Gross Domestic Product (GDP)	1.7%	2 nd Quarter 2012	Annually Adjusted
Prime Rate	3.25%	09/18/12	
Gold (Spot)	\$1,764.65	09/18/12	
Silver (Spot)	\$34.45	09/18/12	
Crude Oil (NYMEX Crude Futures)	\$95.97	09/18/12	

	10/27/10	01/03/11	09/19/11	01/03/12	09/04/12	09/10/12	09/18/12
MUNICIPAL BONDS							
CA - 1 Year	0.509%	1.079%	0.544%	0.556%	0.466%	0.457%	0.451%
CA - 2 Years	0.947%	1.550%	0.698%	0.810%	0.502%	0.536%	0.522%
CA - 3 Years	1.317%	2.053%	0.915%	1.164%	0.811%	0.801%	0.842%
CA - 5 Years	1.889%	2.436%	1.330%	1.501%	1.005%	1.044%	1.094%
CA - 7 Years	2.465%	2.998%	2.149%	1.671%	1.384%	1.390%	1.398%
CA - 10 Years		3.842%	2.591%	2.396%	1.611%	1.660%	1.699%
NAT - 2 Years	1.102%	2.340%	0.440%	0.588%	0.655%	0.689%	0.675%
NAT - 5 Years		3.009%	1.054%	1.305%	1.107%	1.156%	1.166%
NAT - 10 years		3.783%	2.354%	2.315%	1.997%	2.021%	2.041%
CORP. BONDS							
INV. GRADE - 5 Years	1.459%	2.693%	1.640%	1.599%	1.401%	1.453%	1.444%
HI-YIELD - 3.5 YEARS		5.220%	4.880%	5.199%	4.883%	4.821%	4.901%
HI-YIELD - 8 YEARS	7.503%	6.735%	7.324%	6.275%	6.375%	6.451%	6.391%
EQUITY INCOME MODEL							
	4.110%	4.070%	4.110%	3.740%	3.800%	3.740%	3.740%
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,029,858.12	\$ 1,132,073.80	\$ 1,158,896.22	\$ 1,173,787.51	\$ 1,179,098.47
MLP INCOME MODEL							
	6.220%	5.880%	7.270%	6.480%	6.150%	6.160%	6.190%
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 961,008.44	\$ 1,170,773.07	\$ 1,183,369.43	\$ 1,185,853.55	\$ 1,207,423.41
US TREASURY							
3 - MONTH	0.120%	0.120%	0.000%	0.010%	0.090%	0.100%	0.100%
6 - MONTH	0.160%	0.180%	0.010%	0.060%	0.130%	0.130%	0.130%
12 - MONTH	0.210%	0.270%	0.070%	0.110%	0.160%	0.160%	0.160%
2 - YEAR	0.380%	0.600%	0.150%	0.250%	0.220%	0.250%	0.250%
3 - YEAR	0.570%	1.010%	0.290%	0.380%	0.290%	0.320%	0.340%
5 - YEAR	1.230%	2.020%	0.840%	0.880%	0.610%	0.630%	0.680%
7 - YEAR	1.930%	2.740%	1.390%	1.410%	1.020%	1.070%	1.160%
10 - YEAR	2.620%	3.340%	1.950%	1.950%	1.550%	1.660%	1.790%
BLENDED MODELS (45% Tax Bracket)							
ULTRA INCOME STRATEGY	1.880%	3.220%	1.560%	1.790%	1.140%	1.210%	1.210%
BLENDED INCOME STRATEGY	2.970%	4.010%	2.840%	2.870%	2.300%	2.350%	2.360%
BALANCED INCOME STRATEGY	4.190%	4.860%	4.170%	3.970%	3.520%	3.550%	3.570%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	6.190%	5.660%	5.330%	5.340%	5.360%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	7.140%	6.390%	6.190%	6.200%	6.200%

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
Ultra Income Strategy				
Municipal Income - Short-Term	75%	\$ 3,915.00	\$ 6,023.08	\$ 7,118.18
Municipal Income - Mid-Term	25%	\$ 2,735.00	\$ 4,207.69	\$ 4,972.73
MLP Income	0%	\$ -	\$ -	\$ -
Equity Income	0%	\$ -	\$ -	\$ -
Corporate Income	0%	\$ -	\$ -	\$ -
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 6,650.00	\$ 10,230.77	\$ 12,090.91
		0.67%	1.02%	1.21%
Blended Income Strategy				
Municipal Income - Short-Term	50%	\$ 2,610.00	\$ 4,015.38	\$ 4,745.45
Municipal Income - Mid-Term	25%	\$ 2,735.00	\$ 4,207.69	\$ 4,972.73
MLP Income	10%	\$ 6,190.00	\$ 8,094.62	\$ 9,566.36
Equity Income	5%	\$ 1,870.00	\$ 2,445.38	\$ 2,890.00
Corporate Income	10%	\$ 1,444.00	\$ 1,444.00	\$ 1,444.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 14,849.00	\$ 20,207.08	\$ 23,618.55
		1.48%	2.02%	2.36%
Balanced Income Strategy				
Municipal Income - Short-Term	25%	\$ 1,305.00	\$ 2,007.69	\$ 2,372.73
Municipal Income - Mid-Term	25%	\$ 2,735.00	\$ 4,207.69	\$ 4,972.73
MLP Income	15%	\$ 9,285.00	\$ 12,141.92	\$ 14,349.55
Equity Income	15%	\$ 5,610.00	\$ 7,336.15	\$ 8,670.00
Corporate Income	15%	\$ 2,166.00	\$ 2,166.00	\$ 2,166.00
High-Yield Income	5%	\$ 3,195.50	\$ 3,195.50	\$ 3,195.50
	100%	\$ 24,296.50	\$ 31,054.96	\$ 35,726.50
		2.43%	3.11%	3.57%
Diversified Income Strategy				
Municipal Income - Short-Term	10%	\$ 522.00	\$ 803.08	\$ 949.09
Municipal Income - Mid-Term	20%	\$ 2,188.00	\$ 3,366.15	\$ 3,978.18
MLP Income	25%	\$ 15,475.00	\$ 20,236.54	\$ 23,915.91
Equity Income	25%	\$ 9,350.00	\$ 12,226.92	\$ 14,450.00
Corporate Income	5%	\$ 722.00	\$ 722.00	\$ 722.00
High-Yield Income	15%	\$ 9,586.50	\$ 9,586.50	\$ 9,586.50
	100%	\$ 37,843.50	\$ 46,941.19	\$ 53,601.68
		3.78%	4.69%	5.36%
Dynamic Income Strategy				
Municipal Income - Short-Term	5%	\$ 261.00	\$ 401.54	\$ 474.55
Municipal Income - Mid-Term	5%	\$ 547.00	\$ 841.54	\$ 994.55
MLP Income	30%	\$ 18,570.00	\$ 24,283.85	\$ 28,699.09
Equity Income	25%	\$ 9,350.00	\$ 12,226.92	\$ 14,450.00
Corporate Income	10%	\$ 1,444.00	\$ 1,444.00	\$ 1,444.00
High-Yield Income	25%	\$ 15,977.50	\$ 15,977.50	\$ 15,977.50
	100%	\$ 46,149.50	\$ 55,175.35	\$ 62,039.68
		4.61%	5.52%	6.20%

Assumptions:

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

Yields:	Yield	Notes:	Ave. Mat:
Municipal Income - Short-Term	0.5220%	Tax Free (California Residents)	2.00/years
Municipal Income - Mid-Term	1.0940%	Tax Free (California Residents)	5.02/years
MLP Income	6.1900%	85% Tax Efficient	
Equity Income	3.7400%	Assume 15% Qualified Tax Rate	
Corporate Income	1.4440%	Fully Taxable	5.00/years
High-Yield Income	6.3910%	Fully Taxable	8.00/years