



Weekly Interest Rate & Economic Update

January 28, 2013

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Rate Update

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Safe Sector Income:

	Average Maturity	Yield-to-Worst
CA Municipal	1.01 years	0.460%
CA Municipal	2.00 years	0.602%
CA Municipal	3.02 years	1.035%
CA Municipal	5.01 years	1.222%
CA Municipal	7.00 years	1.578%
CA Municipal	10.00 years	2.040%
National Municipal	2.00 years	0.996%
National Municipal	5.01 years	1.411%
National Municipal	10.00 years	2.312%

Corporate Bond Income:

Corporate Income	5.00 years	1.767%
High-Yield Income	3.52 years	5.145%
High-Yield Income	8.00 years	6.889%

Equity Income:	4.000%
MLP Income:	6.190%

US Treasury Rates (01/28/13):

3 Month Treasury Bill:	0.08%	3 Year Treasury Note:	0.40%
6 Month Treasury Bill:	0.12%	5 Year Treasury Note:	0.89%
12 Month Treasury Note:	0.16%	7 Year Treasury Note:	1.25%
2 Year Treasury Note:	0.29%	10 Year Treasury Bond:	1.99%

Weekly Economic Update

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News

BREAKING NEWS – BREAKING NEWS:

The United States Treasury 10-year Treasury Note

climbed as high as 2.00% today!!

- Fitch Ratings said the temporary suspension of the United States debt limit removes the *near term* risk of lowering the nation’s credit rating.
- Pending U.S. home sales decreased 4.3% in December according to a report released by the National Association of Realtors. This marks the first decline since August 2012.
- Orders for durable goods in the U.S. rose in December for the fourth consecutive month. Bookings for ‘goods meant to last three years’ advanced 4.6%.
- 15,000 crocodiles escaped from a South African farm during floods near the Zimbabwe and Botswana borders. Police issued warnings to avoid swimming in nearby rivers where many of the crocs are suspected to be.
- There are currently three separate law suits pending in U.S. Courts against Subway Sandwich Shops and its parent company, Doctor’s Associates Inc. All three suits claim the Footlong sandwich is only eleven inches long and therefore all the advertising is false and misleading.

STATISTICS

National Unemployment Rate	7.8%	December 2012	
California Unemployment Rate	9.8%	December 2012	
Consumer Price Index (CPI)	1.7%	December 2012	Seasonally Unadjusted
Producer Price Index (PPI)	1.3%	December 2012	Seasonally Unadjusted
Gross Domestic Product (GDP)	2.7%	3rd Quarter 2012	Annually Adjusted
Prime Rate	3.25%	01/28/13	
Gold (Spot)	\$1,654.93	01/28/13	
Silver (Spot)	\$30.85	01/28/13	
Crude Oil (NYMEX Crude Futures)	\$96.23	01/28/13	

	10/27/10	01/03/11	01/24/10	02/01/11	01/03/12	01/31/12	01/02/13	01/24/13	01/28/13
MUNICIPAL BONDS									
CA - 1 Year	0.509%	1.079%	1.028%	0.990%	0.556%	0.389%	0.440%	0.420%	0.460%
CA - 2 Years	0.947%	1.550%	1.333%	1.356%	0.810%	0.609%	0.598%	0.586%	0.602%
CA - 3 Years	1.317%	2.053%	1.791%	1.865%	1.164%	0.960%	0.964%	0.996%	1.035%
CA - 5 Years	1.889%	2.436%	2.749%	2.799%	1.501%	1.094%	1.150%	1.163%	1.222%
CA - 7 Years	2.465%	2.998%	3.341%	3.421%	1.671%	1.524%	1.477%	1.498%	1.578%
CA - 10 Years		3.842%	4.317%	4.456%	2.396%	2.056%	1.901%	1.931%	2.040%
NAT - 2 Years	1.102%	2.340%	2.135%	2.155%	0.588%	0.511%	0.911%	0.945%	0.996%
NAT - 5 Years		3.009%	2.946%	3.002%	1.305%	1.090%	1.312%	1.342%	1.411%
NAT - 10 years		3.783%	3.591%	3.663%	2.315%	2.129%	2.185%	2.225%	2.312%
CORP. BONDS									
INV. GRADE - 5 Years	1.459%	2.693%	2.510%	2.588%	1.599%	1.276%	1.534%	1.587%	1.767%
HI-YIELD - 3.5 YEARS		5.220%	4.700%	4.795%	5.199%	5.001%	4.799%	4.902%	5.145%
HI-YIELD - 8 YEARS	7.503%	6.735%	6.105%	6.354%	6.275%	5.479%	6.532%	6.596%	6.889%
EQUITY INCOME MODEL									
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,018,396.87	\$ 994,774.31	\$ 1,132,073.80	\$ 1,093,703.93	\$ 1,161,516.36	\$ 1,196,178.40	\$ 1,199,228.25
MLP INCOME MODEL									
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 1,071,026.51	\$ 1,078,245.31	\$ 1,170,773.07	\$ 1,167,002.73	\$ 1,193,866.24	\$ 1,280,730.44	\$ 1,282,873.56
US TREASURY									
3 - MONTH	0.120%	0.120%	0.150%	0.150%	0.010%	0.050%	0.060%	0.070%	0.080%
6 - MONTH	0.160%	0.180%	0.180%	0.160%	0.060%	0.070%	0.120%	0.110%	0.120%
12 - MONTH	0.210%	0.270%	0.260%	0.240%	0.110%	0.110%	0.170%	0.140%	0.160%
2 - YEAR	0.380%	0.600%	0.620%	0.610%	0.250%	0.210%	0.270%	0.240%	0.290%
3 - YEAR	0.570%	1.010%	1.030%	1.030%	0.380%	0.300%	0.370%	0.370%	0.400%
5 - YEAR	1.230%	2.020%	2.000%	2.030%	0.880%	0.720%	0.780%	0.770%	0.890%
7 - YEAR	1.930%	2.740%	2.730%	2.790%	1.410%	1.250%	1.130%	1.120%	1.250%
10 - YEAR	2.620%	3.340%	3.390%	3.450%	1.950%	1.810%	1.830%	1.850%	1.990%
BLENDED MODELS (45% Tax Bracket)									
ULTRA INCOME STRATEGY	1.880%	3.220%	3.070%	3.120%	1.790%	1.330%	1.340%	1.330%	1.380%
BLENDED INCOME STRATEGY	2.970%	4.010%	3.930%	3.980%	2.870%	2.510%	2.520%	2.490%	2.550%
BALANCED INCOME STRATEGY	4.190%	4.860%	4.840%	4.910%	3.970%	3.690%	3.780%	3.730%	3.800%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	6.120%	6.200%	5.660%	5.480%	5.630%	5.540%	5.610%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	6.430%	6.530%	6.390%	6.250%	6.490%	6.380%	6.480%

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
Ultra Income Strategy				
Municipal Income - Short-Term	75%	\$ 4,515.00	\$ 6,946.15	\$ 8,209.09
Municipal Income - Mid-Term	25%	\$ 3,055.00	\$ 4,700.00	\$ 5,554.55
MLP Income	0%	\$ -	\$ -	\$ -
Equity Income	0%	\$ -	\$ -	\$ -
Corporate Income	0%	\$ -	\$ -	\$ -
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 7,570.00	\$ 11,646.15	\$ 13,763.64
		0.76%	1.16%	1.38%
Blended Income Strategy				
Municipal Income - Short-Term	50%	\$ 3,010.00	\$ 4,630.77	\$ 5,472.73
Municipal Income - Mid-Term	25%	\$ 3,055.00	\$ 4,700.00	\$ 5,554.55
MLP Income	10%	\$ 6,190.00	\$ 8,094.62	\$ 9,566.36
Equity Income	5%	\$ 2,000.00	\$ 2,615.38	\$ 3,090.91
Corporate Income	10%	\$ 1,767.00	\$ 1,767.00	\$ 1,767.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 16,022.00	\$ 21,807.77	\$ 25,451.55
		1.60%	2.18%	2.55%
Balanced Income Strategy				
Municipal Income - Short-Term	25%	\$ 1,505.00	\$ 2,315.38	\$ 2,736.36
Municipal Income - Mid-Term	25%	\$ 3,055.00	\$ 4,700.00	\$ 5,554.55
MLP Income	15%	\$ 9,285.00	\$ 12,141.92	\$ 14,349.55
Equity Income	15%	\$ 6,000.00	\$ 7,846.15	\$ 9,272.73
Corporate Income	15%	\$ 2,650.50	\$ 2,650.50	\$ 2,650.50
High-Yield Income	5%	\$ 3,444.50	\$ 3,444.50	\$ 3,444.50
	100%	\$ 25,940.00	\$ 33,098.46	\$ 38,008.18
		2.59%	3.31%	3.80%
Diversified Income Strategy				
Municipal Income - Short-Term	10%	\$ 602.00	\$ 926.15	\$ 1,094.55
Municipal Income - Mid-Term	20%	\$ 2,444.00	\$ 3,760.00	\$ 4,443.64
MLP Income	25%	\$ 15,475.00	\$ 20,236.54	\$ 23,915.91
Equity Income	25%	\$ 10,000.00	\$ 13,076.92	\$ 15,454.55
Corporate Income	5%	\$ 883.50	\$ 883.50	\$ 883.50
High-Yield Income	15%	\$ 10,333.50	\$ 10,333.50	\$ 10,333.50
	100%	\$ 39,738.00	\$ 49,216.62	\$ 56,125.64
		3.97%	4.92%	5.61%
Dynamic Income Strategy				
Municipal Income - Short-Term	5%	\$ 301.00	\$ 463.08	\$ 547.27
Municipal Income - Mid-Term	5%	\$ 611.00	\$ 940.00	\$ 1,110.91
MLP Income	30%	\$ 18,570.00	\$ 24,283.85	\$ 28,699.09
Equity Income	25%	\$ 10,000.00	\$ 13,076.92	\$ 15,454.55
Corporate Income	10%	\$ 1,767.00	\$ 1,767.00	\$ 1,767.00
High-Yield Income	25%	\$ 17,222.50	\$ 17,222.50	\$ 17,222.50
	100%	\$ 48,471.50	\$ 57,753.35	\$ 64,801.32
		4.85%	5.78%	6.48%

Assumptions:

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

Yields:	Yield	Notes:	Ave. Mat:
Municipal Income - Short-Term	0.6020%	Tax Free (California Residents)	2.00/years
Municipal Income - Mid-Term	1.2220%	Tax Free (California Residents)	5.01/years
MLP Income	6.1900%	85% Tax Efficient	
Equity Income	4.0000%	Assume 15% Qualified Tax Rate	
Corporate Income	1.7670%	Fully Taxable	5.00/years
High-Yield Income	6.8890%	Fully Taxable	8.00/years