



Weekly Interest Rate & Economic Update

April 3, 2013

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Rate Update

April 3, 2013

Safe Sector Income:

	Average Maturity	Yield-to-Worst
CA Municipal	1.00 years	0.420%
CA Municipal	2.00 years	0.532%
CA Municipal	3.01 years	0.988%
CA Municipal	5.00 years	1.200%
CA Municipal	7.00 years	1.477%
CA Municipal	10.02 years	2.001%
National Municipal	2.00 years	0.921%
National Municipal	5.00 years	1.299%
National Municipal	10.01 years	2.216%

Corporate Bond Income:

Corporate Income	5.00 years	1.804%
High-Yield Income	3.50 years	4.968%
High-Yield Income	8.00 years	6.666%

Equity Income:	3.620%
MLP Income:	5.870%

US Treasury Rates (04/03/13):

3 Month Treasury Bill:	0.07%	3 Year Treasury Note:	0.34%
6 Month Treasury Bill:	0.10%	5 Year Treasury Note:	0.78%
12 Month Treasury Note:	0.14%	7 Year Treasury Note:	1.10%
2 Year Treasury Note:	0.25%	10 Year Treasury Bond:	1.86%

Weekly Economic Update

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News

- A federal bankruptcy judge ruled Monday that Stockton, California was eligible for bankruptcy protection. Stockton city officials indicated the city will proceed with a plan of reorganization. The \$900 million that Stockton owes to the California Public Employees Retirement System (CALPERS) to cover pensions is its biggest debt.
- Bronx Parking Development Corporation, the owner/operator of Yankee Stadium parking garages, missed a \$6.9 million interest payment to bondholders yesterday. The next payment of \$8.1 million is due October 1. Bronx Parking issued \$237.6 million of municipal bonds in 2007 through New York City's Industrial Development Agency to build three garages and renovate two others.
- The unemployment rate in the 17 nation Eurozone reached a record high of 12% in January and February. The jobless rate is 26% in Greece and Spain. Germany reported a rate of 5.4% and Austria 4.8%.
- Tesla Motors Inc. (TSLA) is adding a lease *style* financing for its Model S electric car. U.S. Bancorp and Wells Fargo Bank will be partners in the program. The financing plan is a 66 month loan with a 2.95% interest rate with a customer option to resell their car back to Tesla after three years. Monthly payments range from \$1,051/month to \$1,421/month depending on the battery size. Published reports earlier this week touting a \$500/month payment were net estimates after gasoline savings and tax credits.

STATISTICS

National Unemployment Rate	7.7%	February 2013	
California Unemployment Rate	9.6%	February 2013	
Consumer Price Index (CPI)	2.0%	February 2013	Seasonally Unadjusted
Producer Price Index (PPI)	1.7%	February 2013	Seasonally Unadjusted
Gross Domestic Product (GDP)	0.4%	4th Quarter 2012	Annually Adjusted
Prime Rate	3.25%	04/03/13	
Gold (Spot)	\$1,575.31	04/03/13	
Silver (Spot)	\$27.30	04/03/13	
Crude Oil (NYMEX Crude Futures)	\$96.69	04/03/13	

	10/27/10	01/03/11	04/05/11	01/03/12	04/16/12	01/02/13	03/11/13	03/18/13	04/03/13
MUNICIPAL BONDS									
CA - 1 Year	0.509%	1.079%	0.880%	0.556%	0.474%	0.440%	0.490%	0.440%	0.420%
CA - 2 Years	0.947%	1.550%	1.320%	0.810%	0.655%	0.598%	0.563%	0.544%	0.532%
CA - 3 Years	1.317%	2.053%	1.481%	1.164%	0.807%	0.964%	1.023%	1.005%	0.988%
CA - 5 Years	1.889%	2.436%	2.077%	1.501%	1.359%	1.150%	1.277%	1.212%	1.200%
CA - 7 Years	2.465%	2.998%	3.169%	1.671%	1.465%	1.477%	1.538%	1.500%	1.477%
CA - 10 Years		3.842%	3.819%	2.396%	2.593%	1.901%	2.093%	2.043%	2.001%
NAT - 2 Years	1.102%	2.340%	1.322%	0.588%	0.857%	0.911%	0.984%	0.944%	0.921%
NAT - 5 Years		3.009%	2.431%	1.305%	1.053%	1.312%	1.364%	1.353%	1.299%
NAT - 10 years		3.783%	3.569%	2.315%	1.827%	2.185%	2.299%	2.273%	2.216%
CORP. BONDS									
INV. GRADE - 5 Years	1.459%	2.693%	2.796%	1.599%	1.552%	1.534%	1.866%	1.854%	1.804%
HI-YIELD - 3.5 YEARS		5.220%	4.225%	5.199%	5.010%	4.799%	5.083%	5.001%	4.968%
HI-YIELD - 8 YEARS	7.503%	6.735%	6.513%	6.275%	6.337%	6.532%	6.824%	6.777%	6.660%
EQUITY INCOME MODEL									
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,035,613.70	\$ 1,132,073.80	\$ 1,128,644.08	\$ 1,161,516.36	\$ 1,239,437.12	\$ 1,247,505.20	\$ 1,281,023.51
MLP INCOME MODEL	6.220%	5.880%	5.930%	6.480%	6.360%	6.420%	6.030%	6.090%	5.870%
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 1,106,295.46	\$ 1,170,773.07	\$ 1,142,330.54	\$ 1,193,866.24	\$ 1,345,031.40	\$ 1,316,377.90	\$ 1,368,661.13
US TREASURY									
3 - MONTH	0.120%	0.120%	0.060%	0.010%	0.080%	0.060%	0.090%	0.080%	0.070%
6 - MONTH	0.160%	0.180%	0.130%	0.060%	0.130%	0.120%	0.110%	0.110%	0.100%
12 - MONTH	0.210%	0.270%	0.200%	0.110%	0.170%	0.170%	0.160%	0.150%	0.140%
2 - YEAR	0.380%	0.600%	0.780%	0.250%	0.270%	0.270%	0.260%	0.250%	0.250%
3 - YEAR	0.570%	1.010%	1.240%	0.380%	0.400%	0.370%	0.410%	0.360%	0.340%
5 - YEAR	1.230%	2.020%	2.210%	0.880%	0.830%	0.780%	0.900%	0.810%	0.780%
7 - YEAR	1.930%	2.740%	2.870%	1.410%	1.340%	1.130%	1.220%	1.160%	1.100%
10 - YEAR	2.620%	3.340%	3.430%	1.950%	1.950%	1.830%	2.040%	1.950%	1.860%
BLENDED MODELS (45% Tax Bracket)									
ULTRA INCOME STRATEGY	1.880%	3.220%	2.740%	1.790%	1.510%	1.340%	1.350%	1.290%	1.270%
BLENDED INCOME STRATEGY	2.970%	4.010%	3.650%	2.870%	2.650%	2.520%	2.500%	2.460%	2.400%
BALANCED INCOME STRATEGY	4.190%	4.860%	4.610%	3.970%	3.830%	3.780%	3.730%	3.690%	3.590%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	5.980%	5.660%	5.590%	5.630%	5.470%	5.440%	5.290%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	6.540%	6.390%	6.360%	6.490%	6.310%	6.300%	6.120%

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
Ultra Income Strategy				
Municipal Income - Short-Term	75%	\$ 3,990.00	\$ 6,138.46	\$ 7,254.55
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%	\$ 6,990.00	\$ 10,753.85	\$ 12,709.09
		0.70%	1.08%	1.27%
Blended Income Strategy				
Municipal Income - Short-Term	50%	\$ 2,660.00	\$ 4,092.31	\$ 4,836.36
Municipal Income - Mid-Term	25%	\$ 3,000.00	\$ 4,615.38	\$ 5,454.55
MLP Income	10%	\$ 5,870.00	\$ 7,676.15	\$ 9,071.82
Equity Income	5%	\$ 1,810.00	\$ 2,366.92	\$ 2,797.27
Corporate Income	10%	\$ 1,804.00	\$ 1,804.00	\$ 1,804.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 15,144.00	\$ 20,554.77	\$ 23,964.00
		1.51%	2.06%	2.40%
Balanced Income Strategy				
Municipal Income - Short-Term	25%	\$ 1,330.00	\$ 2,046.15	\$ 2,418.18
Municipal Income - Mid-Term	25%	\$ 3,000.00	\$ 4,615.38	\$ 5,454.55
MLP Income	15%	\$ 8,805.00	\$ 11,514.23	\$ 13,607.73
Equity Income	15%	\$ 5,430.00	\$ 7,100.77	\$ 8,391.82
Corporate Income	15%	\$ 2,706.00	\$ 2,706.00	\$ 2,706.00
High-Yield Income	5%	\$ 3,333.00	\$ 3,333.00	\$ 3,333.00
	100%	\$ 24,604.00	\$ 31,315.54	\$ 35,911.27
		2.46%	3.13%	3.59%
Diversified Income Strategy				
Municipal Income - Short-Term	10%	\$ 532.00	\$ 818.46	\$ 967.27
Municipal Income - Mid-Term	20%	\$ 2,400.00	\$ 3,692.31	\$ 4,363.64
MLP Income	25%	\$ 14,675.00	\$ 19,190.38	\$ 22,679.55
Equity Income	25%	\$ 9,050.00	\$ 11,834.62	\$ 13,986.36
Corporate Income	5%	\$ 902.00	\$ 902.00	\$ 902.00
High-Yield Income	15%	\$ 9,999.00	\$ 9,999.00	\$ 9,999.00
	100%	\$ 37,558.00	\$ 46,436.77	\$ 52,897.82
		3.76%	4.64%	5.29%
Dynamic Income Strategy				
Municipal Income - Short-Term	5%	\$ 266.00	\$ 409.23	\$ 483.64
Municipal Income - Mid-Term	5%	\$ 600.00	\$ 923.08	\$ 1,090.91
MLP Income	30%	\$ 17,610.00	\$ 23,028.46	\$ 27,215.45
Equity Income	25%	\$ 9,050.00	\$ 11,834.62	\$ 13,986.36
Corporate Income	10%	\$ 1,804.00	\$ 1,804.00	\$ 1,804.00
High-Yield Income	25%	\$ 16,665.00	\$ 16,665.00	\$ 16,665.00
	100%	\$ 45,995.00	\$ 54,664.38	\$ 61,245.36
		4.60%	5.47%	6.12%

Assumptions:

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

Yields:	Yield	Notes:	Ave. Mat:
Municipal Income - Short-Term	0.5320%	Tax Free (California Residents)	2.00/years
Municipal Income - Mid-Term	1.2000%	Tax Free (California Residents)	5.00/years
MLP Income	5.8700%	85% Tax Efficient	
Equity Income	3.6200%	Assume 15% Qualified Tax Rate	
Corporate Income	1.8040%	Fully Taxable	5.00/years
High-Yield Income	6.6660%	Fully Taxable	8.00/years