



Weekly Interest Rate & Economic Update

December 10, 2012

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Rate Update

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Safe Sector Income:

	Average Maturity	Yield-to-Worst
CA Municipal	1.01 years	0.400%
CA Municipal	2.02 years	0.530%
CA Municipal	3.02 years	0.907%
CA Municipal	5.03 years	1.079%
CA Municipal	7.00 years	1.385%
CA Municipal	10.01 years	1.804%
National Municipal	2.00 years	0.846%
National Municipal	5.00 years	1.246%
National Municipal	10.01 years	2.114%

Corporate Bond Income:

Corporate Income	5.00 years	1.465%
High-Yield Income	3.52 years	4.691%
High-Yield Income	8.00 years	6.405%

Equity Income:		3.860%
MLP Income:		6.600%

US Treasury Rates (12/10/12):

3 Month Treasury Bill:	0.05%	3 Year Treasury Note:	0.32%
6 Month Treasury Bill:	0.11%	5 Year Treasury Note:	0.62%
12 Month Treasury Note:	0.17%	7 Year Treasury Note:	1.02%
2 Year Treasury Note:	0.24%	10 Year Treasury Bond:	1.62%

Weekly Economic Update

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News

- Saul Steinberg, the former corporate raider and chairman of Reliance Group Holdings passed away December 7 in his sleep at the age of 73. Coincidentally, his mother also passed away the same day in her sleep in Palm Beach, Florida.
- The SEC has lifted a ban on new exchange traded funds (ETFs) using derivatives. New risk and disclosure procedures will have to be met by funds proposing to use these vehicles. The SEC froze approval of new ETFs utilizing derivatives in March 2010.
- Italian government bond prices slumped after Prime Minister Mario Monti said he would resign after the Italian Parliament withdrew support for his coalition. Italy's 10-year bond yield rose 29 bps today to 4.82%.
- Two 'Stocking Stuffer' Ideas:
 - *POO~POURRI*, a spray which creates a protective barrier on your toilet's water surface and keeps unpleasant odors from coming in contact with the air.
 - *PIZZA HUT'S SCENT COLOGNE*, a collection of scents including "freshly baked dough and pizza seasonings."

STATISTICS

National Unemployment Rate	7.7%	November 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%	12/10/12	
Gold (Spot)	\$1,713.15	12/10/12	
Silver (Spot)	\$33.24	12/10/12	
Crude Oil (NYMEX Crude Futures)	\$86.31	12/10/12	

	10/27/10	01/03/11	12/13/11	01/03/12	11/26/12	12/03/12	12/10/12
MUNICIPAL BONDS							
CA - 1 Year	0.509%	1.079%	0.625%	0.556%	0.414%	0.401%	0.400%
CA - 2 Years	0.947%	1.550%	0.829%	0.810%	0.525%	0.533%	0.530%
CA - 3 Years	1.317%	2.053%	1.221%	1.164%	0.940%	0.928%	0.907%
CA - 5 Years	1.889%	2.436%	1.587%	1.501%	1.063%	1.088%	1.079%
CA - 7 Years	2.465%	2.998%	2.070%	1.671%	1.399%	1.393%	1.385%
CA - 10 Years		3.842%	2.512%	2.396%	1.791%	1.821%	1.804%
NAT - 2 Years	1.102%	2.340%	0.590%	0.588%	0.820%	0.855%	0.846%
NAT - 5 Years		3.009%	1.360%	1.305%	1.202%	1.244%	1.246%
NAT - 10 years		3.783%	2.422%	2.315%	2.099%	2.109%	2.114%
CORP. BONDS							
INV. GRADE - 5 Years	1.459%	2.693%	1.777%	1.599%	1.443%	1.422%	1.465%
HI-YIELD - 3.5 YEARS		5.220%	5.070%	5.199%	4.688%	4.693%	4.691%
HI-YIELD - 8 YEARS	7.503%	6.735%	6.315%	6.275%	6.406%	6.426%	6.405%
EQUITY INCOME MODEL							
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,089,485.04	\$ 1,132,073.80	\$ 1,154,211.86	\$ 1,167,212.79	\$ 1,167,635.96
MLP INCOME MODEL	6.220%	5.880%	6.870%	6.480%	6.480%	6.400%	6.600%
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 1,103,752.56	\$ 1,170,773.07	\$ 1,178,669.88	\$ 1,189,325.09	\$ 1,155,468.55
US TREASURY							
3 - MONTH	0.120%	0.120%	0.010%	0.010%	0.050%	0.050%	0.050%
6 - MONTH	0.160%	0.180%	0.050%	0.060%	0.110%	0.120%	0.110%
12 - MONTH	0.210%	0.270%	0.090%	0.110%	0.170%	0.180%	0.170%
2 - YEAR	0.380%	0.600%	0.230%	0.250%	0.260%	0.250%	0.240%
3 - YEAR	0.570%	1.010%	0.360%	0.380%	0.350%	0.330%	0.320%
5 - YEAR	1.230%	2.020%	0.880%	0.880%	0.660%	0.630%	0.620%
7 - YEAR	1.930%	2.740%	1.450%	1.410%	1.040%	1.040%	1.020%
10 - YEAR	2.620%	3.340%	2.040%	1.950%	1.650%	1.630%	1.620%
BLENDED MODELS (45% Tax Bracket)							
ULTRA INCOME STRATEGY	1.880%	3.220%	1.850%	1.790%	1.200%	1.220%	1.210%
BLENDED INCOME STRATEGY	2.970%	4.010%	3.010%	2.870%	2.410%	2.410%	2.440%
BALANCED INCOME STRATEGY	4.190%	4.860%	4.170%	3.970%	3.660%	3.650%	3.700%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	5.920%	5.660%	5.530%	5.500%	5.560%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	6.660%	6.390%	6.400%	6.360%	6.450%

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
Ultra Income Strategy				
Municipal Income - Short-Term	75%	\$ 3,975.00	\$ 6,115.38	\$ 7,227.27
Municipal Income - Mid-Term	25%	\$ 2,697.50	\$ 4,150.00	\$ 4,904.55
MLP Income	0%	\$ -	\$ -	\$ -
Equity Income	0%	\$ -	\$ -	\$ -
Corporate Income	0%	\$ -	\$ -	\$ -
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 6,672.50	\$ 10,265.38	\$ 12,131.82
		0.67%	1.03%	1.21%
Blended Income Strategy				
Municipal Income - Short-Term	50%	\$ 2,650.00	\$ 4,076.92	\$ 4,818.18
Municipal Income - Mid-Term	25%	\$ 2,697.50	\$ 4,150.00	\$ 4,904.55
MLP Income	10%	\$ 6,600.00	\$ 8,630.77	\$ 10,200.00
Equity Income	5%	\$ 1,930.00	\$ 2,523.85	\$ 2,982.73
Corporate Income	10%	\$ 1,465.00	\$ 1,465.00	\$ 1,465.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 15,342.50	\$ 20,846.54	\$ 24,370.45
		1.53%	2.08%	2.44%
Balanced Income Strategy				
Municipal Income - Short-Term	25%	\$ 1,325.00	\$ 2,038.46	\$ 2,409.09
Municipal Income - Mid-Term	25%	\$ 2,697.50	\$ 4,150.00	\$ 4,904.55
MLP Income	15%	\$ 9,900.00	\$ 12,946.15	\$ 15,300.00
Equity Income	15%	\$ 5,790.00	\$ 7,571.54	\$ 8,948.18
Corporate Income	15%	\$ 2,197.50	\$ 2,197.50	\$ 2,197.50
High-Yield Income	5%	\$ 3,202.50	\$ 3,202.50	\$ 3,202.50
	100%	\$ 25,112.50	\$ 32,106.15	\$ 36,961.82
		2.51%	3.21%	3.70%
Diversified Income Strategy				
Municipal Income - Short-Term	10%	\$ 530.00	\$ 815.38	\$ 963.64
Municipal Income - Mid-Term	20%	\$ 2,158.00	\$ 3,320.00	\$ 3,923.64
MLP Income	25%	\$ 16,500.00	\$ 21,576.92	\$ 25,500.00
Equity Income	25%	\$ 9,650.00	\$ 12,619.23	\$ 14,913.64
Corporate Income	5%	\$ 732.50	\$ 732.50	\$ 732.50
High-Yield Income	15%	\$ 9,607.50	\$ 9,607.50	\$ 9,607.50
	100%	\$ 39,178.00	\$ 48,671.54	\$ 55,640.91
		3.92%	4.87%	5.56%
Dynamic Income Strategy				
Municipal Income - Short-Term	5%	\$ 265.00	\$ 407.69	\$ 481.82
Municipal Income - Mid-Term	5%	\$ 539.50	\$ 830.00	\$ 980.91
MLP Income	30%	\$ 19,800.00	\$ 25,892.31	\$ 30,600.00
Equity Income	25%	\$ 9,650.00	\$ 12,619.23	\$ 14,913.64
Corporate Income	10%	\$ 1,465.00	\$ 1,465.00	\$ 1,465.00
High-Yield Income	25%	\$ 16,012.50	\$ 16,012.50	\$ 16,012.50
	100%	\$ 47,732.00	\$ 57,226.73	\$ 64,453.86
		4.77%	5.72%	6.45%

Assumptions:

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

Yields:	Yield	Notes:	Ave. Mat:
Municipal Income - Short-Term	0.5300%	Tax Free (California Residents)	2.02/years
Municipal Income - Mid-Term	1.0790%	Tax Free (California Residents)	5.03/years
MLP Income	6.6000%	85% Tax Efficient	
Equity Income	3.8600%	Assume 15% Qualified Tax Rate	
Corporate Income	1.4650%	Fully Taxable	5.00/years
High-Yield Income	6.4050%	Fully Taxable	8.00/years