



Weekly Interest Rate & Economic Update

September 24, 2012

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Rate Update

September 24, 2012

Safe Sector Income:

	Average Maturity	Yield-to-Worst
CA Municipal	1.00 years	0.449%
CA Municipal	2.02 years	0.513%
CA Municipal	3.01 years	0.855%
CA Municipal	5.00 years	1.023%
CA Municipal	7.00 years	1.303%
CA Municipal	10.03 years	1.695%
National Municipal	2.01 years	0.666%
National Municipal	5.00 years	1.156%
National Municipal	10.00 years	2.032%

Corporate Bond Income:

Corporate Income	5.02 years	1.402%
High-Yield Income	3.53 years	4.900%
High-Yield Income	8.02 years	6.377%

Equity Income:	3.700%
MLP Income:	6.140%

US Treasury Rates (09/24/12):

3 Month Treasury Bill:	0.10%	3 Year Treasury Note:	0.34%
6 Month Treasury Bill:	0.14%	5 Year Treasury Note:	0.65%
12 Month Treasury Note:	0.17%	7 Year Treasury Note:	1.09%
2 Year Treasury Note:	0.25%	10 Year Treasury Bond:	1.71%

Weekly Economic Update

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News

- The State of California is offering \$1.55 billion of general obligation bonds. The estimated yield on the 10-year bonds being offered is 2.49%. The final price and yield will be set later this week once the sale is completed. California's economy is bigger than India's, ranking 9th in the world as measured by gross domestic product, according to the state finance department.
- Crude oil dropped in price for the fifth time in six days. New York Mercantile Exchange Crude traded at \$91.44 a barrel today.
- Verizon Communications Inc. (VZ) agreed today to pay approximately \$510 million to end patent infringement suits filed by TiVo Inc. and ActiveVideo Networks Inc. The suits targeted the FiOS TV service.
- Heineken Beer announced it is changing the shape of its green bottle for the first time since 1946. The new bottle will be taller and thinner with a thumb groove intended to "improve grip" and to hold the bottle at a lower angle keeping the beer colder.

STATISTICS

National Unemployment Rate	8.1%	August 2012	
California Unemployment Rate	10.6%	August 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%	09/24/12	
Gold (Spot)	\$1,761.83	09/24/12	
Silver (Spot)	\$33.91	09/24/12	
Crude Oil (NYMEX Crude Futures)	\$91.44	09/24/12	

	10/27/10	01/03/11	09/26/11	01/03/12	09/10/12	09/18/12	09/24/12
MUNICIPAL BONDS							
CA - 1 Year	0.509%	1.079%	0.566%	0.556%	0.457%	0.451%	0.449%
CA - 2 Years	0.947%	1.550%	0.712%	0.810%	0.536%	0.522%	0.513%
CA - 3 Years	1.317%	2.053%	0.891%	1.164%	0.801%	0.842%	0.855%
CA - 5 Years	1.889%	2.436%	1.277%	1.501%	1.044%	1.094%	1.023%
CA - 7 Years	2.465%	2.998%	2.166%	1.671%	1.390%	1.398%	1.303%
CA - 10 Years		3.842%	2.587%	2.396%	1.660%	1.699%	1.695%
NAT - 2 Years	1.102%	2.340%	0.492%	0.588%	0.689%	0.675%	0.666%
NAT - 5 Years		3.009%	1.112%	1.305%	1.156%	1.166%	1.156%
NAT - 10 years		3.783%	2.412%	2.315%	2.021%	2.041%	2.032%
CORP. BONDS							
INV. GRADE - 5 Years	1.459%	2.693%	1.591%	1.599%	1.453%	1.444%	1.402%
HI-YIELD - 3.5 YEARS		5.220%	4.789%	5.199%	4.821%	4.901%	4.900%
HI-YIELD - 8 YEARS	7.503%	6.735%	7.200%	6.275%	6.451%	6.391%	6.377%
EQUITY INCOME MODEL							
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,019,169.25	\$ 1,132,073.80	\$ 1,173,787.51	\$ 1,179,098.47	\$ 1,194,279.35
MLP INCOME MODEL	6.220%	5.880%	7.460%	6.480%	6.160%	6.190%	6.140%
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 939,254.19	\$ 1,170,773.07	\$ 1,185,853.55	\$ 1,207,423.41	\$ 1,209,211.41
US TREASURY							
3 - MONTH	0.120%	0.120%	0.010%	0.010%	0.100%	0.100%	0.100%
6 - MONTH	0.160%	0.180%	0.020%	0.060%	0.130%	0.130%	0.140%
12 - MONTH	0.210%	0.270%	0.100%	0.110%	0.160%	0.160%	0.170%
2 - YEAR	0.380%	0.600%	0.220%	0.250%	0.250%	0.250%	0.250%
3 - YEAR	0.570%	1.010%	0.370%	0.380%	0.320%	0.340%	0.340%
5 - YEAR	1.230%	2.020%	0.880%	0.880%	0.630%	0.680%	0.650%
7 - YEAR	1.930%	2.740%	1.350%	1.410%	1.070%	1.160%	1.090%
10 - YEAR	2.620%	3.340%	1.900%	1.950%	1.660%	1.790%	1.710%
BLENDED MODELS (45% Tax Bracket)							
ULTRA INCOME STRATEGY	1.880%	3.220%	1.550%	1.790%	1.210%	1.210%	1.160%
BLENDED INCOME STRATEGY	2.970%	4.010%	2.860%	2.870%	2.350%	2.360%	2.310%
BALANCED INCOME STRATEGY	4.190%	4.860%	4.190%	3.970%	3.550%	3.570%	3.510%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	6.240%	5.660%	5.340%	5.360%	5.290%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	7.200%	6.390%	6.200%	6.200%	6.150%

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
Ultra Income Strategy				
Municipal Income - Short-Term	75%	\$ 3,847.50	\$ 5,919.23	\$ 6,995.45
Municipal Income - Mid-Term	25%	\$ 2,557.50	\$ 3,934.62	\$ 4,650.00
MLP Income	0%	\$ -	\$ -	\$ -
Equity Income	0%	\$ -	\$ -	\$ -
Corporate Income	0%	\$ -	\$ -	\$ -
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 6,405.00	\$ 9,853.85	\$ 11,645.45
		0.64%	0.99%	1.16%
Blended Income Strategy				
Municipal Income - Short-Term	50%	\$ 2,565.00	\$ 3,946.15	\$ 4,663.64
Municipal Income - Mid-Term	25%	\$ 2,557.50	\$ 3,934.62	\$ 4,650.00
MLP Income	10%	\$ 6,140.00	\$ 8,029.23	\$ 9,489.09
Equity Income	5%	\$ 1,850.00	\$ 2,419.23	\$ 2,859.09
Corporate Income	10%	\$ 1,402.00	\$ 1,402.00	\$ 1,402.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 14,514.50	\$ 19,731.23	\$ 23,063.82
		1.45%	1.97%	2.31%
Balanced Income Strategy				
Municipal Income - Short-Term	25%	\$ 1,282.50	\$ 1,973.08	\$ 2,331.82
Municipal Income - Mid-Term	25%	\$ 2,557.50	\$ 3,934.62	\$ 4,650.00
MLP Income	15%	\$ 9,210.00	\$ 12,043.85	\$ 14,233.64
Equity Income	15%	\$ 5,550.00	\$ 7,257.69	\$ 8,577.27
Corporate Income	15%	\$ 2,103.00	\$ 2,103.00	\$ 2,103.00
High-Yield Income	5%	\$ 3,188.50	\$ 3,188.50	\$ 3,188.50
	100%	\$ 23,891.50	\$ 30,500.73	\$ 35,084.23
		2.39%	3.05%	3.51%
Diversified Income Strategy				
Municipal Income - Short-Term	10%	\$ 513.00	\$ 789.23	\$ 932.73
Municipal Income - Mid-Term	20%	\$ 2,046.00	\$ 3,147.69	\$ 3,720.00
MLP Income	25%	\$ 15,350.00	\$ 20,073.08	\$ 23,722.73
Equity Income	25%	\$ 9,250.00	\$ 12,096.15	\$ 14,295.45
Corporate Income	5%	\$ 701.00	\$ 701.00	\$ 701.00
High-Yield Income	15%	\$ 9,565.50	\$ 9,565.50	\$ 9,565.50
	100%	\$ 37,425.50	\$ 46,372.65	\$ 52,937.41
		3.74%	4.64%	5.29%
Dynamic Income Strategy				
Municipal Income - Short-Term	5%	\$ 256.50	\$ 394.62	\$ 466.36
Municipal Income - Mid-Term	5%	\$ 511.50	\$ 786.92	\$ 930.00
MLP Income	30%	\$ 18,420.00	\$ 24,087.69	\$ 28,467.27
Equity Income	25%	\$ 9,250.00	\$ 12,096.15	\$ 14,295.45
Corporate Income	10%	\$ 1,402.00	\$ 1,402.00	\$ 1,402.00
High-Yield Income	25%	\$ 15,942.50	\$ 15,942.50	\$ 15,942.50
	100%	\$ 45,782.50	\$ 54,709.88	\$ 61,503.59
		4.58%	5.47%	6.15%

Assumptions:

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

Yields:	Yield	Notes:	Ave. Mat:
Municipal Income - Short-Term	0.5130%	Tax Free (California Residents)	2.02/years
Municipal Income - Mid-Term	1.0230%	Tax Free (California Residents)	5.00/years
MLP Income	6.1400%	85% Tax Efficient	
Equity Income	3.7000%	Assume 15% Qualified Tax Rate	
Corporate Income	1.4020%	Fully Taxable	5.02/years
High-Yield Income	6.3770%	Fully Taxable	8.02/years