



# Weekly Interest Rate & Economic Update

April 8, 2013

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The information provided in this publication is for illustrative purposes only. Interest rates, prices, yields and ratings are subject to change without notice. Bond prices generally move inversely to the direction of interest rates in the overall market and may react to changes in economic conditions. All sources utilized are believed to be reliable by GSG Capital Advisors.

## Rate Update

April 8, 2013

### *Safe Sector Income:*

	Average Maturity	Yield-to-Worst
CA Municipal	1.00 years	0.395%
CA Municipal	2.01 years	0.501%
CA Municipal	3.00 years	0.965%
CA Municipal	5.00 years	1.170%
CA Municipal	7.00 years	1.399%
CA Municipal	10.01 years	1.968%
National Municipal	2.00 years	0.900%
National Municipal	5.00 years	1.214%
National Municipal	10.00 years	2.173%

### *Corporate Bond Income:*

Corporate Income	5.01 years	1.766%
High-Yield Income	3.51 years	4.910%
High-Yield Income	8.00 years	6.597%

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Equity Income:	3.610%
MLP Income:	5.870%

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### US Treasury Rates (04/08/13):

3 Month Treasury Bill:	0.06%	3 Year Treasury Note:	0.29%
6 Month Treasury Bill:	0.10%	5 Year Treasury Note:	0.69%
12 Month Treasury Note:	0.13%	7 Year Treasury Note:	1.00%
2 Year Treasury Note:	0.23%	10 Year Treasury Bond:	1.71%

# Weekly Economic Update

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## News

- Margaret Thatcher, the British Prime Minister between 1979 and 1990, died this morning following a stroke.
- Student loan balances in the United States tripled between 2004 and 2012. The total debt now exceeds \$1 trillion.
- The latest Airline Quality Rankings were recently released by the U.S. Department of Transportation. Categories include on-time arrival records, baggage handling complaints and the number of passengers bumped from oversold flights:
 

1. Virgin America	8. Southwest
2. JetBlue	9. US Airways
3. Air Tran	10. American
4. Delta	11. American Eagle
5. Hawaiian	12. SkyWest
6. Alaska	13. ExpressJet
7. Frontier	14. United
- Lurssen, the German luxury boat builder, launched the largest motor yacht in the world. *Azzam* is 590 feet long, puts out 94,000 horsepower and has a top speed of 30 knots. Oh yeah, and a price tag of about \$600 million. The boat is reportedly owned by the royal family of the United Arab Emirates.

## STATISTICS

National Unemployment Rate	7.6%	March 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%	04/08/13	
Gold (Spot)	\$1,572.26	04/08/13	
Silver (Spot)	\$27.24	04/08/13	
Crude Oil (NYMEX Crude Futures)	\$92.68	04/08/13	

	10/27/10	01/03/11	04/11/11	01/03/12	04/16/12	01/02/13	03/18/13	04/03/13	04/08/13
<b>MUNICIPAL BONDS</b>									
CA - 1 Year	0.509%	1.079%	0.840%	0.556%	0.474%	0.440%	0.440%	0.420%	0.395%
CA - 2 Years	0.947%	1.550%	1.300%	0.810%	0.655%	0.598%	0.544%	0.532%	0.501%
CA - 3 Years	1.317%	2.053%	1.566%	1.164%	0.807%	0.964%	1.005%	0.988%	0.965%
CA - 5 Years	1.889%	2.436%	2.211%	1.501%	1.359%	1.150%	1.212%	1.200%	1.170%
CA - 7 Years	2.465%	2.998%	3.289%	1.671%	1.465%	1.477%	1.500%	1.477%	1.399%
CA - 10 Years		3.842%	4.011%	2.396%	2.593%	1.901%	2.043%	2.001%	1.968%
NAT - 2 Years	1.102%	2.340%	1.301%	0.588%	0.857%	0.911%	0.944%	0.921%	0.900%
NAT - 5 Years		3.009%	2.499%	1.305%	1.053%	1.312%	1.353%	1.299%	1.214%
NAT - 10 years		3.783%	3.648%	2.315%	1.827%	2.185%	2.273%	2.216%	2.173%
<b>CORP. BONDS</b>									
INV. GRADE - 5 Years	1.459%	2.693%	2.855%	1.599%	1.552%	1.534%	1.854%	1.804%	1.766%
HI-YIELD - 3.5 YEARS		5.220%	4.277%	5.199%	5.010%	4.799%	5.001%	4.968%	4.910%
HI-YIELD - 8 YEARS	7.503%	6.735%	6.645%	6.275%	6.337%	6.532%	6.777%	6.660%	6.597%
<b>EQUITY INCOME MODEL</b>									
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,034,787.14	\$ 1,132,073.80	\$ 1,128,644.08	\$ 1,161,516.36	\$ 1,247,505.20	\$ 1,281,023.51	\$ 1,280,460.84
<b>MLP INCOME MODEL</b>									
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 1,103,998.65	\$ 1,170,773.07	\$ 1,142,330.54	\$ 1,193,866.24	\$ 1,316,377.90	\$ 1,368,661.13	\$ 1,365,024.43
<b>US TREASURY</b>									
3 - MONTH	0.120%	0.120%	0.030%	0.010%	0.080%	0.060%	0.080%	0.070%	0.060%
6 - MONTH	0.160%	0.180%	0.100%	0.060%	0.130%	0.120%	0.110%	0.100%	0.100%
12 - MONTH	0.210%	0.270%	0.250%	0.110%	0.170%	0.170%	0.150%	0.140%	0.130%
2 - YEAR	0.380%	0.600%	0.810%	0.250%	0.270%	0.270%	0.250%	0.250%	0.230%
3 - YEAR	0.570%	1.010%	1.310%	0.380%	0.400%	0.370%	0.360%	0.340%	0.290%
5 - YEAR	1.230%	2.020%	2.310%	0.880%	0.830%	0.780%	0.810%	0.780%	0.690%
7 - YEAR	1.930%	2.740%	2.990%	1.410%	1.340%	1.130%	1.160%	1.100%	1.000%
10 - YEAR	2.620%	3.340%	3.580%	1.950%	1.950%	1.830%	1.950%	1.860%	1.710%
<b>BLENDED MODELS (45% Tax Bracket)</b>									
ULTRA INCOME STRATEGY	1.880%	3.220%	2.780%	1.790%	1.510%	1.340%	1.290%	1.270%	1.220%
BLENDED INCOME STRATEGY	2.970%	4.010%	3.710%	2.870%	2.650%	2.520%	2.460%	2.400%	2.350%
BALANCED INCOME STRATEGY	4.190%	4.860%	4.680%	3.970%	3.830%	3.780%	3.690%	3.590%	3.550%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	6.050%	5.660%	5.590%	5.630%	5.440%	5.290%	5.260%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	6.600%	6.390%	6.360%	6.490%	6.300%	6.120%	6.090%

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
<b>Ultra Income Strategy</b>				
Municipal Income - Short-Term	75%	\$ 3,757.50	\$ 5,780.77	\$ 6,831.82
Municipal Income - Mid-Term	25%	\$ 2,925.00	\$ 4,500.00	\$ 5,318.18
MLP Income	0%	\$ -	\$ -	\$ -
Equity Income	0%	\$ -	\$ -	\$ -
Corporate Income	0%	\$ -	\$ -	\$ -
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 6,682.50	\$ 10,280.77	\$ 12,150.00
		<b>0.67%</b>	<b>1.03%</b>	<b>1.22%</b>
<b>Blended Income Strategy</b>				
Municipal Income - Short-Term	50%	\$ 2,505.00	\$ 3,853.85	\$ 4,554.55
Municipal Income - Mid-Term	25%	\$ 2,925.00	\$ 4,500.00	\$ 5,318.18
MLP Income	10%	\$ 5,870.00	\$ 7,676.15	\$ 9,071.82
Equity Income	5%	\$ 1,805.00	\$ 2,360.38	\$ 2,789.55
Corporate Income	10%	\$ 1,766.00	\$ 1,766.00	\$ 1,766.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 14,871.00	\$ 20,156.38	\$ 23,500.09
		<b>1.49%</b>	<b>2.02%</b>	<b>2.35%</b>
<b>Balanced Income Strategy</b>				
Municipal Income - Short-Term	25%	\$ 1,252.50	\$ 1,926.92	\$ 2,277.27
Municipal Income - Mid-Term	25%	\$ 2,925.00	\$ 4,500.00	\$ 5,318.18
MLP Income	15%	\$ 8,805.00	\$ 11,514.23	\$ 13,607.73
Equity Income	15%	\$ 5,415.00	\$ 7,081.15	\$ 8,368.64
Corporate Income	15%	\$ 2,649.00	\$ 2,649.00	\$ 2,649.00
High-Yield Income	5%	\$ 3,298.50	\$ 3,298.50	\$ 3,298.50
	100%	\$ 24,345.00	\$ 30,969.81	\$ 35,519.32
		<b>2.43%</b>	<b>3.10%</b>	<b>3.55%</b>
<b>Diversified Income Strategy</b>				
Municipal Income - Short-Term	10%	\$ 501.00	\$ 770.77	\$ 910.91
Municipal Income - Mid-Term	20%	\$ 2,340.00	\$ 3,600.00	\$ 4,254.55
MLP Income	25%	\$ 14,675.00	\$ 19,190.38	\$ 22,679.55
Equity Income	25%	\$ 9,025.00	\$ 11,801.92	\$ 13,947.73
Corporate Income	5%	\$ 883.00	\$ 883.00	\$ 883.00
High-Yield Income	15%	\$ 9,895.50	\$ 9,895.50	\$ 9,895.50
	100%	\$ 37,319.50	\$ 46,141.58	\$ 52,571.23
		<b>3.73%</b>	<b>4.61%</b>	<b>5.26%</b>
<b>Dynamic Income Strategy</b>				
Municipal Income - Short-Term	5%	\$ 250.50	\$ 385.38	\$ 455.45
Municipal Income - Mid-Term	5%	\$ 585.00	\$ 900.00	\$ 1,063.64
MLP Income	30%	\$ 17,610.00	\$ 23,028.46	\$ 27,215.45
Equity Income	25%	\$ 9,025.00	\$ 11,801.92	\$ 13,947.73
Corporate Income	10%	\$ 1,766.00	\$ 1,766.00	\$ 1,766.00
High-Yield Income	25%	\$ 16,492.50	\$ 16,492.50	\$ 16,492.50
	100%	\$ 45,729.00	\$ 54,374.27	\$ 60,940.77
		<b>4.57%</b>	<b>5.44%</b>	<b>6.09%</b>

**Assumptions:**

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

<b>Yields:</b>	<b>Yield</b>	<b>Notes:</b>	<b>Ave. Mat:</b>
Municipal Income - Short-Term	0.5010%	Tax Free (California Residents)	2.01/years
Municipal Income - Mid-Term	1.1700%	Tax Free (California Residents)	5.00/years
MLP Income	5.8700%	85% Tax Efficient	
Equity Income	3.6100%	Assume 15% Qualified Tax Rate	
Corporate Income	1.7660%	Fully Taxable	5.01/years
High-Yield Income	6.5970%	Fully Taxable	8.00/years