



Weekly Interest Rate & Economic Update

February 11, 2013

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Rate Update

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Safe Sector Income:

	Average Maturity	Yield-to-Worst
CA Municipal	1.01 years	0.440%
CA Municipal	2.01 years	0.627%
CA Municipal	3.01 years	1.019%
CA Municipal	5.00 years	1.222%
CA Municipal	7.00 years	1.537%
CA Municipal	10.00 years	2.093%
National Municipal	2.00 years	0.990%
National Municipal	5.02 years	1.396%
National Municipal	10.02 years	2.274%

Corporate Bond Income:

Corporate Income	5.00 years	1.722%
High-Yield Income	3.51 years	5.162%
High-Yield Income	8.01 years	6.877%

Equity Income:		3.930%
MLP Income:		6.160%

US Treasury Rates (02/11/13):

3 Month Treasury Bill:	0.07%	3 Year Treasury Note:	0.38%
6 Month Treasury Bill:	0.11%	5 Year Treasury Note:	0.84%
12 Month Treasury Note:	0.14%	7 Year Treasury Note:	1.19%
2 Year Treasury Note:	0.25%	10 Year Treasury Bond:	1.96%

Weekly Economic Update

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News

- China surpassed the United States to become the world's biggest trading nation last year as measured by the sum of exports and imports of goods, the U.S. Commerce Department reported. U.S. exports and imports last year totaled \$3.82 trillion and China reported a total of \$3.87 trillion for 2012.
- The Detroit suburb of Allen Park, Michigan appears ready to default on a \$31 million municipal bond issue sold three years ago. The funds were intended to build a movie studio and lure business from California. The debt service of the bonds represents approximately 17% of the city's operating budget of \$16 million.
- Russia has been the world's largest buyer of gold over the past ten years, according to a report released by the International Monetary Fund (IMF). The Russian Central Bank has purchased approximately 570 metric tons of gold – triple the weight of the Statue of Liberty. China is second in gold purchases at approximately 427 metric tons.
- Maintenance works at the Mississippi Supreme Court building in Jackson mistakenly raised a Confederate battle flag atop the building last Friday. The battle flag was mistakenly delivered to the building instead of the official state flag.

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%	02/11/13	
Gold (Spot)	\$1,646.64	02/11/13	
Silver (Spot)	\$30.94	02/11/13	
Crude Oil (NYMEX Crude Futures)	\$96.70	02/11/13	

	10/27/10	01/03/11	02/15/11	01/03/12	02/06/12	01/02/13	01/28/13	02/04/13	02/11/13
MUNICIPAL BONDS									
CA - 1 Year	0.509%	1.079%	1.065%	0.556%	0.393%	0.440%	0.460%	0.420%	0.440%
CA - 2 Years	0.947%	1.550%	1.695%	0.810%	0.621%	0.598%	0.602%	0.624%	0.627%
CA - 3 Years	1.317%	2.053%	2.011%	1.164%	0.975%	0.964%	1.035%	1.014%	1.019%
CA - 5 Years	1.889%	2.436%	3.046%	1.501%	1.188%	1.150%	1.222%	1.208%	1.222%
CA - 7 Years	2.465%	2.998%	3.671%	1.671%	1.582%	1.477%	1.578%	1.555%	1.537%
CA - 10 Years		3.842%	4.189%	2.396%	2.098%	1.901%	2.040%	2.037%	2.093%
NAT - 2 Years	1.102%	2.340%	2.268%	0.588%	0.545%	0.911%	0.996%	0.980%	0.990%
NAT - 5 Years		3.009%	3.139%	1.305%	1.101%	1.312%	1.411%	1.381%	1.396%
NAT - 10 years		3.783%	3.772%	2.315%	2.341%	2.185%	2.312%	2.294%	2.274%
CORP. BONDS									
INV. GRADE - 5 Years	1.459%	2.693%	3.126%	1.599%	1.438%	1.534%	1.767%	1.704%	1.722%
HI-YIELD - 3.5 YEARS		5.220%	4.658%	5.199%	5.192%	4.799%	5.145%	5.178%	5.162%
HI-YIELD - 8 YEARS	7.503%	6.735%	6.523%	6.275%	5.811%	6.532%	6.889%	6.892%	6.877%
EQUITY INCOME MODEL									
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,012,963.67	\$ 1,132,073.80	\$ 1,106,765.25	\$ 1,161,516.36	\$ 1,199,228.25	\$ 1,203,696.34	\$ 1,218,007.82
MLP INCOME MODEL	6.220%	5.880%	5.710%	6.480%	6.090%	6.420%	6.190%	6.130%	6.160%
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 1,100,987.50	\$ 1,170,773.07	\$ 1,171,802.45	\$ 1,193,866.24	\$ 1,282,873.56	\$ 1,303,229.09	\$ 1,305,692.85
US TREASURY									
3 - MONTH	0.120%	0.120%	0.120%	0.010%	0.070%	0.060%	0.080%	0.040%	0.070%
6 - MONTH	0.160%	0.180%	0.160%	0.060%	0.100%	0.120%	0.120%	0.090%	0.110%
12 - MONTH	0.210%	0.270%	0.280%	0.110%	0.120%	0.170%	0.160%	0.130%	0.140%
2 - YEAR	0.380%	0.600%	0.840%	0.250%	0.230%	0.270%	0.290%	0.240%	0.250%
3 - YEAR	0.570%	1.010%	1.410%	0.380%	0.320%	0.370%	0.400%	0.370%	0.380%
5 - YEAR	1.230%	2.020%	2.350%	0.880%	0.770%	0.780%	0.890%	0.850%	0.840%
7 - YEAR	1.930%	2.740%	3.020%	1.410%	1.340%	1.130%	1.250%	1.200%	1.190%
10 - YEAR	2.620%	3.340%	3.610%	1.950%	1.920%	1.830%	1.990%	1.980%	1.960%
BLENDED MODELS (45% Tax Bracket)									
ULTRA INCOME STRATEGY	1.880%	3.220%	3.700%	1.790%	1.390%	1.340%	1.380%	1.400%	1.410%
BLENDED INCOME STRATEGY	2.970%	4.010%	4.440%	2.870%	2.490%	2.520%	2.550%	2.540%	2.550%
BALANCED INCOME STRATEGY	4.190%	4.860%	5.220%	3.970%	3.640%	3.780%	3.800%	3.780%	3.780%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	6.330%	5.660%	5.340%	5.630%	5.610%	5.580%	5.570%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	6.600%	6.390%	6.080%	6.490%	6.480%	6.440%	6.430%

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
Ultra Income Strategy				
Municipal Income - Short-Term	75%	\$ 4,702.50	\$ 7,234.62	\$ 8,550.00
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%	\$ 7,757.50	\$ 11,934.62	\$ 14,104.55
		0.78%	1.19%	1.41%
Blended Income Strategy				
Municipal Income - Short-Term	50%	\$ 3,135.00	\$ 4,823.08	\$ 5,700.00
Municipal Income - Mid-Term	25%	\$ 3,055.00	\$ 4,700.00	\$ 5,554.55
MLP Income	10%	\$ 6,160.00	\$ 8,055.38	\$ 9,520.00
Equity Income	5%	\$ 1,965.00	\$ 2,569.62	\$ 3,036.82
Corporate Income	10%	\$ 1,722.00	\$ 1,722.00	\$ 1,722.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 16,037.00	\$ 21,870.08	\$ 25,533.36
		1.60%	2.19%	2.55%
Balanced Income Strategy				
Municipal Income - Short-Term	25%	\$ 1,567.50	\$ 2,411.54	\$ 2,850.00
Municipal Income - Mid-Term	25%	\$ 3,055.00	\$ 4,700.00	\$ 5,554.55
MLP Income	15%	\$ 9,240.00	\$ 12,083.08	\$ 14,280.00
Equity Income	15%	\$ 5,895.00	\$ 7,708.85	\$ 9,110.45
Corporate Income	15%	\$ 2,583.00	\$ 2,583.00	\$ 2,583.00
High-Yield Income	5%	\$ 3,438.50	\$ 3,438.50	\$ 3,438.50
	100%	\$ 25,779.00	\$ 32,924.96	\$ 37,816.50
		2.58%	3.29%	3.78%
Diversified Income Strategy				
Municipal Income - Short-Term	10%	\$ 627.00	\$ 964.62	\$ 1,140.00
Municipal Income - Mid-Term	20%	\$ 2,444.00	\$ 3,760.00	\$ 4,443.64
MLP Income	25%	\$ 15,400.00	\$ 20,138.46	\$ 23,800.00
Equity Income	25%	\$ 9,825.00	\$ 12,848.08	\$ 15,184.09
Corporate Income	5%	\$ 861.00	\$ 861.00	\$ 861.00
High-Yield Income	15%	\$ 10,315.50	\$ 10,315.50	\$ 10,315.50
	100%	\$ 39,472.50	\$ 48,887.65	\$ 55,744.23
		3.95%	4.89%	5.57%
Dynamic Income Strategy				
Municipal Income - Short-Term	5%	\$ 313.50	\$ 482.31	\$ 570.00
Municipal Income - Mid-Term	5%	\$ 611.00	\$ 940.00	\$ 1,110.91
MLP Income	30%	\$ 18,480.00	\$ 24,166.15	\$ 28,560.00
Equity Income	25%	\$ 9,825.00	\$ 12,848.08	\$ 15,184.09
Corporate Income	10%	\$ 1,722.00	\$ 1,722.00	\$ 1,722.00
High-Yield Income	25%	\$ 17,192.50	\$ 17,192.50	\$ 17,192.50
	100%	\$ 48,144.00	\$ 57,351.04	\$ 64,339.50
		4.81%	5.74%	6.43%

Assumptions:

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

Yields:	Yield	Notes:	Ave. Mat:
Municipal Income - Short-Term	0.6270%	Tax Free (California Residents)	2.01/years
Municipal Income - Mid-Term	1.2220%	Tax Free (California Residents)	5.00/years
MLP Income	6.1600%	85% Tax Efficient	
Equity Income	3.9300%	Assume 15% Qualified Tax Rate	
Corporate Income	1.7220%	Fully Taxable	5.00/years
High-Yield Income	6.8770%	Fully Taxable	8.01/years