



Weekly Interest Rate & Economic Update

November 19, 2012

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Rate Update

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Safe Sector Income:

	Average Maturity	Yield-to-Worst
CA Municipal	1.00 years	0.401%
CA Municipal	2.00 years	0.502%
CA Municipal	3.02 years	0.939%
CA Municipal	5.02 years	1.023%
CA Municipal	7.00 years	1.389%
CA Municipal	10.03 years	1.787%
National Municipal	2.01 years	0.835%
National Municipal	5.01 years	1.200%
National Municipal	10.01 years	2.084%

Corporate Bond Income:

Corporate Income	5.00 years	1.393%
High-Yield Income	3.53 years	4.624%
High-Yield Income	8.01 years	6.411%

Equity Income:		3.950%
MLP Income:		6.560%

US Treasury Rates (11/19/12):

3 Month Treasury Bill:	0.05%	3 Year Treasury Note:	0.33%
6 Month Treasury Bill:	0.11%	5 Year Treasury Note:	0.63%
12 Month Treasury Note:	0.16%	7 Year Treasury Note:	1.01%
2 Year Treasury Note:	0.24%	10 Year Treasury Bond:	1.61%

Weekly Economic Update

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News

- Sales of previously owned U.S. homes increased 2.1% in October to an annual rate of 4.79 million units. Single family home sales rose 1.9% to an annual rate of 4.22 million units and multifamily properties – including condominiums – rose to an annual rate of 570,000 units.
- Intel (INTC) announced that President and CEO Paul Otellini will retire in May. He has held the post since 2005. Intel stock resumed trading after being halted when the announcement was released this morning.
- Hostess Brands Inc. is closing its business and actively looking for a buyer. The maker of Twinkies and Wonder Bread will fire more than 18,000 employees after being crippled by a strike. Rumors earlier today that Grupo Bimbo SAB would be a potential buyer have been rejected by Hostess CEO Gregory Rayburn due to antitrust regulations.
- Pepsi Japan launched a new line of soda with claims it blocks the body's absorption of fat. The average American drinks 44.7 gallons of soda per year (down from 51.5 gallons in 2005), however there is no sign the soda will be approved for sale in the U.S. anytime soon.
- The Annual World's Biggest Liar competition is underway in England. Contestants are given up to 5 minutes each to weave their fibs. Official rules ban attorneys and politicians from participating citing "an unfair advantage" in the proceedings.

STATISTICS

National Unemployment Rate	7.9%	October 2012	
California Unemployment Rate	10.1%	October 2012	
Consumer Price Index (CPI)	2.2%	October 2012	Seasonally Unadjusted
Producer Price Index (PPI)	2.3%	October 2012	Seasonally Unadjusted
Gross Domestic Product (GDP)	2.0%	3rd Quarter 2012	Annually Adjusted
Prime Rate	3.25%	11/19/12	
Gold (Spot)	\$1,733.57	11/19/12	
Silver (Spot)	\$33.04	11/19/12	
Crude Oil (NYMEX Crude Futures)	\$89.02	11/19/12	

	10/27/10	11/01/10	01/03/11	11/28/11	01/03/12	10/29/12	11/07/12	11/19/12
MUNICIPAL BONDS								
CA - 1 Year	0.509%	0.569%	1.079%	0.634%	0.556%	0.442%	0.423%	0.401%
CA - 2 Years	0.947%	1.079%	1.550%	0.841%	0.810%	0.563%	0.513%	0.502%
CA - 3 Years	1.317%	1.336%	2.053%	1.176%	1.164%	0.947%	0.941%	0.939%
CA - 5 Years	1.889%	1.740%	2.436%	1.576%	1.501%	1.120%	1.040%	1.023%
CA - 7 Years	2.465%	2.461%	2.998%	2.020%	1.671%	1.401%	1.368%	1.389%
CA - 10 Years			3.842%	2.447%	2.396%	1.822%	1.742%	1.787%
NAT - 2 Years	1.102%	1.320%	2.340%	0.566%	0.588%	0.847%	0.837%	0.835%
NAT - 5 Years			3.009%	1.353%	1.305%	1.278%	1.223%	1.200%
NAT - 10 years			3.783%	2.396%	2.315%	2.136%	2.104%	2.084%
CORP. BONDS								
INV. GRADE - 5 Years	1.459%	1.468%	2.693%	1.776%	1.599%	1.400%	1.390%	1.393%
HI-YIELD - 3.5 YEARS			5.220%	5.155%	5.199%	4.785%	4.635%	4.624%
HI-YIELD - 8 YEARS	7.503%	7.037%	6.735%	6.277%	6.275%	6.424%	6.401%	6.411%
EQUITY INCOME MODEL								
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00		\$ 1,014,146.52	\$ 1,045,551.31	\$ 1,132,073.80	\$ 1,186,455.17	\$ 1,156,818.29	\$ 1,138,995.69
MLP INCOME MODEL	6.220%	6.100%	5.880%	6.500%	6.480%	6.200%	6.380%	6.560%
MLP INCOME MODEL VALUE	\$ 1,000,000.00		\$ 1,066,140.90	\$ 1,087,448.89	\$ 1,170,773.07	\$ 1,209,113.54	\$ 1,190,641.50	\$ 1,161,189.25
US TREASURY								
3 - MONTH	0.120%	0.110%	0.120%	0.020%	0.010%	0.120%	0.100%	0.050%
6 - MONTH	0.160%	0.150%	0.180%	0.070%	0.060%	0.160%	0.140%	0.110%
12 - MONTH	0.210%	0.200%	0.270%	0.110%	0.110%	0.170%	0.170%	0.160%
2 - YEAR	0.380%	0.340%	0.600%	0.270%	0.250%	0.290%	0.260%	0.240%
3 - YEAR	0.570%	0.490%	1.010%	0.420%	0.380%	0.400%	0.350%	0.330%
5 - YEAR	1.230%	1.170%	2.020%	0.970%	0.880%	0.730%	0.660%	0.630%
7 - YEAR	1.930%	1.910%	2.740%	1.510%	1.410%	1.160%	1.070%	1.010%
10 - YEAR	2.620%	2.630%	3.340%	2.030%	1.950%	1.710%	1.640%	1.610%
BLENDED MODELS (45% Tax Bracket)								
ULTRA INCOME STRATEGY	1.880%	1.570%	3.220%	1.860%	1.790%	1.280%	1.170%	1.150%
BLENDED INCOME STRATEGY	2.970%	2.720%	4.010%	2.980%	2.870%	2.410%	2.360%	2.380%
BALANCED INCOME STRATEGY	4.190%	4.000%	4.860%	4.120%	3.970%	3.600%	3.610%	3.660%
DIVERSIFIED INCOME STRATEGY	6.010%	5.820%	6.160%	5.830%	5.660%	5.390%	5.470%	5.560%
DYNAMIC INCOME STRATEGY	6.730%	6.540%	6.610%	6.540%	6.390%	6.220%	6.340%	6.450%



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%	\$ 2,557.50	\$ 3,934.62	\$ 4,650.00
MLP Income	0%	\$ -	\$ -	\$ -
Equity Income	0%	\$ -	\$ -	\$ -
Corporate Income	0%	\$ -	\$ -	\$ -
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 6,322.50	\$ 9,726.92	\$ 11,495.45
		0.63%	0.97%	1.15%
Blended Income Strategy				
Municipal Income - Short-Term	50%	\$ 2,510.00	\$ 3,861.54	\$ 4,563.64
Municipal Income - Mid-Term	25%	\$ 2,557.50	\$ 3,934.62	\$ 4,650.00
MLP Income	10%	\$ 6,560.00	\$ 8,578.46	\$ 10,138.18
Equity Income	5%	\$ 1,975.00	\$ 2,582.69	\$ 3,052.27
Corporate Income	10%	\$ 1,393.00	\$ 1,393.00	\$ 1,393.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 14,995.50	\$ 20,350.31	\$ 23,797.09
		1.50%	2.04%	2.38%
Balanced Income Strategy				
Municipal Income - Short-Term	25%	\$ 1,255.00	\$ 1,930.77	\$ 2,281.82
Municipal Income - Mid-Term	25%	\$ 2,557.50	\$ 3,934.62	\$ 4,650.00
MLP Income	15%	\$ 9,840.00	\$ 12,867.69	\$ 15,207.27
Equity Income	15%	\$ 5,925.00	\$ 7,748.08	\$ 9,156.82
Corporate Income	15%	\$ 2,089.50	\$ 2,089.50	\$ 2,089.50
High-Yield Income	5%	\$ 3,205.50	\$ 3,205.50	\$ 3,205.50
	100%	\$ 24,872.50	\$ 31,776.15	\$ 36,590.91
		2.49%	3.18%	3.66%
Diversified Income Strategy				
Municipal Income - Short-Term	10%	\$ 502.00	\$ 772.31	\$ 912.73
Municipal Income - Mid-Term	20%	\$ 2,046.00	\$ 3,147.69	\$ 3,720.00
MLP Income	25%	\$ 16,400.00	\$ 21,446.15	\$ 25,345.45
Equity Income	25%	\$ 9,875.00	\$ 12,913.46	\$ 15,261.36
Corporate Income	5%	\$ 696.50	\$ 696.50	\$ 696.50
High-Yield Income	15%	\$ 9,616.50	\$ 9,616.50	\$ 9,616.50
	100%	\$ 39,136.00	\$ 48,592.62	\$ 55,552.55
		3.91%	4.86%	5.56%
Dynamic Income Strategy				
Municipal Income - Short-Term	5%	\$ 251.00	\$ 386.15	\$ 456.36
Municipal Income - Mid-Term	5%	\$ 511.50	\$ 786.92	\$ 930.00
MLP Income	30%	\$ 19,680.00	\$ 25,735.38	\$ 30,414.55
Equity Income	25%	\$ 9,875.00	\$ 12,913.46	\$ 15,261.36
Corporate Income	10%	\$ 1,393.00	\$ 1,393.00	\$ 1,393.00
High-Yield Income	25%	\$ 16,027.50	\$ 16,027.50	\$ 16,027.50
	100%	\$ 47,738.00	\$ 57,242.42	\$ 64,482.77
		4.77%	5.72%	6.45%

Assumptions:

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

Yields:	Yield	Notes:	Ave. Mat:
Municipal Income - Short-Term	0.5020%	Tax Free (California Residents)	2.00/years
Municipal Income - Mid-Term	1.0230%	Tax Free (California Residents)	5.02/years
MLP Income	6.5600%	85% Tax Efficient	
Equity Income	3.9500%	Assume 15% Qualified Tax Rate	
Corporate Income	1.3930%	Fully Taxable	5.00/years
High-Yield Income	6.4110%	Fully Taxable	8.01/years