



Weekly Interest Rate & Economic Update

February 4, 2013

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Rate Update

February 4, 2013

Safe Sector Income:

	Average Maturity	Yield-to-Worst
CA Municipal	1.00 years	0.420%
CA Municipal	2.00 years	0.624%
CA Municipal	3.01 years	1.014%
CA Municipal	5.00 years	1.208%
CA Municipal	7.02 years	1.555%
CA Municipal	10.01 years	2.037%
National Municipal	2.01 years	0.980%
National Municipal	5.00 years	1.381%
National Municipal	10.01 years	2.294%

Corporate Bond Income:

Corporate Income	5.00 years	1.704%
High-Yield Income	3.51 years	5.178%
High-Yield Income	8.01 years	6.892%

Equity Income:		3.990%
MLP Income:		6.130%

US Treasury Rates (02/04/13):

3 Month Treasury Bill:	0.04%	3 Year Treasury Note:	0.37%
6 Month Treasury Bill:	0.09%	5 Year Treasury Note:	0.85%
12 Month Treasury Note:	0.13%	7 Year Treasury Note:	1.20%
2 Year Treasury Note:	0.24%	10 Year Treasury Bond:	1.98%

Weekly Economic Update

February 4, 2013

News

- The U.S. Bureau of Economic Analysis (BEA) reported 'Real Gross Domestic Product' – the output of goods and services produced by labor and properly located in the United States – decreased at an annual rate of 0.1% in the fourth quarter of 2012.
- Super Bowl XLVII set a ratings record and was seen in an average of 48.1% of U.S. households in the top 56 television markets. Last year's Super Bowl was seen in 47.8% of households in the same markets.
- U.S. Factory orders increased less than forecast in December 2012. Bookings climbed 1.8% vs the Bloomberg survey median expectation for a 2.3% gain.
- New York Governor Andrew Cuomo has proposed using \$400 million in federal funding to buy beachfront homes damaged from Hurricane Sandy. The governor said he would pay the home owners the pre-storm value of their homes.
- The Royal Canadian Mint stopped minting the Canadian penny today. The penny's demise had been anticipated since March 2012, when the Canadian government decided to phase out the smallest denomination of Canada's currency.

STATISTICS

National Unemployment Rate	7.9%	January 2013	
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)	-0.1%	4th Quarter 2012	Annually Adjusted
Prime Rate	3.25%	02/04/13	
Gold (Spot)	\$1,675.95	02/04/13	
Silver (Spot)	\$31.90	02/04/13	
Crude Oil (NYMEX Crude Futures)	\$96.72	02/04/13	

	10/27/10	01/03/11	01/03/12	02/06/12	01/02/13	01/24/13	01/28/13	02/04/13
MUNICIPAL BONDS								
CA - 1 Year	0.509%	1.079%	0.556%	0.393%	0.440%	0.420%	0.460%	0.420%
CA - 2 Years	0.947%	1.550%	0.810%	0.621%	0.598%	0.586%	0.602%	0.624%
CA - 3 Years	1.317%	2.053%	1.164%	0.975%	0.964%	0.996%	1.035%	1.014%
CA - 5 Years	1.889%	2.436%	1.501%	1.188%	1.150%	1.163%	1.222%	1.208%
CA - 7 Years	2.465%	2.998%	1.671%	1.582%	1.477%	1.498%	1.578%	1.555%
CA - 10 Years		3.842%	2.396%	2.098%	1.901%	1.931%	2.040%	2.037%
NAT - 2 Years	1.102%	2.340%	0.588%	0.545%	0.911%	0.945%	0.996%	0.980%
NAT - 5 Years		3.009%	1.305%	1.101%	1.312%	1.342%	1.411%	1.381%
NAT - 10 years		3.783%	2.315%	2.341%	2.185%	2.225%	2.312%	2.294%
CORP. BONDS								
INV. GRADE - 5 Years	1.459%	2.693%	1.599%	1.438%	1.534%	1.587%	1.767%	1.704%
HI-YIELD - 3.5 YEARS		5.220%	5.199%	5.192%	4.799%	4.902%	5.145%	5.178%
HI-YIELD - 8 YEARS	7.503%	6.735%	6.275%	5.811%	6.532%	6.596%	6.889%	6.892%
EQUITY INCOME MODEL								
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,132,073.80	\$ 1,106,765.25	\$ 1,161,516.36	\$ 1,196,178.40	\$ 1,199,228.25	\$ 1,203,696.34
MLP INCOME MODEL								
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 1,170,773.07	\$ 1,171,802.45	\$ 1,193,866.24	\$ 1,280,730.44	\$ 1,282,873.56	\$ 1,303,229.09
US TREASURY								
3 - MONTH	0.120%	0.120%	0.010%	0.070%	0.060%	0.070%	0.080%	0.040%
6 - MONTH	0.160%	0.180%	0.060%	0.100%	0.120%	0.110%	0.120%	0.090%
12 - MONTH	0.210%	0.270%	0.110%	0.120%	0.170%	0.140%	0.160%	0.130%
2 - YEAR	0.380%	0.600%	0.250%	0.230%	0.270%	0.240%	0.290%	0.240%
3 - YEAR	0.570%	1.010%	0.380%	0.320%	0.370%	0.370%	0.400%	0.370%
5 - YEAR	1.230%	2.020%	0.880%	0.770%	0.780%	0.770%	0.890%	0.850%
7 - YEAR	1.930%	2.740%	1.410%	1.340%	1.130%	1.120%	1.250%	1.200%
10 - YEAR	2.620%	3.340%	1.950%	1.920%	1.830%	1.850%	1.990%	1.980%
BLENDED MODELS (45% Tax Bracket)								
ULTRA INCOME STRATEGY	1.880%	3.220%	1.790%	1.390%	1.340%	1.330%	1.380%	1.400%
BLENDED INCOME STRATEGY	2.970%	4.010%	2.870%	2.490%	2.520%	2.490%	2.550%	2.540%
BALANCED INCOME STRATEGY	4.190%	4.860%	3.970%	3.640%	3.780%	3.730%	3.800%	3.780%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	5.660%	5.340%	5.630%	5.540%	5.610%	5.580%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	6.390%	6.080%	6.490%	6.380%	6.480%	6.440%

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
Ultra Income Strategy				
Municipal Income - Short-Term	75%	\$ 4,680.00	\$ 7,200.00	\$ 8,509.09
Municipal Income - Mid-Term	25%	\$ 3,020.00	\$ 4,646.15	\$ 5,490.91
MLP Income	0%	\$ -	\$ -	\$ -
Equity Income	0%	\$ -	\$ -	\$ -
Corporate Income	0%	\$ -	\$ -	\$ -
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 7,700.00	\$ 11,846.15	\$ 14,000.00
		0.77%	1.18%	1.40%
Blended Income Strategy				
Municipal Income - Short-Term	50%	\$ 3,120.00	\$ 4,800.00	\$ 5,672.73
Municipal Income - Mid-Term	25%	\$ 3,020.00	\$ 4,646.15	\$ 5,490.91
MLP Income	10%	\$ 6,130.00	\$ 8,016.15	\$ 9,473.64
Equity Income	5%	\$ 1,995.00	\$ 2,608.85	\$ 3,083.18
Corporate Income	10%	\$ 1,704.00	\$ 1,704.00	\$ 1,704.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 15,969.00	\$ 21,775.15	\$ 25,424.45
		1.60%	2.18%	2.54%
Balanced Income Strategy				
Municipal Income - Short-Term	25%	\$ 1,560.00	\$ 2,400.00	\$ 2,836.36
Municipal Income - Mid-Term	25%	\$ 3,020.00	\$ 4,646.15	\$ 5,490.91
MLP Income	15%	\$ 9,195.00	\$ 12,024.23	\$ 14,210.45
Equity Income	15%	\$ 5,985.00	\$ 7,826.54	\$ 9,249.55
Corporate Income	15%	\$ 2,556.00	\$ 2,556.00	\$ 2,556.00
High-Yield Income	5%	\$ 3,446.00	\$ 3,446.00	\$ 3,446.00
	100%	\$ 25,762.00	\$ 32,898.92	\$ 37,789.27
		2.58%	3.29%	3.78%
Diversified Income Strategy				
Municipal Income - Short-Term	10%	\$ 624.00	\$ 960.00	\$ 1,134.55
Municipal Income - Mid-Term	20%	\$ 2,416.00	\$ 3,716.92	\$ 4,392.73
MLP Income	25%	\$ 15,325.00	\$ 20,040.38	\$ 23,684.09
Equity Income	25%	\$ 9,975.00	\$ 13,044.23	\$ 15,415.91
Corporate Income	5%	\$ 852.00	\$ 852.00	\$ 852.00
High-Yield Income	15%	\$ 10,338.00	\$ 10,338.00	\$ 10,338.00
	100%	\$ 39,530.00	\$ 48,951.54	\$ 55,817.27
		3.95%	4.90%	5.58%
Dynamic Income Strategy				
Municipal Income - Short-Term	5%	\$ 312.00	\$ 480.00	\$ 567.27
Municipal Income - Mid-Term	5%	\$ 604.00	\$ 929.23	\$ 1,098.18
MLP Income	30%	\$ 18,390.00	\$ 24,048.46	\$ 28,420.91
Equity Income	25%	\$ 9,975.00	\$ 13,044.23	\$ 15,415.91
Corporate Income	10%	\$ 1,704.00	\$ 1,704.00	\$ 1,704.00
High-Yield Income	25%	\$ 17,230.00	\$ 17,230.00	\$ 17,230.00
	100%	\$ 48,215.00	\$ 57,435.92	\$ 64,436.27
		4.82%	5.74%	6.44%

Assumptions:

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

Yields:	Yield	Notes:	Ave. Mat:
Municipal Income - Short-Term	0.6240%	Tax Free (California Residents)	2.00/years
Municipal Income - Mid-Term	1.2080%	Tax Free (California Residents)	5.00/years
MLP Income	6.1300%	85% Tax Efficient	
Equity Income	3.9900%	Assume 15% Qualified Tax Rate	
Corporate Income	1.7040%	Fully Taxable	5.00/years
High-Yield Income	6.8920%	Fully Taxable	8.01/years