



Weekly Interest Rate & Economic Update

November 26, 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**

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Rate Update

November 26, 2012

Safe Sector Income:

	Average Maturity	Yield-to-Worst
CA Municipal	1.01 years	0.414%
CA Municipal	2.02 years	0.525%
CA Municipal	3.00 years	0.940%
CA Municipal	5.00 years	1.063%
CA Municipal	7.00 years	1.399%
CA Municipal	10.01 years	1.791%
National Municipal	2.00 years	0.820%
National Municipal	5.03 years	1.202%
National Municipal	10.02 years	2.099%

Corporate Bond Income:

Corporate Income	5.00 years	1.443%
High-Yield Income	3.51 years	4.688%
High-Yield Income	8.00 years	6.406%

Equity Income:		3.900%
MLP Income:		6.480%

US Treasury Rates (11/26/12):

3 Month Treasury Bill:	0.05%	3 Year Treasury Note:	0.35%
6 Month Treasury Bill:	0.11%	5 Year Treasury Note:	0.66%
12 Month Treasury Note:	0.17%	7 Year Treasury Note:	1.04%
2 Year Treasury Note:	0.26%	10 Year Treasury Bond:	1.65%

Weekly Economic Update

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News

- U.S. retailer sales increased an estimated 12.8% for the four day holiday weekend compared to last year, according to the National Retail Federation. The data covers both in-store and online shopping. An estimated 139.4 million adults visited stores and websites from Thanksgiving through Sunday, with the average shopper spending \$423. This marks an increase of \$25 per person for the same period in 2011.
- Mary Schapiro, Chairwoman of the Securities and Exchange Commission, announced her retirement effective December 14, 2012.
- New Jersey suffered at least \$29.4 billion in damage from Hurricane Sandy, according to an estimate from Governor Chris Christie.
- Israeli Defense Minister Ehud Barak announced he is retiring from politics and will not run in the next national election scheduled for January 22, 2013. Barak is a former prime minister and army chief.
- Amazon.com Inc. (AMZN) announced the issuance of its first bond offering since 1999. Amazon, which currently has no bonds outstanding, may offer at least \$500 million of paper with maturities in three, five and ten years. The debt is expected to be rated Baa1 by Moody's Investors Service. The proceeds will be used for general corporate purposes.

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%	11/26/12	
Gold (Spot)	\$1,747.82	11/26/12	
Silver (Spot)	\$34.00	11/26/12	
Crude Oil (NYMEX Crude Futures)	\$87.44	11/26/12	

	10/27/10	01/03/11	11/28/11	01/03/12	11/07/12	11/19/12	11/26/12
MUNICIPAL BONDS							
CA - 1 Year	0.509%	1.079%	0.634%	0.556%	0.423%	0.401%	0.414%
CA - 2 Years	0.947%	1.550%	0.841%	0.810%	0.513%	0.502%	0.525%
CA - 3 Years	1.317%	2.053%	1.176%	1.164%	0.941%	0.939%	0.940%
CA - 5 Years	1.889%	2.436%	1.576%	1.501%	1.040%	1.023%	1.063%
CA - 7 Years	2.465%	2.998%	2.020%	1.671%	1.368%	1.389%	1.399%
CA - 10 Years		3.842%	2.447%	2.396%	1.742%	1.787%	1.791%
NAT - 2 Years	1.102%	2.340%	0.566%	0.588%	0.837%	0.835%	0.820%
NAT - 5 Years		3.009%	1.353%	1.305%	1.223%	1.200%	1.202%
NAT - 10 years		3.783%	2.396%	2.315%	2.104%	2.084%	2.099%
CORP. BONDS							
INV. GRADE - 5 Years	1.459%	2.693%	1.776%	1.599%	1.390%	1.393%	1.443%
HI-YIELD - 3.5 YEARS		5.220%	5.155%	5.199%	4.635%	4.624%	4.688%
HI-YIELD - 8 YEARS	7.503%	6.735%	6.277%	6.275%	6.401%	6.411%	6.406%
EQUITY INCOME MODEL							
	4.110%	4.070%	4.040%	3.740%	3.880%	3.950%	3.900%
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,045,551.31	\$ 1,132,073.80	\$ 1,156,818.29	\$ 1,138,995.69	\$ 1,154,211.86
MLP INCOME MODEL							
	6.220%	5.880%	6.500%	6.480%	6.380%	6.560%	6.480%
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 1,087,448.89	\$ 1,170,773.07	\$ 1,190,641.50	\$ 1,161,189.25	\$ 1,178,669.88
US TREASURY							
3 - MONTH	0.120%	0.120%	0.020%	0.010%	0.100%	0.050%	0.050%
6 - MONTH	0.160%	0.180%	0.070%	0.060%	0.140%	0.110%	0.110%
12 - MONTH	0.210%	0.270%	0.110%	0.110%	0.170%	0.160%	0.170%
2 - YEAR	0.380%	0.600%	0.270%	0.250%	0.260%	0.240%	0.260%
3 - YEAR	0.570%	1.010%	0.420%	0.380%	0.350%	0.330%	0.350%
5 - YEAR	1.230%	2.020%	0.970%	0.880%	0.660%	0.630%	0.660%
7 - YEAR	1.930%	2.740%	1.510%	1.410%	1.070%	1.010%	1.040%
10 - YEAR	2.620%	3.340%	2.030%	1.950%	1.640%	1.610%	1.650%
BLENDED MODELS (45% Tax Bracket)							
ULTRA INCOME STRATEGY	1.880%	3.220%	1.860%	1.790%	1.170%	1.150%	1.200%
BLENDED INCOME STRATEGY	2.970%	4.010%	2.980%	2.870%	2.360%	2.380%	2.410%
BALANCED INCOME STRATEGY	4.190%	4.860%	4.120%	3.970%	3.610%	3.660%	3.660%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	5.830%	5.660%	5.470%	5.560%	5.530%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	6.540%	6.390%	6.340%	6.450%	6.400%

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
Ultra Income Strategy				
Municipal Income - Short-Term	75%	\$ 3,937.50	\$ 6,057.69	\$ 7,159.09
Municipal Income - Mid-Term	25%	\$ 2,657.50	\$ 4,088.46	\$ 4,831.82
MLP Income	0%	\$ -	\$ -	\$ -
Equity Income	0%	\$ -	\$ -	\$ -
Corporate Income	0%	\$ -	\$ -	\$ -
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 6,595.00	\$ 10,146.15	\$ 11,990.91
		0.66%	1.01%	1.20%
Blended Income Strategy				
Municipal Income - Short-Term	50%	\$ 2,625.00	\$ 4,038.46	\$ 4,772.73
Municipal Income - Mid-Term	25%	\$ 2,657.50	\$ 4,088.46	\$ 4,831.82
MLP Income	10%	\$ 6,480.00	\$ 8,473.85	\$ 10,014.55
Equity Income	5%	\$ 1,950.00	\$ 2,550.00	\$ 3,013.64
Corporate Income	10%	\$ 1,443.00	\$ 1,443.00	\$ 1,443.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 15,155.50	\$ 20,593.77	\$ 24,075.73
		1.52%	2.06%	2.41%
Balanced Income Strategy				
Municipal Income - Short-Term	25%	\$ 1,312.50	\$ 2,019.23	\$ 2,386.36
Municipal Income - Mid-Term	25%	\$ 2,657.50	\$ 4,088.46	\$ 4,831.82
MLP Income	15%	\$ 9,720.00	\$ 12,710.77	\$ 15,021.82
Equity Income	15%	\$ 5,850.00	\$ 7,650.00	\$ 9,040.91
Corporate Income	15%	\$ 2,164.50	\$ 2,164.50	\$ 2,164.50
High-Yield Income	5%	\$ 3,203.00	\$ 3,203.00	\$ 3,203.00
	100%	\$ 24,907.50	\$ 31,835.96	\$ 36,648.41
		2.49%	3.18%	3.66%
Diversified Income Strategy				
Municipal Income - Short-Term	10%	\$ 525.00	\$ 807.69	\$ 954.55
Municipal Income - Mid-Term	20%	\$ 2,126.00	\$ 3,270.77	\$ 3,865.45
MLP Income	25%	\$ 16,200.00	\$ 21,184.62	\$ 25,036.36
Equity Income	25%	\$ 9,750.00	\$ 12,750.00	\$ 15,068.18
Corporate Income	5%	\$ 721.50	\$ 721.50	\$ 721.50
High-Yield Income	15%	\$ 9,609.00	\$ 9,609.00	\$ 9,609.00
	100%	\$ 38,931.50	\$ 48,343.58	\$ 55,255.05
		3.89%	4.83%	5.53%
Dynamic Income Strategy				
Municipal Income - Short-Term	5%	\$ 262.50	\$ 403.85	\$ 477.27
Municipal Income - Mid-Term	5%	\$ 531.50	\$ 817.69	\$ 966.36
MLP Income	30%	\$ 19,440.00	\$ 25,421.54	\$ 30,043.64
Equity Income	25%	\$ 9,750.00	\$ 12,750.00	\$ 15,068.18
Corporate Income	10%	\$ 1,443.00	\$ 1,443.00	\$ 1,443.00
High-Yield Income	25%	\$ 16,015.00	\$ 16,015.00	\$ 16,015.00
	100%	\$ 47,442.00	\$ 56,851.08	\$ 64,013.45
		4.74%	5.69%	6.40%

Assumptions:

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

Yields:	Yield	Notes:	Ave. Mat:
Municipal Income - Short-Term	0.5250%	Tax Free (California Residents)	2.02/years
Municipal Income - Mid-Term	1.0630%	Tax Free (California Residents)	5.00/years
MLP Income	6.4800%	85% Tax Efficient	
Equity Income	3.9000%	Assume 15% Qualified Tax Rate	
Corporate Income	1.4430%	Fully Taxable	5.00/years
High-Yield Income	6.4060%	Fully Taxable	8.00/years