



Weekly Interest Rate & Economic Update

March 4, 2013

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Rate Update

March 4, 2013

Safe Sector Income:

	Average Maturity	Yield-to-Worst
CA Municipal	1.00 years	0.430%
CA Municipal	2.00 years	0.598%
CA Municipal	3.02 years	0.974%
CA Municipal	5.01 years	1.200%
CA Municipal	7.00 years	1.478%
CA Municipal	10.00 years	2.003%
National Municipal	2.02 years	0.974%
National Municipal	5.01 years	1.322%
National Municipal	10.01 years	2.245%

Corporate Bond Income:

Corporate Income	5.00 years	1.791%
High-Yield Income	3.50 years	5.005%
High-Yield Income	8.02 years	6.773%

Equity Income:		3.810%
MLP Income:		6.180%

US Treasury Rates (03/04/13):

3 Month Treasury Bill:	0.10%	3 Year Treasury Note:	0.36%
6 Month Treasury Bill:	0.13%	5 Year Treasury Note:	0.75%
12 Month Treasury Note:	0.15%	7 Year Treasury Note:	1.15%
2 Year Treasury Note:	0.23%	10 Year Treasury Bond:	1.86%

Weekly Economic Update

March 4, 2013

News

- The U.S. Bureau of Economic Analysis (BEA) reported real gross domestic product (GDP) increased at an annual rate of 0.1% in the fourth quarter of 2012. In the third quarter, real GDP increased 3.1%.
- Michigan Governor Rick Snyder signed a formal declaration that a financial emergency besets the city of Detroit. City leaders now have 10 days to try and block a state takeover. Detroit has a \$327 million budget deficit and more than \$14 billion in long term debt. A state takeover would prevent the city from declaring bankruptcy.
- Baltimore Ravens quarterback, Joe Flacco, signed a new contract with the team valued at \$120.6 million over the next six years.
- Headline from Dumbarton, Scotland: Workers at the Chivas Brothers plant *accidentally* flushed approximately 5,000 gallons of whiskey into a sewage drain.
- High temperatures today: New York: 40° Chicago 33° San Diego 61° Toluca Lake 70°

STATISTICS

National Unemployment Rate	7.9%	January 2013	
California Unemployment Rate	9.8%	December 2012	
Consumer Price Index (CPI)	1.6%	January 2013	Seasonally Unadjusted
Producer Price Index (PPI)	0.2%	January 2013	Seasonally Unadjusted
Gross Domestic Product (GDP)	0.1%	4th Quarter 2012	Annually Adjusted
Prime Rate	3.25%	03/04/13	
Gold (Spot)	\$1,574.44	03/04/13	
Silver (Spot)	\$28.57	03/04/13	
Crude Oil (NYMEX Crude Futures)	\$89.69	03/04/13	

	10/27/10	01/03/11	03/07/11	01/03/12	03/05/12	01/02/13	02/11/13	02/25/13	03/04/13
MUNICIPAL BONDS									
CA - 1 Year	0.509%	1.079%	1.011%	0.556%	0.412%	0.440%	0.440%	0.470%	0.430%
CA - 2 Years	0.947%	1.550%	1.375%	0.810%	0.600%	0.598%	0.627%	0.631%	0.598%
CA - 3 Years	1.317%	2.053%	1.720%	1.164%	0.871%	0.964%	1.019%	1.011%	0.974%
CA - 5 Years	1.889%	2.436%	2.399%	1.501%	1.165%	1.150%	1.222%	1.250%	1.200%
CA - 7 Years	2.465%	2.998%	3.101%	1.671%	1.684%	1.477%	1.537%	1.528%	1.478%
CA - 10 Years		3.842%	4.041%	2.396%	2.331%	1.901%	2.093%	2.066%	2.003%
NAT - 2 Years	1.102%	2.340%	1.649%	0.588%	0.512%	0.911%	0.990%	0.984%	0.974%
NAT - 5 Years		3.009%	2.839%	1.305%	1.061%	1.312%	1.396%	1.382%	1.322%
NAT - 10 years		3.783%	3.858%	2.315%	1.735%	2.185%	2.274%	2.299%	2.245%
CORP. BONDS									
INV. GRADE - 5 Years	1.459%	2.693%	2.606%	1.599%	1.687%	1.534%	1.722%	1.768%	1.791%
HI-YIELD - 3.5 YEARS		5.220%	4.894%	5.199%	4.973%	4.799%	5.162%	5.101%	5.005%
HI-YIELD - 8 YEARS	7.503%	6.735%	6.846%	6.275%	5.720%	6.532%	6.877%	6.803%	6.773%
EQUITY INCOME MODEL									
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,013,753.42	\$ 1,132,073.80	\$ 1,121,976.35	\$ 1,161,516.36	\$ 1,218,007.82	\$ 1,232,260.30	\$ 1,248,415.31
MLP INCOME MODEL									
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 1,102,563.14	\$ 1,170,773.07	\$ 1,198,464.72	\$ 1,193,866.24	\$ 1,305,692.85	\$ 1,312,274.57	\$ 1,312,872.84
US TREASURY									
3 - MONTH	0.120%	0.120%	0.110%	0.010%	0.060%	0.060%	0.070%	0.100%	0.100%
6 - MONTH	0.160%	0.180%	0.150%	0.060%	0.110%	0.120%	0.110%	0.140%	0.130%
12 - MONTH	0.210%	0.270%	0.230%	0.110%	0.160%	0.170%	0.140%	0.160%	0.150%
2 - YEAR	0.380%	0.600%	0.700%	0.250%	0.290%	0.270%	0.250%	0.260%	0.230%
3 - YEAR	0.570%	1.010%	1.210%	0.380%	0.400%	0.370%	0.380%	0.380%	0.360%
5 - YEAR	1.230%	2.020%	2.200%	0.880%	0.850%	0.780%	0.840%	0.840%	0.750%
7 - YEAR	1.930%	2.740%	2.920%	1.410%	1.380%	1.130%	1.190%	1.190%	1.150%
10 - YEAR	2.620%	3.340%	3.530%	1.950%	1.980%	1.830%	1.960%	1.990%	1.860%
BLENDED MODELS (45% Tax Bracket)									
ULTRA INCOME STRATEGY	1.880%	3.220%	2.970%	1.790%	1.350%	1.340%	1.410%	1.430%	1.360%
BLENDED INCOME STRATEGY	2.970%	4.010%	3.840%	2.870%	2.470%	2.520%	2.550%	2.570%	2.520%
BALANCED INCOME STRATEGY	4.190%	4.860%	4.790%	3.970%	3.630%	3.780%	3.780%	3.790%	3.740%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	6.190%	5.660%	5.280%	5.630%	5.570%	5.560%	5.510%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	6.680%	6.390%	6.030%	6.490%	6.430%	6.410%	6.370%

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
Ultra Income Strategy				
Municipal Income - Short-Term	75%	\$ 4,485.00	\$ 6,900.00	\$ 8,154.55
Municipal Income - Mid-Term	25%	\$ 3,000.00	\$ 4,615.38	\$ 5,454.55
MLP Income	0%	\$ -	\$ -	\$ -
Equity Income	0%	\$ -	\$ -	\$ -
Corporate Income	0%	\$ -	\$ -	\$ -
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 7,485.00	\$ 11,515.38	\$ 13,609.09
		0.75%	1.15%	1.36%
Blended Income Strategy				
Municipal Income - Short-Term	50%	\$ 2,990.00	\$ 4,600.00	\$ 5,436.36
Municipal Income - Mid-Term	25%	\$ 3,000.00	\$ 4,615.38	\$ 5,454.55
MLP Income	10%	\$ 6,180.00	\$ 8,081.54	\$ 9,550.91
Equity Income	5%	\$ 1,905.00	\$ 2,491.15	\$ 2,944.09
Corporate Income	10%	\$ 1,791.00	\$ 1,791.00	\$ 1,791.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 15,866.00	\$ 21,579.08	\$ 25,176.91
		1.59%	2.16%	2.52%
Balanced Income Strategy				
Municipal Income - Short-Term	25%	\$ 1,495.00	\$ 2,300.00	\$ 2,718.18
Municipal Income - Mid-Term	25%	\$ 3,000.00	\$ 4,615.38	\$ 5,454.55
MLP Income	15%	\$ 9,270.00	\$ 12,122.31	\$ 14,326.36
Equity Income	15%	\$ 5,715.00	\$ 7,473.46	\$ 8,832.27
Corporate Income	15%	\$ 2,686.50	\$ 2,686.50	\$ 2,686.50
High-Yield Income	5%	\$ 3,386.50	\$ 3,386.50	\$ 3,386.50
	100%	\$ 25,553.00	\$ 32,584.15	\$ 37,404.36
		2.56%	3.26%	3.74%
Diversified Income Strategy				
Municipal Income - Short-Term	10%	\$ 598.00	\$ 920.00	\$ 1,087.27
Municipal Income - Mid-Term	20%	\$ 2,400.00	\$ 3,692.31	\$ 4,363.64
MLP Income	25%	\$ 15,450.00	\$ 20,203.85	\$ 23,877.27
Equity Income	25%	\$ 9,525.00	\$ 12,455.77	\$ 14,720.45
Corporate Income	5%	\$ 895.50	\$ 895.50	\$ 895.50
High-Yield Income	15%	\$ 10,159.50	\$ 10,159.50	\$ 10,159.50
	100%	\$ 39,028.00	\$ 48,326.92	\$ 55,103.64
		3.90%	4.83%	5.51%
Dynamic Income Strategy				
Municipal Income - Short-Term	5%	\$ 299.00	\$ 460.00	\$ 543.64
Municipal Income - Mid-Term	5%	\$ 600.00	\$ 923.08	\$ 1,090.91
MLP Income	30%	\$ 18,540.00	\$ 24,244.62	\$ 28,652.73
Equity Income	25%	\$ 9,525.00	\$ 12,455.77	\$ 14,720.45
Corporate Income	10%	\$ 1,791.00	\$ 1,791.00	\$ 1,791.00
High-Yield Income	25%	\$ 16,932.50	\$ 16,932.50	\$ 16,932.50
	100%	\$ 47,687.50	\$ 56,806.96	\$ 63,731.23
		4.77%	5.68%	6.37%

Assumptions:

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

Yields:	Yield	Notes:	Ave. Mat:
Municipal Income - Short-Term	0.5980%	Tax Free (California Residents)	2.00/years
Municipal Income - Mid-Term	1.2000%	Tax Free (California Residents)	5.01/years
MLP Income	6.1800%	85% Tax Efficient	
Equity Income	3.8100%	Assume 15% Qualified Tax Rate	
Corporate Income	1.7910%	Fully Taxable	5.00/years
High-Yield Income	6.7730%	Fully Taxable	8.02/years