



Weekly Interest Rate & Economic Update

March 11, 2013

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Rate Update

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Safe Sector Income:

	Average Maturity	Yield-to-Worst
CA Municipal	1.00 years	0.490%
CA Municipal	2.02 years	0.563%
CA Municipal	3.01 years	1.023%
CA Municipal	5.00 years	1.277%
CA Municipal	7.01 years	1.538%
CA Municipal	10.02 years	2.093%
National Municipal	2.00 years	0.984%
National Municipal	5.00 years	1.364%
National Municipal	10.00 years	2.299%

Corporate Bond Income:

Corporate Income	5.00 years	1.866%
High-Yield Income	3.51 years	5.083%
High-Yield Income	8.01 years	6.824%

Equity Income:		3.760%
MLP Income:		6.030%

US Treasury Rates (03/11/13):

3 Month Treasury Bill:	0.09%	3 Year Treasury Note:	0.41%
6 Month Treasury Bill:	0.11%	5 Year Treasury Note:	0.90%
12 Month Treasury Note:	0.16%	7 Year Treasury Note:	1.22%
2 Year Treasury Note:	0.26%	10 Year Treasury Bond:	2.04%

Weekly Economic Update

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News

- 17 of the largest 18 banks in the United States could withstand a deep recession and maintain capital above the regulatory minimum, according to a report released by the Federal Reserve Bank. Ally Financial Inc. was the only institution in the group which failed the “stress test”.
- Italy’s sovereign bonds fell for a second consecutive day after Fitch Ratings downgraded the country’s credit rating from A- to BBB+ with a negative outlook.
- Puerto Rico, an unincorporated territory of the U.S., has enacted a new series of laws designed to attract wealthy American tax payers to take up residency on the island. The new laws eliminate all local and U.S. federal taxes on capital gains.
- A waitress in Lakewood, Colorado requested to see the I.D. of a young woman ordering a margarita at the bar where she worked. The customer handed the waitress her own driver’s license, which had been stolen along with her credit cards and purse two weeks prior. The waitress called the police who promptly took the thief into custody. FYI, the thief was 26 years old and could have used her own I.D. to order the cocktail. The police characterized her as a “dumb criminal”.

STATISTICS

National Unemployment Rate	7.7%	February 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%	03/11/13	
Gold (Spot)	\$1,579.81	03/11/13	
Silver (Spot)	\$28.86	03/11/13	
Crude Oil (NYMEX Crude Futures)	\$91.28	03/11/13	

	10/27/10	01/03/11	03/14/11	01/03/12	03/12/12	01/02/13	02/25/13	03/04/13	03/11/13
MUNICIPAL BONDS									
CA - 1 Year	0.509%	1.079%	0.776%	0.556%	0.429%	0.440%	0.470%	0.430%	0.490%
CA - 2 Years	0.947%	1.550%	1.117%	0.810%	0.620%	0.598%	0.631%	0.598%	0.563%
CA - 3 Years	1.317%	2.053%	1.521%	1.164%	0.914%	0.964%	1.011%	0.974%	1.023%
CA - 5 Years	1.889%	2.436%	2.336%	1.501%	1.199%	1.150%	1.250%	1.200%	1.277%
CA - 7 Years	2.465%	2.998%	2.810%	1.671%	1.697%	1.477%	1.528%	1.478%	1.538%
CA - 10 Years		3.842%	3.874%	2.396%	2.412%	1.901%	2.066%	2.003%	2.093%
NAT - 2 Years	1.102%	2.340%	1.620%	0.588%	0.555%	0.911%	0.984%	0.974%	0.984%
NAT - 5 Years		3.009%	3.399%	1.305%	1.111%	1.312%	1.382%	1.322%	1.364%
NAT - 10 years		3.783%	3.624%	2.315%	1.762%	2.185%	2.299%	2.245%	2.299%
CORP. BONDS									
INV. GRADE - 5 Years	1.459%	2.693%	2.493%	1.599%	1.701%	1.534%	1.768%	1.791%	1.866%
HI-YIELD - 3.5 YEARS		5.220%	4.996%	5.199%	5.001%	4.799%	5.101%	5.005%	5.083%
HI-YIELD - 8 YEARS	7.503%	6.735%	6.457%	6.275%	5.944%	6.532%	6.803%	6.773%	6.824%
EQUITY INCOME MODEL									
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,005,085.64	\$ 1,132,073.80	\$ 1,133,843.94	\$ 1,161,516.36	\$ 1,232,260.30	\$ 1,248,415.31	\$ 1,239,437.12
MLP INCOME MODEL	6.220%	5.880%	6.190%	6.480%	6.120%	6.420%	6.180%	6.180%	6.030%
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 1,059,374.27	\$ 1,170,773.07	\$ 1,192,080.88	\$ 1,193,866.24	\$ 1,312,274.57	\$ 1,312,872.84	\$ 1,345,031.40
US TREASURY									
3 - MONTH	0.120%	0.120%	0.070%	0.010%	0.080%	0.060%	0.100%	0.100%	0.090%
6 - MONTH	0.160%	0.180%	0.130%	0.060%	0.130%	0.120%	0.140%	0.130%	0.110%
12 - MONTH	0.210%	0.270%	0.210%	0.110%	0.180%	0.170%	0.160%	0.150%	0.160%
2 - YEAR	0.380%	0.600%	0.580%	0.250%	0.310%	0.270%	0.260%	0.230%	0.260%
3 - YEAR	0.570%	1.010%	1.060%	0.380%	0.440%	0.370%	0.380%	0.360%	0.410%
5 - YEAR	1.230%	2.020%	1.970%	0.880%	0.880%	0.780%	0.840%	0.750%	0.900%
7 - YEAR	1.930%	2.740%	2.690%	1.410%	1.400%	1.130%	1.190%	1.150%	1.220%
10 - YEAR	2.620%	3.340%	3.350%	1.950%	2.010%	1.830%	1.990%	1.860%	2.040%
BLENDED MODELS (45% Tax Bracket)									
ULTRA INCOME STRATEGY	1.880%	3.220%	2.590%	1.790%	1.390%	1.340%	1.430%	1.360%	1.350%
BLENDED INCOME STRATEGY	2.970%	4.010%	3.610%	2.870%	2.520%	2.520%	2.570%	2.520%	2.500%
BALANCED INCOME STRATEGY	4.190%	4.860%	4.670%	3.970%	3.680%	3.780%	3.790%	3.740%	3.730%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	6.160%	5.660%	5.360%	5.630%	5.560%	5.510%	5.470%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	6.670%	6.390%	6.130%	6.490%	6.410%	6.370%	6.310%

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
Ultra Income Strategy				
Municipal Income - Short-Term	75%	\$ 4,222.50	\$ 6,496.15	\$ 7,677.27
Municipal Income - Mid-Term	25%	\$ 3,192.50	\$ 4,911.54	\$ 5,804.55
MLP Income	0%	\$ -	\$ -	\$ -
Equity Income	0%	\$ -	\$ -	\$ -
Corporate Income	0%	\$ -	\$ -	\$ -
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 7,415.00	\$ 11,407.69	\$ 13,481.82
		0.74%	1.14%	1.35%
Blended Income Strategy				
Municipal Income - Short-Term	50%	\$ 2,815.00	\$ 4,330.77	\$ 5,118.18
Municipal Income - Mid-Term	25%	\$ 3,192.50	\$ 4,911.54	\$ 5,804.55
MLP Income	10%	\$ 6,030.00	\$ 7,885.38	\$ 9,319.09
Equity Income	5%	\$ 1,880.00	\$ 2,458.46	\$ 2,905.45
Corporate Income	10%	\$ 1,866.00	\$ 1,866.00	\$ 1,866.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 15,783.50	\$ 21,452.15	\$ 25,013.27
		1.58%	2.15%	2.50%
Balanced Income Strategy				
Municipal Income - Short-Term	25%	\$ 1,407.50	\$ 2,165.38	\$ 2,559.09
Municipal Income - Mid-Term	25%	\$ 3,192.50	\$ 4,911.54	\$ 5,804.55
MLP Income	15%	\$ 9,045.00	\$ 11,828.08	\$ 13,978.64
Equity Income	15%	\$ 5,640.00	\$ 7,375.38	\$ 8,716.36
Corporate Income	15%	\$ 2,799.00	\$ 2,799.00	\$ 2,799.00
High-Yield Income	5%	\$ 3,412.00	\$ 3,412.00	\$ 3,412.00
	100%	\$ 25,496.00	\$ 32,491.38	\$ 37,269.64
		2.55%	3.25%	3.73%
Diversified Income Strategy				
Municipal Income - Short-Term	10%	\$ 563.00	\$ 866.15	\$ 1,023.64
Municipal Income - Mid-Term	20%	\$ 2,554.00	\$ 3,929.23	\$ 4,643.64
MLP Income	25%	\$ 15,075.00	\$ 19,713.46	\$ 23,297.73
Equity Income	25%	\$ 9,400.00	\$ 12,292.31	\$ 14,527.27
Corporate Income	5%	\$ 933.00	\$ 933.00	\$ 933.00
High-Yield Income	15%	\$ 10,236.00	\$ 10,236.00	\$ 10,236.00
	100%	\$ 38,761.00	\$ 47,970.15	\$ 54,661.27
		3.88%	4.80%	5.47%
Dynamic Income Strategy				
Municipal Income - Short-Term	5%	\$ 281.50	\$ 433.08	\$ 511.82
Municipal Income - Mid-Term	5%	\$ 638.50	\$ 982.31	\$ 1,160.91
MLP Income	30%	\$ 18,090.00	\$ 23,656.15	\$ 27,957.27
Equity Income	25%	\$ 9,400.00	\$ 12,292.31	\$ 14,527.27
Corporate Income	10%	\$ 1,866.00	\$ 1,866.00	\$ 1,866.00
High-Yield Income	25%	\$ 17,060.00	\$ 17,060.00	\$ 17,060.00
	100%	\$ 47,336.00	\$ 56,289.85	\$ 63,083.27
		4.73%	5.63%	6.31%

Assumptions:

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

Yields:	Yield	Notes:	Ave. Mat:
Municipal Income - Short-Term	0.5630%	Tax Free (California Residents)	2.02/years
Municipal Income - Mid-Term	1.2770%	Tax Free (California Residents)	5.00/years
MLP Income	6.0300%	85% Tax Efficient	
Equity Income	3.7600%	Assume 15% Qualified Tax Rate	
Corporate Income	1.8660%	Fully Taxable	5.00/years
High-Yield Income	6.8240%	Fully Taxable	8.01/years