



Weekly Interest Rate & Economic Update

October 23, 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

October 23, 2012

Safe Sector Income:

	Average Maturity	Yield-to-Worst
CA Municipal	1.00 years	0.442%
CA Municipal	2.02 years	0.566%
CA Municipal	3.00 years	0.986%
CA Municipal	5.02 years	1.121%
CA Municipal	7.01 years	1.413%
CA Municipal	10.00 years	1.802%
National Municipal	2.01 years	0.833%
National Municipal	5.03 years	1.298%
National Municipal	10.02 years	2.144%

Corporate Bond Income:

Corporate Income	5.00 years	1.406%
High-Yield Income	3.50 years	4.804%
High-Yield Income	8.03 years	6.493%

Equity Income:		3.750%
MLP Income:		6.150%

US Treasury Rates (10/23/12):

3 Month Treasury Bill:	0.10%	3 Year Treasury Note:	0.41%
6 Month Treasury Bill:	0.15%	5 Year Treasury Note:	0.76%
12 Month Treasury Note:	0.17%	7 Year Treasury Note:	1.19%
2 Year Treasury Note:	0.30%	10 Year Treasury Bond:	1.75%

Weekly Economic Update

October 23, 2012

News

- The U.S. Bureau of Labor Statistics reported today that employers across the country performed 1,316 “mass” layoff actions in September involving 122,462 workers. This marks a 49% increase over the prior month. A “mass” layoff is defined as one involving at least 50 workers from a single employer.
- Iran’s Oil Minister, Rostam Qasemi issued a warning today that Iran will suspend all oil exports if the U.S. and Europe tighten sanctions against his country. Approximately 40% of Iranian shipments in September were destined for China, according to tanker tracking data compiled by Bloomberg.
- Spain’s economy contracted for the fifth consecutive quarter. Spanish GDP fell 0.4% in the three months ending September. The Spanish 10-year sovereign bond sold off to yield 5.4% at the close of trading today.
- Peugeot, Europe’s second largest carmaker after Volkswagen, is expected to announce a \$9 billion loan and bond guarantee from the French government. Peugeot will add a labor leader and government representative to its board of directors as part of the deal.
- The New York State Court of Appeals upheld a lower court’s ruling that strip clubs can’t claim tax exempt status for entrance and performance fees on the grounds that the clubs are presenting “musical arts performances”. NY state law imposes a sales tax on admission charges greater than 10 cents but provides an exemption for “dramatic or musical arts performances”. An argument presented by one particular club that performances were choreographed and thereby qualified for the exemption was disallowed by the lower court.

STATISTICS

National Unemployment Rate	7.8%	September 2012	
California Unemployment Rate	10.2%	September 2012	
Consumer Price Index (CPI)	2.0%	September 2012	Seasonally Unadjusted
Producer Price Index (PPI)	2.1%	September 2012	Seasonally Unadjusted
Gross Domestic Product (GDP)	1.3%	2 nd Quarter 2012	Annually Adjusted
Prime Rate	3.25%	10/23/12	
Gold (Spot)	\$1,709.50	10/23/12	
Silver (Spot)	\$31.86	10/23/12	
Crude Oil (NYMEX Crude Futures)	\$86.30	10/23/12	

	10/27/10	01/03/11	10/24/11	01/03/12	10/01/12	10/15/12	10/23/12
MUNICIPAL BONDS							
CA - 1 Year	0.509%	1.079%	0.722%	0.556%	0.442%	0.415%	0.442%
CA - 2 Years	0.947%	1.550%	0.779%	0.810%	0.505%	0.499%	0.566%
CA - 3 Years	1.317%	2.053%	0.890%	1.164%	0.852%	0.868%	0.986%
CA - 5 Years	1.889%	2.436%	1.890%	1.501%	1.014%	1.021%	1.121%
CA - 7 Years	2.465%	2.998%	2.525%	1.671%	1.301%	1.336%	1.413%
CA - 10 Years		3.842%	2.940%	2.396%	1.622%	1.668%	1.802%
NAT - 2 Years	1.102%	2.340%	0.623%	0.588%	0.687%	0.699%	0.833%
NAT - 5 Years		3.009%	1.496%	1.305%	1.198%	1.205%	1.298%
NAT - 10 years		3.783%	2.479%	2.315%	2.011%	2.087%	2.144%
CORP. BONDS							
INV. GRADE - 5 Years	1.459%	2.693%	1.745%	1.599%	1.382%	1.414%	1.406%
HI-YIELD - 3.5 YEARS		5.220%	4.927%	5.199%	4.924%	4.682%	4.804%
HI-YIELD - 8 YEARS	7.503%	6.735%	6.517%	6.275%	6.314%	6.401%	6.493%
EQUITY INCOME MODEL							
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,080,439.43	\$ 1,132,073.80	\$ 1,197,157.89	\$ 1,191,236.92	\$ 1,184,515.27
MLP INCOME MODEL	6.220%	5.880%	6.360%	6.480%	6.090%	6.150%	6.150%
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 1,086,536.07	\$ 1,170,773.07	\$ 1,224,660.89	\$ 1,220,226.85	\$ 1,217,636.17
US TREASURY							
3 - MONTH	0.120%	0.120%	0.020%	0.010%	0.090%	0.100%	0.100%
6 - MONTH	0.160%	0.180%	0.050%	0.060%	0.130%	0.150%	0.150%
12 - MONTH	0.210%	0.270%	0.110%	0.110%	0.160%	0.170%	0.170%
2 - YEAR	0.380%	0.600%	0.280%	0.250%	0.230%	0.260%	0.300%
3 - YEAR	0.570%	1.010%	0.480%	0.380%	0.310%	0.340%	0.410%
5 - YEAR	1.230%	2.020%	1.090%	0.880%	0.620%	0.660%	0.760%
7 - YEAR	1.930%	2.740%	1.680%	1.410%	1.040%	1.070%	1.190%
10 - YEAR	2.620%	3.340%	2.230%	1.950%	1.620%	1.650%	1.750%
BLENDED MODELS (45% Tax Bracket)							
ULTRA INCOME STRATEGY	1.880%	3.220%	1.920%	1.790%	1.150%	1.140%	1.280%
BLENDED INCOME STRATEGY	2.970%	4.010%	3.030%	2.870%	2.290%	2.300%	2.400%
BALANCED INCOME STRATEGY	4.190%	4.860%	4.180%	3.970%	3.490%	3.510%	3.600%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	5.850%	5.660%	5.260%	5.310%	5.380%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	6.500%	6.390%	6.110%	6.170%	6.220%

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
Ultra Income Strategy				
Municipal Income - Short-Term	75%	\$ 4,245.00	\$ 6,530.77	\$ 7,718.18
Municipal Income - Mid-Term	25%	\$ 2,802.50	\$ 4,311.54	\$ 5,095.45
MLP Income	0%	\$ -	\$ -	\$ -
Equity Income	0%	\$ -	\$ -	\$ -
Corporate Income	0%	\$ -	\$ -	\$ -
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 7,047.50	\$ 10,842.31	\$ 12,813.64
		0.70%	1.08%	1.28%
Blended Income Strategy				
Municipal Income - Short-Term	50%	\$ 2,830.00	\$ 4,353.85	\$ 5,145.45
Municipal Income - Mid-Term	25%	\$ 2,802.50	\$ 4,311.54	\$ 5,095.45
MLP Income	10%	\$ 6,150.00	\$ 8,042.31	\$ 9,504.55
Equity Income	5%	\$ 1,875.00	\$ 2,451.92	\$ 2,897.73
Corporate Income	10%	\$ 1,406.00	\$ 1,406.00	\$ 1,406.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 15,063.50	\$ 20,565.62	\$ 24,049.18
		1.51%	2.06%	2.40%
Balanced Income Strategy				
Municipal Income - Short-Term	25%	\$ 1,415.00	\$ 2,176.92	\$ 2,572.73
Municipal Income - Mid-Term	25%	\$ 2,802.50	\$ 4,311.54	\$ 5,095.45
MLP Income	15%	\$ 9,225.00	\$ 12,063.46	\$ 14,256.82
Equity Income	15%	\$ 5,625.00	\$ 7,355.77	\$ 8,693.18
Corporate Income	15%	\$ 2,109.00	\$ 2,109.00	\$ 2,109.00
High-Yield Income	5%	\$ 3,246.50	\$ 3,246.50	\$ 3,246.50
	100%	\$ 24,423.00	\$ 31,263.19	\$ 35,973.68
		2.44%	3.13%	3.60%
Diversified Income Strategy				
Municipal Income - Short-Term	10%	\$ 566.00	\$ 870.77	\$ 1,029.09
Municipal Income - Mid-Term	20%	\$ 2,242.00	\$ 3,449.23	\$ 4,076.36
MLP Income	25%	\$ 15,375.00	\$ 20,105.77	\$ 23,761.36
Equity Income	25%	\$ 9,375.00	\$ 12,259.62	\$ 14,488.64
Corporate Income	5%	\$ 703.00	\$ 703.00	\$ 703.00
High-Yield Income	15%	\$ 9,739.50	\$ 9,739.50	\$ 9,739.50
	100%	\$ 38,000.50	\$ 47,127.88	\$ 53,797.95
		3.80%	4.71%	5.38%
Dynamic Income Strategy				
Municipal Income - Short-Term	5%	\$ 283.00	\$ 435.38	\$ 514.55
Municipal Income - Mid-Term	5%	\$ 560.50	\$ 862.31	\$ 1,019.09
MLP Income	30%	\$ 18,450.00	\$ 24,126.92	\$ 28,513.64
Equity Income	25%	\$ 9,375.00	\$ 12,259.62	\$ 14,488.64
Corporate Income	10%	\$ 1,406.00	\$ 1,406.00	\$ 1,406.00
High-Yield Income	25%	\$ 16,232.50	\$ 16,232.50	\$ 16,232.50
	100%	\$ 46,307.00	\$ 55,322.73	\$ 62,174.41
		4.63%	5.53%	6.22%

Assumptions:

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

Yields:	Yield	Notes:	Ave. Mat:
Municipal Income - Short-Term	0.5660%	Tax Free (California Residents)	2.02/years
Municipal Income - Mid-Term	1.1210%	Tax Free (California Residents)	5.02/years
MLP Income	6.1500%	85% Tax Efficient	
Equity Income	3.7500%	Assume 15% Qualified Tax Rate	
Corporate Income	1.4060%	Fully Taxable	5.00/years
High-Yield Income	6.4930%	Fully Taxable	8.03/years